

The Ideal Financial Audit Models for Private Sector Assistance against COVID-19 Pandemic

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ABSTRACT

The purpose of this paper is to know what the ideal financial audit model for private sector assistance is for the Covid-19 pandemic outbreak that occurred from late 2019 to mid-2020 transparent, measurable and protected from abuse. To produce an ideal quality audit model, the auditor must carry out his work in accordance with established audit standards. In writing this study using descriptive qualitative research methods, literature review methods from various scientific journals related to the audit.

Keywords: Financial audit model, private sector and covid-19 pandemic

INTRODUCTION

Corona Virus Disease (COVID-19) is a new type of virus that is transmitted to humans and attacks respiratory system disorders resulting in death (Thalia, 2020). Common signs of people infected with this virus are fever above 38°C, coughing, spasms, and difficulty breathing. This virus originated from the city of Wuhan, China which is thought to be transmitted through animals to humans, the virus spread very quickly until it reached Indonesia. Reporting from the CNN website, the first case of COVID-19 in Indonesia occurred on 1 March 2020 with 2 patients from Depok who contracted the virus due to interacting with Japanese citizens. The virus has also spread rapidly throughout Indonesia until now it is known that March 26 Indonesian citizens who were positive for COVID-19 numbered 893 people with 78 dead, and 35

recovering. With the rapid spread of this virus, WHO and the government issued a policy to temporarily lockdown or stop all activities outside the home such as work and school. Situations like this make people panic and take action to protect themselves such as buying stock of masks, hand sanitizers, various medicines and vitamins to buying food stocks that cause scarcity of goods and prices to rise dramatically. This condition is sad and worsened the article because many medical personnel had to deal with Covid-19 shortages and even out of stock of masks and other Personal Protective Equipment (ADP).

This moves the private sector and other parties to help each other and fight together in dealing with the Covid-19 pandemic, by providing various kinds of assistance in the form of material (money), food staples or providing physical goods such as Personal Protective Equipment (PPE) to medical team. The large amount of assistance, especially in the form of material (money) from various parties and the private sector, made the accountants and auditors take the initiative to create an ideal financial audit model for such assistance to be transparent, measured and assisted from the misuse of certain elements.

LITERATURE REVIEW

Financial Audit

Financial audit is an audit of the financial statements of an entity (company or organization) that will produce opinions (opinions) of third parties regarding the

relevance, accuracy, and completeness of the reports.

Financial audits are generally carried out by public accounting firms or public accountants as independent auditors guided by the professional standards of public accountants. Who conducts management audits. Management audits can be carried out by the following stakeholders:

1. Internal Auditor

Internal auditors are in a unique position to conduct management audits, and some people use the terms "Internal Audit" and "Management Audit" interchangeably or identically. Although it is not right to conclude that all management audits are carried out by internal auditors or internal auditors only conducting management audits is that they spend time working for the company they are examining. Therefore they develop good knowledge about the company and its efforts to carry out active management audits.

2. Government Accountants

Government accountants usually pay attention to both types of audits, both financial audits and management audits, and conduct audits in the government sector as well.

3. Public Accountants

An entity often also assigns a Public Accounting Firm (KAP) to conduct a management audit of or more specifically a part of its business. Usually this assignment occurs if, the company does not have internal auditor staff or the company's internal auditor lacks expertise in certain areas.

Financial Function Management Audit Program

An audit of the financial function is intended to search for and find information about how the action plan that has been set up is realized through various operational activities highlighted specifically in terms of finance. One way that can be taken to avoid subjectivity in conducting financial management audits is to conduct an analysis of the results that are actually achieved in

planning the action plan for a certain period of time continuously. The real results can be achieved were tested in three ways, namely comparing the directives contained in the company's plan with the results actually achieved through the implementation of the plan, the second carefully examine the master plan of each functional area contained in the strategic plan with a view to seeing whether the functional area plan that has been prepared plays an effective role or not in an effort to achieve company goals. And the third audit process must lead to an assessment of the appropriateness of the organizational structure that is enforced in the corporate environment.

