



Analysis of planning for the audit of the cooperative's financial statements at the Cooperatives Assisted by the Department of Cooperatives and MSMEs in Bandung City

Reva Dwina Sefira¹, Muhammad Ardi Nupi Hasyim²

^{1,2}Ikopin University

¹Revadwina_@gmail.com, ²ardi.nupi@yahoo.com

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ABSTRACT

This study aims to determine whether the procedures and planning for the audit of the financial statements of the cooperatives under the supervision of the Public Accounting Firm are by the Auditing Standards. This research method uses a descriptive qualitative method by analyzing the cooperative financial statement data that has been audited by the Bandung City Cooperative Service based on interviews and other field findings. Primary data obtained directly from the results of interviews with the staff of supervision and auditing, and secondary data in question can be in the form of audit planning documentation of financial statements, which are summarized in the Audit Work Paper and general guidelines for auditing financial statements (Audit Manual) of the Bandung City Cooperative Office. This research at the Department of Cooperatives, Micro, Small, and Medium Enterprises in Bandung City is located on Jl. Kawaluyaan No. 2 Jatisari, Buahbatu District, Bandung City. After conducting an analysis based on interviews and documentation, the Bandung City Cooperative Service does not yet have an audit plan used as a guide in carrying out supervision and examination of the financial statements of Cooperatives in the City of Bandung. The inspection or audit should be carried out by a Public Accounting Firm and a public accountant because the task of the Bandung City Cooperative Service is only to collect cooperative data that will be examined. So after analyzing the financial statement audit planning according to SPAP, it can be seen that the design of the Bandung City Cooperative financial statement audit planning is not by the financial statement audit planning according to SPAP.



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INTRODUCTION

The participation of cooperative members supports the success of cooperatives. Cooperative members have a dual role, namely as owners and users of collaborative services. Cooperatives must be able to renew themselves, especially on the quality that can make good relations and cooperative trust members. One of them is information about the progress of cooperatives that are transparent in financial reports (Partomo, 2004). Financial reports are an inseparable part of a business unit institution, including cooperatives. Cooperative financial statements have benefits to assess the economic benefits that cooperatives provide to their members. In addition, the benefits of financial reports for members are to find out the achievements of cooperative activity units that are specifically tasked with providing services to their members during a specific accounting period (Baswir, 2012).

In the current era of globalization, the economy is developing very rapidly. Therefore every company that has or does not have good governance is required to be able to present financial reports to support the company's development in carrying out future business activities (Riyadi, 2020). Audit services are needed to determine the accuracy and accuracy of the financial statement information. This is in line with government regulations. The Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Companies Article 29 states that a public accountant must audit the balance sheet and income statement (Jusup, 2001).

In general, according to Mulyadi (2010), auditing is a systematic process to obtain and evaluate evidence objectively regarding statements about economic activities and events, determine the level of conformity between these statements and predetermined criteria, and deliver the results. Results to interested users. Auditing standards have stated that auditing financial statements increase confidence for financial statement users. The audit is carried out by relevant auditing standards and ethical requirements, allowing the auditor to provide an appropriate audit opinion (Hery, 2017).

Phenomena that often occur in personal or managerial reports (both financial and non-financial reports) are usually not in line with reality. This can be seen from several factors, including the dishonest behavior of financial statement makers. Data manipulation often occurs to achieve specific goals, and sometimes ignorance or lack of understanding of financial reporting standards supports these weaknesses (Kieso et al., 2019).

The management must carry out audits on cooperatives as cooperative managers. The obligation to carry out audits has been regulated in the Permenkop RI because the benefits are very positive, able to encourage cooperatives that were previously less than optimal to become more optimal (Purwanti & Wasman, 2014). If the cooperative deliberately does not carry out the audit, it is a violation. If the cooperative does not present an audit or examination of financial statements, it will impact conformity or deviations that may occur in the cooperative. Therefore, to avoid fraud or misrecorded events, audit planning must be carried out to overcome the possibility of errors or omissions that occur when compiling financial statements (Indonesia, 2009).

