

MANAGEMENT AUDIT OF FINANCIAL FUNCTIONS ON CASH AND RECEIVABLE MANAGEMENT AT PT AROMADUTA RASAPRIMA

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Abstract: The company's profit in 2020 and 2021 showed a very significant decline. The company's target could not be reached that was caused by the Standard Operating Procedure (SOP) which was not implemented by the employees, thus triggering negligence in carrying out the operations of the financial department of PT Aromaduta Rasaprima so it is indicated that there is a weakness in the financial function that it needs to be investigated further to find out the possible reason of the unreachable profits for the survival of the company going forward. This will lead to an inspection activity in the form of a management audit in order to evaluate the financial function at PT Aromaduta Rasaprima, especially on cash and accounts receivable which will then be given a recommendation to make improvements to the problem obtained. The results showed that the company cannot be said to be fully effective and efficient because there are still weaknesses that occurred in the operational activities of the financial function, precisely in the management of cash and receivables. The weakness is in the form of disobedience of employees of the financial function in following existing SOPs, causing errors that have an impact on the company's profit.

Keywords: Management Audit, Financial Function, Effective, Efficient, SOP Compliance

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Introduction

In order to be able to survive and have a more competitive advantage, companies must carry out careful and detailed planning and reporting in presenting information to those who need it. The company can ensure that the activities or activities run according to the plans that have been set by holding adequate supervision and management control. Management supervision and control will lead to an inspection activity. In this case, the type of inspection activity related to the efficiency and effectiveness of a company's operations is a management audit. Management audit is an examination to assess or evaluate the quality of the use of company resources in achieving company goals on which parts have been running well or which are still weak in implementation in order to improve the management carried out by management. (Nur & Siregar, 2019).

A management audit or also known as an operational audit is an activity of examining the operations of a company that is planned to seek, find information, analyze and then conclude about the goals of the organization that have been set produced through a financial management and subsequently provide a recommendation for improvement based on the results of the conclusions (Pratolo, 2015). According to (Bayangkara, 2015) the management audit target have three main elements, namely criteria, causes, and effects. The audit stages can be grouped into five stages, there are preliminary audit to obtain background information on the object, then review and testing of management controls, detailed audits, reporting to state audit results, and follow-up actions to encouraging the authorities to carry out improvements in accordance with the recommendations given. The financial function is a part of the organization that functions to collect, record, and review all other functional areas in the company (Sarapa, 2017). A financial management audit is an activity of searching and finding information to be analyzed and concluded about how the organizational goals that have been set are realized through a financial management which will then be given a recommendation for improvement of the conclusions that have been generated (Pratolo, 2015). The internal control component consists of five principles, namely the control environment, risk assessment, control activities such as segregation of duties and authorization, accounting information and communication, and monitoring (Novrianti & Jumaren, 2019). Policies that can be taken to control the amount of cash are to prepare regular cash flow plans, speed up cash receipts, slow down payments and increase product sales (Bayangkara, 2015). Control of receivables by implementing several policies, such as communicating regularly to customers and analyzing the age of receivables (Hery, 2016). Effectiveness is the level of success of the company in achieving the goals that have been determined. The formula used in calculating the level of effectiveness based on the theory (Mahmudi, 2019) is the comparison between realization and target revenue and the efficiency of a

company lies in the ability and efficiency in using existing resources to achieve goals (Nurima, Syafi'i, & Susanti, 2016). The efficiency formula used according to (Suoth, Tinangon, & Rondonuwu, 2016) is a comparison of the realization of expenditure with income.

PT Aromaduta Rasaprima is a processed meat production company which has experienced a decline in the last two years. This can be seen from the discrepancy between the target income level and the realization in 2020 and 2021 as well as a very drastic decline compared to 2019 in Table 1.

Table 1. Target and Realization of PT Aromaduta Rasaprima's Revenue Levels

Year	Target	Realization	Deviation	%	F/ UF
	Rp	Rp	Rp		
2019	12.893.672.000	13.845.224.994	951.552.994	7,4%	F
2020	15.388.352.000	10.005.506.470	(5.382.845.530)	-34,98%	UF
2021	11.926.190.000	7.630.376.362	(4.295.813.638)	-36,02%	UF
Average	13.402.738.000	10.493.702.609	(2.909.035.391)	-21,21%	

Based on this, a significant decline is expected to occur due to a decrease in demand and the lack of effectiveness and efficiency of employees in the financial function due to a reduction in the number of workers as well as an increase in the workload and hours of financial employees. This condition will result in financial malfunctions in reporting financial information. If we look at the realization of PT Aromaduta Rasaprima's revenue which results in an Unfavorable difference, it is necessary to know what things can produce this difference, especially in the management of cash and company receivables management which greatly influences the achievement of maximum profit. This also happened because there were still SOPs that were not implemented or obeyed by employees so that it could trigger some employees to be negligent in carrying out operational activities in the finance department. This condition indicates that there is a weakness in the financial function, so it is necessary to carry out an assessment and evaluation to determine the possible causes of a significant decline in profit so that it can be immediately evaluated and given a recommendation through management audit activities. So the purpose of this study is to determine the implementation of management audits on the financial function at PT Aromaduta Rasaprima, especially on the effectiveness and efficiency of cash and accounts receivable management operations, and has been in accordance with the company's Standard Operating Procedures (SOP).