In order for a management audit of the financial function to achieve its objectives, there are four things that absolutely need attention:

a. Corporate Financial Targets

In conducting an audit that can be used as the first object of an audit is the search, discovery, and collection of information about whether financial targets are achieved or not. Another very important aspect in conducting an audit is to examine whether the company's goals and objectives meet various requirements. Such as eligibility, fairness, can be morally and ethically justified and so on and to find out whether the various components of the company meet the specified performance standards or not.

b. Financial planning

Financial planning as an object of audit means two things, namely whether or not an effective work unit that takes care of company finances carries out the planning function for the work unit concerned and searches for and finds facts about the quality of the plans prepared by business unit managers. In other words, the audit must be able to find facts about whether the company is managed with a systematic approach or not and whether the principles of synergy and symbiosis are applied steadily or not.

c. Organization

By making the work unit organization in the financial sector as an audit target, the information obtained will be able to provide important input on whether the organization in the financial sector is managed effectively or not which will also determine the work unit is capable of carrying out the supporting functions it carries or not, recognizing factors the cause and given recommendations to overcome them.

d. Supervision

The process of control or supervision through budget and financial analysis intended to secure the wealth and financial resources of the company. The results are conveyed to operational work units to be utilized in increasing the efficiency and effectiveness of their work.

Financial Function Activities

Based on data every day, the financial function plays a role in the main business fields such as pricing strategies and cost analysis required. The pricing strategy in a company is an element of criticism in its planning. The thought of an increased price must show evidence of a decent financial increase such as for short-term profits, future developments and improvements.

The financial function must guarantee the existence of the same system for the preparation of activities and costs outside the main activities. This must be arranged properly to equip management with adequate equipment to monitor the activities of the organization that is perfect as well as the elements of implementation.

Management audit consists of two basic functions that remain objective but have different objects, namely:

1. Examine and evaluate the effectiveness of the financial department in providing direction and financial research covering the entire organization including the implementation of various units.

2. This examination is to regulate efficiency in financial functions related to finance, accounting, budget and policy guidelines and standards.

Definition of Financial Functions

The financial function aims to regulate the search for sources of funds needed for the company and then regulate the use of funds that have been obtained. Sources of funds needed can be obtained from various sources, both internal funding sources from within the company itself and external funding sources that come from outside the company.

In the book "Audit Management" written by Hamilton (1986: 40) states that in large or small scale companies, the financial function is as the main tool in the process of decision making with the reasons:

1. The financial department provides meaningful guidance to improve the company's strategy for long-term success.
2. Direction and support can be provided by the finance department in generating net income and capital withdrawal during the period.

Financial Function Control Procedure

Control procedures can be established on a type of transaction or widely applied and integrated in certain components of the control environment and accounting system. Halim (1997) further classifies control procedures as follows:

- a. Proper authorization and transactions and activities.
- b. Adequate separation of duties and responsibilities.
- c. Appropriate design and use of documents and records.
- d. Adequate protection of access and use of company assets and records.
- e. Independent check of the implementation and proper assessment of the amount that must be recorded.

Financial Audit Function

1. To provide adequate confidence for the achievement of effectiveness and efficiency

in achieving the objectives of the provision of adequate education.

2. To provide adequate confidence in the reliability of financial reporting, securing State assets, and adherence to laws and regulations.

3. Provide statements about the reasonableness of the information presented in the financial statements.

4. Report the audit results with adequate data and provide input to the leadership and related sections so that improvements can be made.

The Role of Financial Audit

Financial statement audits play an indispensable role in a free market economy. Financial statement audits are the most important part of various assurance services.

Auditing is a systematic process to obtain and evaluate evidence objectively about the assertions of economic activities and events, with the aim of determining the degree of conformity between these assertions with predetermined criteria and the delivery of the results to the parties concerned.