For the audit to be useful for its users, independent auditors have a responsibility to produce genuinely accountable opinions and have high objectivity. Therefore, before carrying out the audit process, the audit process must be planned first. Audit planning is a detailed step that involves the auditor's procedures and plans to carry out an audit. The audit objectives, work schedule, and staff to be included in the audit process must be clearly explained in the audit plan (Fitriani, 2016).

In planning the audit, the auditor must consider (SA Section 311), among others: (1) Issues relating to the entity's business and the industry in which the entity does business, (2) The entity's accounting policies and procedures, (3) The methods used by the entity in processing important accounting information, (4) the planned level of control risk, (5) initial consideration of the level of materiality for audit purposes, (6) financial statement items that may require adjustment, (7) conditions that may require expansion or modification of the audit, and (8) the nature of the auditor's report expected to be submitted. If these things have been carried out properly, it can be said that the audit planning has been adequate (Sarno, 2009).

In a previous study conducted by Mega Kusuma, Destia Pentian, and Maryana (2018), it was found that the planning for the audit of financial statements at KAP Jsr is by the planning for the audit of financial statements according to the Professional Standards of Public Accountants. However, several financial statement audit plans at KAP Jsr are not by their implementation, namely, audit risk level assessment, important issue working papers, and analytical procedures that are not implemented. Based on the description above, the authors are interested in researching the topic of joint financial statements based on cooperative audits based on auditing regulations.

RESEARCH METHODS

This study uses a descriptive qualitative method by analyzing the cooperative's financial statement data that has been audited by the Bandung City Cooperative Service based on interviews and other field findings. According to Sanusi (2011), quoted by Ermawijaya (2018), the data sources are divided into two types, namely primary data obtained directly from interviews with the supervisory and auditing staff, and secondary data in question can be in the form of documentation of financial statement audit planning which is summarized in Audit Working Papers and general guidelines for auditing financial statements (Audit Manual) of the Koperas Office of the City of Bandung. According to Sugiyono (2018), data collection suggests that data collection techniques are the most critical step in research because the primary purpose of research is to obtain data. This study uses observation, literature study, interviews, and documentation. This research at the Department of Cooperatives, Micro, Small, and Medium Enterprises in Bandung City is located on Jl. Kawalayaan No. 2 Jatisari, Buahbatu District, Bandung City.

Audit Instructions

Table 1 Audit Instructions

Variable	Indicator	Indicator	Kinds of Data	Data Type
Preparation of Cooperative Audit Reports to Create Quality Cooperative Financial Reports	Dimensi	Data		
	Financial Statement Audit	Checklist Audit	Secondary	Qualitative
Variable	Indicator	Indicator	Kinds of Data	Data Type
	Cooperative Financial Report	1. PHU 2. Balance 3. Equity 4. Cash Flow 5. CALK (Notes to Financial Statements)	Secondary	Qualitative

RESULTS AND DISCUSSION

The procedure for examining the cooperative's Financial Statements by the Bandung City Cooperative Service

The inspection procedure by the Bandung City Cooperative Service is described in the Flowchart below:

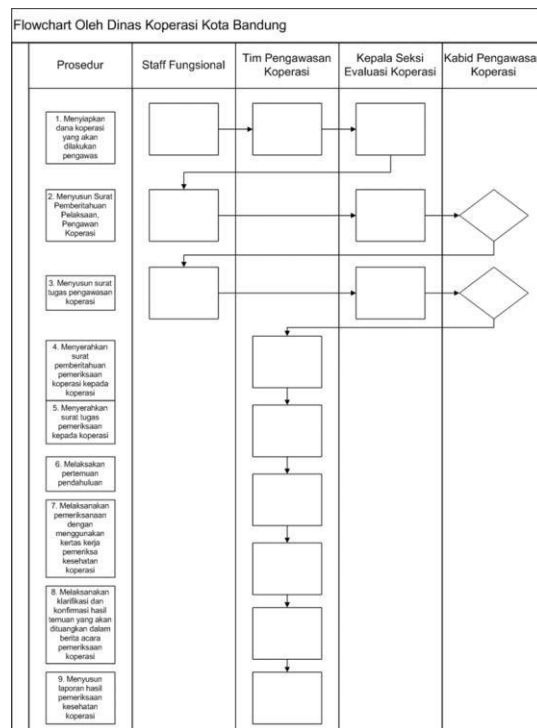


Figure 1 Examination Procedure

The Flowchart of supervision and inspection procedures at the Department of Cooperatives and SMEs in Bandung City has not clearly described by whom the audited financial statements were examined. Meanwhile, in the audit manual, it is explained that the Audit Manual is a guideline that refers to the ISA (International Standard on Auditing), which requires the auditor to plan the audit work so that the audit can be carried out effectively.

The recommendations for the Flowchart are implementing the operational staff of the Bandung City Cooperative Service, the Public Accountant Office, and the Supervisory Body for the Cooperative Service.

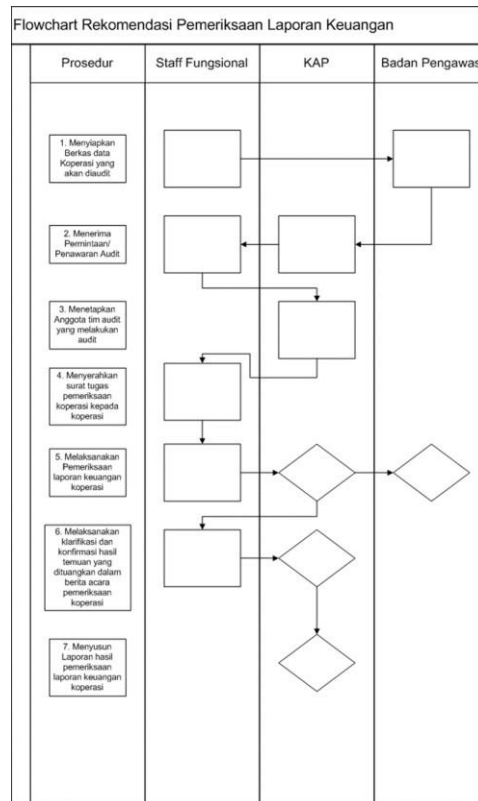


Figure 2 Recommended flowchart

First, the operational staff prepares the cooperative data file, which will be audited and then submitted to the supervisory body, then introduced to the KAP. Then the KAP will accept or reject the request to audit. Then, if the KAP agrees with the audit offer, the operational staff submits the inspection assignment letter to the cooperative. Then examine the cooperative's financial statements. After that, carry out a clarification of the confirmation of the findings as outlined in the minutes of the cooperative inspection. And the last is compiling a report on the results of the examination of the cooperative's financial statements.

How to plan audits for cooperatives

The audit plan prepared by the public accounting firm conforms to the standards of the public accounting profession.

After conducting an analysis based on interviews and documentation, the Bandung City Cooperative Service does not yet have an audit plan used as a guide in carrying out supervision and examination of the financial statements of Cooperatives in the City of Bandung. The inspection or audit should be carried out by a Public Accounting Firm and a public accountant because the task of the Bandung City Cooperative Service is only to collect cooperative data that will be examined. So after analyzing the financial statement audit planning according to SPAP, it can be seen that the design of the Bandung City Cooperative financial statement audit planning is not by the financial statement audit planning according to SPAP.

Audit planning made by KAP as a recommended cooperative financial statement audit procedure
Table 2 Design of audit planning made by KAP
for cooperative financial statement audit procedures