Method

This type of research is a qualitative research conducted at PT Aromaduta Rasaprima for six months from February to July 2022. The sources of data used in this study were primary and secondary data. Primary data are the results of interviews with the Head of Accounting & Finance Department and secondary data in the form of data on income realization targets for 2019 to 2021, cash flow realization targets, organizational structures, and Standard Operating Procedures (SOP) for the financial function. The data collection techniques used were interviews, observation, and documentation. To assess the accuracy of the data, triangulation of techniques and time is carried out, using reference materials and performing member checks. Data analysis in this study is descriptive qualitative data analysis using the theory of Miles and Huberman in (Sugiyono, 2021) namely an interactive model by collecting data, data reduction, data presentation, and drawing conclusions. The data analysis is associated with the audit stages where at the time of collecting the data a preliminary audit and a review of tests and controls are carried out, then data reduction by conducting a detailed audit stage, after that the data presentation is carried out in tabular and narrative form, and finally drawing conclusions in the form of recommendations for finding weaknesses that occur in the company.

Result and Discussion

• Research Result Description

- Evaluation of the Implementation of Standard Operating Procedures for Revenue Receipts

From the results of the evaluation, there are two policies for receiving company revenues that have not been carried out properly or not according to procedures. This is related to the negligence of work and the lack of coordination between the cashier and collector and the non-authorization of the receipt of the cash. If this is not followed up, then this will result in obstruction of cash inflows and recordings made by the accounting department and evidence of unauthorized cash receipts or missing receipts will give rise to fictitious evidence.

- **Evaluation of the Implementation of Standard Operating Procedures for Cash Disbursements and Payments**

The results of the evaluation of the implementation of Standard Operating Procedures (SOP) for Cash Disbursements and Payments obtained three policies for cash disbursements and payments that had not been implemented properly or not according to procedures. This again relates to the negligence of the cashier who did not keep proof of payment in the proper place but only tucked it among other files and was not immediately submitted to the accounting department. If not followed up, this will result in inaccurate data on cash disbursements and debt payments or create fictitious evidence due to the omission of actual proof of payment and hinder the recording made by the accounting section.

- **Evaluation of the Implementation of Standard Operating Procedures Receivable Management**

The results of the evaluation on the implementation of Standard Operating Procedures (SOP) for Receivable Management obtained two receivable management policies that have not been implemented properly or not according to procedures. This procedure is not implemented properly regarding receivables data that has not been updated as a result of the collector's department not submitting a report on the results of his visit to billing and paying off customer receivables. This is due to the lack of coordination and communication between the collector and the head of collection on the development of the company's receivable list data. If this is not followed up, it can result in data receivables that should have been repaid or delays in repayment not being recorded properly and delays in visits made by the collector can slow down the collection of receivables that are past due.

• **Calculation of the Effectiveness Level of the Financial Function**

The company's financial function is said to be effective if the difference between the realization of revenue and the target income shows a favorable difference, namely the realization value is higher than the set target. Based on the results of interviews with the ISO Team of PT Aromaduta Rasaprima related to the company's policy on the level of effectiveness conveyed by the ISO team as the management of the company, it shows that the realization of all company operational activities, especially in obtaining revenue, is certainly higher than the target set. Therefore, the company's financial function can also be said to be effective if the effectiveness level is more than 100% and if the effectiveness level is below 100% it can be said to be ineffective. The effectiveness of the company's earnings in 2019, 2020, and 2021 is shown in Table 2.

Table 2. The Result of Income Effectiveness Calculation at PT Aromaduta Rasaprima 2019-2021

Year 1	Total of Income		% Effective- ness 4 = (3:2)	Description
	Target (Rp) 2	Realization (Rp) 3		
2019	12.893.672.000	13.845.224.994	107%	Effective
2020	15.388.352.000	10.005.506.470	65%	Ineffective
2021	11.926.190.000	7.630.376.362	64%	Ineffective
TOTAL	40.208.214.000	31.481.107.826	78%	Ineffective

Based on the results of the calculation of effectiveness in 2020 and 2021 in Table 2, the value is below 100% or below the company's standard, so that it can be indicated that the financial function that plays a role in all company operational activities in obtaining income is not effective.

• **Calculation of Financial Function Efficiency Level**

The financial function is said to be efficient in financial management if this section can optimize the use of the company's money for all needs for the company's operational activities that have been adequately met. Based on the decision of PT Aromaduta Rasaprima regarding the assessment of the level of efficiency, that is, if the results of the comparison of the realization of cash outflows with the realization of income, the achievement is more than 5% (>5%) then it can be said to be inefficient, whereas if the achievement result is less

than 5% ($\leq 5\%$) then it can be said to be efficient. The company's cash flow efficiency in 2019, 2020, and 2021 are shown in Table 3.