The auditor's report must state whether the financial statements have been presented in accordance with generally accepted accounting principles. The auditor's report must indicate a condition where the accounting principles are not consistently applied in the preparation of the current period's financial statements compared to the accounting principles applied in the previous period. Informative disclosures in financial statements must be considered adequate, unless stated otherwise in the auditor's report.

The auditor's report must contain a statement of opinion regarding the financial statements as a whole, or an assertion that such statements cannot be given. If a comprehensive opinion cannot be given, then the reason must be stated. In the case that the auditor's name is linked to the financial statements, the auditor's report must contain clear instructions regarding the

nature of the auditor's work carried out, and if any, the level of responsibility that bears it.

Financial statements are the responsibility of management. An audit is carried out based on the assumption that financial statement data can be examined for verification. The auditor's responsibility is to express an opinion based on the findings and to carry out the audit.

The need for financial statement audits

Statement of financial accounting concept no.2 (statement of financial accounting concept no.2) issued by the FASB states that relevance and reliability are the two main qualifications that make accounting information useful for decision making. The need for an independent audit of the financial statements can be seen in the following four conditions:

1. Conflict of interest

Conflicts of interest can also occur between various groups of users of financial statements such as creditors and shareholders. Therefore, users seek the confidence of outside independent auditors that the information has:

- Free of bias for the benefit of management
- Neutral for the benefit of various user groups (in other words, information is not presented in such a way that benefits one user group above another).
- The consequences
- Complexity
- Remoteness

Some of the economic benefits of auditing financial statements are:

- Access to capital markets
- Lower capital costs
- Suspension of inefficiency and cheating
- Improved control and operations

Limitations of financial statement audits are:

- Adequate costs
- Sufficient amount of time

- Alternative accounting principles
- Accounting Estimates

Financial Audit Targets

- Assess the effectiveness of work units that take care of company finances by name or nomenclature whatever work units are known
- Look for facts and information about the internal work efficiency of work units that take care of company finances by highlighting the financial practices of work units.

Financial Audit Process

- Financial audits are intended to search for and find information about how the predetermined action plan is realized through a variety of operational activities highlighted specifically in financial terms.
- The results that were actually achieved were tested in three ways, viz:

a) Compare the directives contained in the company's plan with the results that were actually achieved through the implementation of the plan.

b) Examining the format of the master plan of each functional area contained in the strategic plan with a view to seeing whether the functional area plan that has been prepared has an effective role or not in the overall effort to achieve the company's goals.

c) The audit process must lead to an assessment of the appropriateness of the organizational structure imposed in the company environment.

- In order for a financial audit to achieve its objectives, four things that absolutely need attention are: the company's financial goals, planning, organization, supervision.

For financial audits to achieve their goals, four things that absolutely need attention:

1. The Company's Financial Targets

In conducting financial audits, what can be used as the first object of an audit is the search, discovery, and collection of information about whether or not the company's financial goals have been achieved. From the audit findings it will be

seen that whether the financial management function supports or not the overall effort to achieve the objectives of various company targets.

2. Planning

Financial planning as an object of audit means two things, namely:

Effectively whether or not the work unit that takes care of company finances carries out the planning function for the work unit concerned

Find out facts about the quality of plans prepared by managers of business units or various functional areas in the corporate environment.

In other words, the audit must be able to find facts about whether the company is managed with a systematic approach or not and whether the principles of synergy and symbiosis are applied steadily or not.

3. Organization

The importance of the role of the work unit that manages the finance of the lead company should be one of the members of the top management team, for example by the title of Deputy President Director or Director of Financial Affairs.

By making the work unit organization in the financial field the target of audits, the information obtained will be able to provide important input about whether the organization in the financial sector is managed effectively or not which will help determine whether the work unit is capable of carrying out supporting functions in which it is carried out or not, recognized the causative factors and given recommendations to overcome them.

4. Supervision

Financial audits must be able to find and gather various information about strengths and weaknesses in carrying out the company's financial control process through an appropriate accounting process.