Financial Statement Audit Planning Design	Operational Planning Audit Financial Report	Procedures performed by auditors.	Information
ASSIGNMENT ACCEPTANCE PROCEDURE			
1. Receive an assignment letter or request	✓	Interview and document observation	Audit requests from cooperatives can be through audit request letters, by telephone, email, and other communication media.
2. Make a letter whose contents will carry out a survey.	✓	Interview and document observation	The office and KAP make the letter requesting the client's willingness to do a preliminary survey.
3. Agreement letter discussion	✓	Interview and document observation	KAP obtains direct approval from the cooperative.
PROSEDUR MENJAGA INDEPENDENSI			
4. <i>Staffing Audit</i>	✓	Interview and document observation	Staffing is determined based on work experience, the size and complexity of the entity, and the ability to cooperate.
5. Identification of Personnel Linkages with cooperatives	✓	Interview and document observation	To avoid a conflict of interest, identifying the Personnel to be assigned is carried out not to affect independence. For example, Personnel has a family relationship with the company being audited, and so on.
AUDIT PLANNING PROCEDURE			
6. Study the assignment requirements contained in the SPK	✓	Interview and document observation	

Financial Statement Audit Planning Design	Operational Planning Audit Financial Report	Procedures performed by auditors.	Information
7. Study pending matters	✓	Interview and document observation	
8. Studying the internal control system	✓	Interview and document observation	
9. Define audit risk	✓	Interview and document observation	
10. I am setting the level of materiality.	✓	Interview and document observation	
11. Determine the sampling technique	✓	Interview and document observation	
12. Prepare internal control questionnaire.	✓	Interview and document observation	Based on the information generated by the preliminary survey, an internal control questionnaire was prepared and prepared.
13. Setting up program audits	✓	Interview and document observation	
14. Prepare a time budget.	✓	Interview and document observation	Program audits are prepared and prepared by the supervisory department A time budget is designed based on time, distance, and staffing
15. I am setting the level of materiality.	✓	Interview and document observation	
16. Determine the sampling technique	✓	Interview and document observation	
17. Prepare internal control questionnaire.	✓	Interview and document observation	Based on the information generated by the preliminary survey,

Financial Statement Audit Planning Design	Operational Planning Audit Financial Report	Procedures performed by auditors.	Information
18. Setting up program audits	✓	Interview and document observation	an internal control questionnaire was prepared and prepared. Program audits are prepared and prepared by the supervisory department.
19. Prepare a time budget.	✓	Interview and document observation	A time budget is prepared based on time, distance, and staffing.

The following is an explanation of the table above, namely, the audit planning suggested by KAP is as follows:

- 1) Starting from the procedure for the assignment recipient, the auditor receives an assignment letter and request. Then the operations are carried out, namely interviews and document observation, then an audit request from the cooperative via email and other communications.
- 2) Furthermore, the procedure for making a letter that contains a survey will be carried out, namely interviews and document observations. The letter includes the availability of conducting a study first.
- 3) The following procedure for conducting a preliminary survey is the interview procedure and document observation, to be documented in the minutes of the initial survey, which contains the parties involved, accompanied by the preliminary study results.
- 4) Make a letter or assignment proposal. Procedures are carried out, namely interviews and document observations, then make a letter containing the auditor's time.
- 5) The procedure for making and sending a letter of agreement is carried out through interviews and document observations. In SPAP, SPL is usually called a work letter to agree with both parties so that no one is harmed by each other.
- 6) The procedure for discussing the letter of agreement is carried out using interviews and document observation. KAP obtains direct approval from clients supervised directly by the field of inspection and supervision of cooperatives.
- 7) Staffing audit is carried out by procedures, namely interviews and document observation. Staffing is determined based on work experience, size, the complexity of the entity, and the ability to cooperate.
- 8) Identification of personnel linkages with cooperatives is carried out using procedures, namely interviews and document observations, to identify Personnel to be assigned so as not to affect independence. For example, Personnel has family relationships with the company or cooperative to be audited.
- 9) The procedure for making a statement of independence is carried out with interviews and document observation methods. An independence statement is made to emphasize and strengthen confidence in cooperatives as evidence that the auditor has met these requirements.
- 10) Field monitoring procedures are carried out in the supervisory sector, namely interviews and document observations, supervision, and guidance.
- 11) The procedure for studying the assignment requirements contained in the SPK is carried out with methods, namely interviews and document observation so that everything goes smoothly without any obstacles or fraud. Both parties must study and know the terms of the assignment. In this research, it is appropriate.