Table 3. The Result of Cash Flow Efficiency Calculation at PT Aromaduta Rasaprima 2019-2021

Year	Realization		%	Description
1	Income	Cash Out	Efficiency	
	2	3	4 = (3:2)	
2019	13.845.224.99	41.061.400.255	2,97%	Efficient
2020	10.005.506.47	47.134.130.601	4,71%	Efficient
2021	7.630.376.362	48.825.346.210	6,39%	Not efficient
TOTAL	31.481.107.826	137.020.877.066	4,35%	Efficient

Based on the calculation results in Table 3, in 2021 the efficiency level is above 5%, which is 6.39%, which means that in that year the company has not been able to optimize the use of resources to carry out activities in the company's operations or waste occurs. The level of expenditure seen in the high cash outflow of the company was due to an increase in receivables from the company.

- **Discussion**

- **Effectiveness**

The results of the calculation of the effectiveness of the financial function by comparing the number of targets with the realization of the company's income show that overall revenue in 2020 and 2021 is not effective because it has not been able to achieve the predetermined target. Based on the results of the interview, it is known that the company does not provide any sanctions or policies if the company's revenue target is not achieved and there is no special bonus if the income target is achieved according to what has been determined so that employees are less motivated in doing their work and result in a decrease in employee performance or not. maximum in completing the work. The collector staff of PT Aromaduta Rasaprima is not given incentives for collecting customer receivables based on a percentage of the value of the bill for that period, so the incentives obtained are not in accordance with the work that has been done. This causes the collectors to pay less attention to bad debts or uncollectibles which has a huge impact on the company's income.

- **Efficiency**

Based on the results of interviews with the Head of Accounting & Finance Department, the condition of the inefficient financial function was caused by the negligence of the company's cashier in carrying out their duties, namely paying off company debts and filing proof of payment and purchase invoices which were then immediately given to the accounting department. . In addition, the high level of cash outflow was caused by an increase in the number of receivables at the company, where the company's collectors who have responsibility for collecting customer receivables were less than optimal in carrying out their duties. So there are some bad debts that are not reported when doing field billing (outdoor). The negligence of the cashier and the less than optimal performance of the billing department began to occur in early 2021 due to the reduction of several staff and the replacement of tasks for that section. The collector at PT Aromaduta Rasaprima is only 1 person who previously had 3 staff, so the schedule for billing to customer outlets becomes congested and requires more time or extra/additional day visits.

- **Deviations from Standard Operating Procedures for the Finance Function**

Based on the description of the results of the research that describes the implementation of the Standard Operating Procedures (SOP) for the financial function at PT Aromaduta Rasaprima, weaknesses and inconsistencies in the SOPs carried out by the financial function are still found. This is shown in Table 4.

Table 4. Deviations from Standard Operating Procedures for Financial Functions

No	Condition	Criteria	Cause	Effect	Recommendation
1	The distribution of documents for settlement of receivables & debts is not according to procedures	The cashier directly submits documents after the end of the shift	SOP is not explained in detail, less evaluation	The accounting department is difficult to review transactions, fictitious cash receipts appear	SOPs are made in detail, carry out regular training on SOPs for employees
2	The cashier does not provide a signature, stamp "paid off" and does not attach a cash register tape (bill) to the cash sales invoice	All invoices along with sales transaction receipts must be authorized by affixing the "paid off" stamp.	The Head of Accounting & Finance is not firm in taking action against employees' negligence regarding the completeness of document authorization	The delivery of goods occurs before buying and paying and the cash received by the cashier can be used for personal purposes	Doing double check in revealing completeness of authorization
3	The company's collector section after doing the indirect billing is given proof of payment and cash to the cashier	Cash must be immediately submitted to the cashier along with a receipt of proof of payment that has been signed by the customer and collector.	Lack of supervision by AR's superiors and no incentives based on the value of the bill if the receivables can be collected.	The cash for the settlement of the receivables is retained with the collector and also the evidence of the settlement is lost.	Billing proceeds must be deposited on the same day to the cashier along with evidence and a list of accounts receivable, the billing route is divided into 2 days or reallocated employees

Conclusion

Based on the results of research on the effectiveness and efficiency of management audits as well as the implementation of SOPs for the Financial Function, it can be concluded that the financial function in 2020 and 2021 has not been running effectively and efficiently. Based on the results of the calculation of the level of effectiveness of income, namely 65% and 64%, which means that the company cannot obtain maximum income from the target that has been set. The result of the efficiency of the financial function is 6.39%, which means the company has not been able to optimize expenses as costs that are sacrificed to carry out activities or operational activities in order to bring in the highest possible income or exceed the predetermined target. the implementation of the financial function SOPs that have not been carried out properly, as evidenced by the several findings obtained after conducting the management audit stage.

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