This means that the various questions raised by the audit team must lead to those strengths and weaknesses, which can then

be utilized in the improvement of control and supervision in the next stage.

RESEARCH METHODS

Types of research

This type of research used in this thesis is a descriptive study. Descriptive research is research that is intended to gather information about the status of an existing symptom, namely the state of the symptom according to what it was at the time the study was conducted (Arikunto, 2013). The purpose of descriptive research is to describe the mechanism of a process and create a set of categories or patterns (Roland, 2014).

Data analysis method

Data analysis was performed using qualitative descriptive analysis methods, where data were collected, then understood and analyzed so as to provide a clear picture of the ideal financial audit model for private sector assistance to the Covid-19 pandemic.

DISCUSSION

Financial audit is an audit of financial statements for examination that will produce an opinion (opinion) and evaluates the evidence of reports conducted by external parties. For financial audits, a number of audits are needed to make an ideal financial statement, namely by making a classification, making boundaries, making disclosures, and making accuracy.

Private Sector Assistance

The role of private sector assistance is very important in the pattern of development and governance, because it is an opportunity for productivity, a source of revenue, business development, and economic development. The private sector includes private companies engaged in fields and other informal sources which will influence social, political and economic policies to create a more conducive environment for markets and companies.

With the andemi covid-19 outbreak, it is time for the private sector to play a

major role, one of which is by providing assistance. Assistance is given either in the form of physical goods such as masks, hand sanitizers, personal protective equipment (PPE), medicines, vitamins, food ingredients or even some money (direct assistance).

With the large amount of private sector assistance to Pandemic Covid-19, the auditor needs to create and conduct a financial audit model for this assistance. The steps to make a financial audit will be carried out as follows:

1. Financial goals

In conducting financial audits, what can be used as the first object of an audit is the search, discovery, and collection of information about whether or not the financial targets have been achieved. For the problem in this writing, the first object is the assistance of the private sector to the community over the covid-19 pandemic outbreak that is happening.

2. Planning

Financial planning as an object of audit means two things, namely:

Effective or not work units that take care of financial assistance from the private sector in carrying out the planning function for the work unit concerned.

Find facts about the quality of the plan prepared by the work unit.

In other words, the audit must be able to find facts about whether aid is managed with a systematic approach or not and whether the principles of synergy and symbiosis are applied steadily or not.

3. Organization

The importance of the role of the work unit that manages the financial assistance of private funds should be one of the members of the top management team, for example, facilitated by the title of Deputy President Director or Director of Financial Affairs or an expert in finance.

By making the work unit organization in the financial field the target of audits, the

information obtained will be able to provide important input about whether the organization in the financial sector is managed effectively or not which will help determine whether the work unit is capable of carrying out supporting functions in which it is carried out or not, recognized the causative factors and given recommendations to overcome them.

This stage is very important in order to ensure that the financial process of private sector assistance runs without the possibility of diversion or obstacles that will hamper the system.

4. Supervision

Financial audits must be able to find and gather various information about strengths and weaknesses in carrying out the company's financial control process through an appropriate accounting process. This means that the various questions raised by the audit team must lead to those strengths and weaknesses, which can then be utilized in the improvement of control and supervision in the next stage.

Financial audits are responsible for:

- Monitor procedures and data accuracy in detail
- Create and implement audit procedures in accordance with regulations
- Control and monitor all parts that affect financial records
 - Correcting any deficiencies created by the implementation & recording of financial operations.

After taking the steps above, the financial audit model with the help of the private sector for the covid-19 pandemic can be carried out and run well. Any assistance will be able to be known transparently for the exact amount, form and direction in which it is distributed so as to minimize the misuse of aid.

CONCLUSION

1. Creating financial audit models for private sector assistance efficiently and

effectively against the covid-19 to encourage and motivate government affected by the covid-19 pandemic to carry out the process more perfectly.

2. To meet the achievement of the objectives of financial audit from the private sector assistance, become something that cannot be avoided.

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