- 12) The procedure for studying pending matters is carried out with methods, namely interviews and document observations, and the appropriate results.
- 13) The procedure for studying the internal control system is carried out using interviews and document observations. This procedure is essential for conducting an audit. An audit must master the internal control system so that everything runs smoothly, and in this study, it is appropriate.
- 14) The procedure for determining audit risk is carried out using interviews and document observations. The results are appropriate.
- 15) Interview procedures and document observation carry out the method for determining the materiality level. The results are appropriate.
- 16) The procedure carries out the sampling technique, namely interviews and document observations. The results are appropriate.
- 17) The procedure for preparing the internal control questionnaire is carried out with the following methods, namely interviews and document observation. Based on the information generated by the preliminary survey, the internal control is prepared and prepared for further processing.
- 18) To prepare the program audit, procedures are carried out, namely interviews and document observation, then the program audit is prepared and compiled by KAP.
- 19) To prepare a time budget, procedures are carried out, namely interviews and document observations. On the basis of time, distance, and staffing, a time budget is drawn up.

Audit working papers

Based on the results of interviews and document observations, information related to the audit planning work paper at the agency was obtained, which was implemented in the audit planning process before implementing the audit test.

1. Company/cooperative general information working papers, financial statement audit, and internal control recommendation working papers have been implemented based on a preliminary survey of new and old clients.
2. Audit risk assessment working papers, key issues working documents, and analytical procedures working papers were not implemented.
3. Materiality working papers have been implemented based on the determination in sampling.
4. The audit schedule summary working paper has been implemented as a control in the audit.
5. Audit team personnel working papers have been implemented based on the number of hours worked, the nature and ability of the auditor's personnel, and the extent of the client's business.

Based on the compliance test above, several plans were not implemented, namely analytical procedure working papers, important issues working essays, and audit risk level working papers that could affect audit quality.

Discussion

Audit planning includes the development of an overall strategy for implementation and the expected scope of the audit. The nature, extent, and timing of planning vary with the size and complexity of the business unit, experience with the business unit, and knowledge of the business unit. In planning the audit, the auditor should consider the following:

1. Problems related to the business unit's business and the industry in which the team operates in it.
2. The business unit's accounting policies and procedures.
3. The method used by the business unit in processing important accounting information, including the use of an external service organization to process the company's basic accounting information.
4. Determination of the planned level of control risk
5. Initial consideration of the materiality level for audit purposes
6. Financial statement items that may require adjustment
7. Conditions that may require expanding or changing audit tests, such as the risk of material errors and irregularities or the existence of transactions between related parties.
8. The nature of the audit report expected to be submitted to the assignor (for example, an audit report on consolidated financial statements, a special message to describe the client's decision on contract/agreement)

Procedures that the auditor may consider in planning and supervision usually include reviewing the auditor's records relating to the unit and discussions with other staff in the accounting firm and unit employees.

1. Reviewing correspondence archives, working papers, permanent files, financial reports, and last year's audit reports
2. Discuss issues that impact the audit with the accounting office staff who are responsible for non-audit services for business units
3. Asking questions about current business developments that have an impact on business units
4. Reading the current year's interim financial statements
5. Discuss the type, extent, and timing of the audit with management, the board of commissioners, or the committee
6. Considering the impact of applying the question of accounting standards and auditing standards set by the statement of accounting standards and auditing standards set by the Indonesian Institute of Accountants, especially the new ones.
7. Coordinate assistance from business unit employees in data preparation
8. Determine the extent of involvement, if any, of consultants, specialists, and internal auditors
9. Create an audit work schedule (schedule)
10. Determine and coordinate audit staff requirements
11. Carry out discussions with the assigning party to obtain additional information about the audit objectives to be carried out so that the auditor can anticipate and pay attention to related matters that are deemed necessary.

CONCLUSION

In the results of the research above, the researchers found that in the cooperative audit, the procedures made by the Bandung City Cooperative Service were not by the Public Accounting Professional Standards (SPAP), and also the Bandung City Cooperative Service did not have an audit planning design and no working papers.

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