ABSTRACT

Introduction. The purpose of this research is to explain the information system used in assisted the audit process, is an implementation of Audit Tool and Linked Archive System (ATLAS). This study will focus to an automated auditing process using an information system in the form of the Audit Tool and Linked Archive System (ATLAS) application.

Research Methods. This study used a qualitative method by analyzing results and data that have been collected through interview with the auditor regarding implementation of the Audit Tool and Linked Archive System (ATLAS) at one of the Public Accounting Farms in Malang.

Results and Discussion. The results show that the use of the Audit Tool and Linked Archive System (ATLAS) developed by the Ministry of Finance through the Financial Professional Development Center (PPPK) in collaboration with Indonesian Public Accountants Association (IAPI) has advantages over the manual audit process.

Conclusion. The audit process using Computer-Based Audit Technology (TABK) helps and facilitates auditors, especially in producing audit work papers and filing processes so that it improves audit quality.

Keywords: Financial Statement Fraud; Auditor; Manual Audit; Information System; Professional Working Paper; Computer Based Audit Technology; Audit Tool and Linked Archive System (ATLAS)

1. INTRODUCTION

The company will periodically make products in the form of financial reports made by the company's management which will then be given to stakeholders such as investors, the government, and the tax office. The goal is to assess whether the company's financial performance is in accordance with predetermined standards. Financial statements are products resulting from accounting that must be presented at the end of the period to be submitted to management (Waluyo, 2019). Various information that has been included in the financial statements, It is necessary to carry out an assessment by an independent person to provide an opinion on the level of fairness in the financial statements. An independent will assess whether the financial statements prepared are in accordance with the Financial Accounting Standards (SAK). This assessment is necessary because the financial statements are needed to show the credibility of the company. In Indonesia, the independent appraiser is the public accounting profession. One of the services it provides is audit services. Audit services are independent professional services that improve the quality of information for decision makers, especially regarding historical financial statement information to the public (Mulyadi, 2002). In carrying out their duties, public accountants are guided by the Professional Standards of Public Accountants (SPAP).

Auditing is a systematic process to objectively evaluate evidence regarding statements about economic events, with the aim of determining the level of conformity between these statements and established criteria, as well as delivering the results to interested users (Mulyadi, 2002). In line with Reeve, Warren and Duchac (2014) explain that auditing is ensuring the authenticity and accuracy of financial reports, especially on asset and debt data, as well as conducting sample analysis of working papers and conducting procedural interviews. Viewed from
the point of view of the public accounting profession, auditing is an objective examination of the financial statements of a company or other organization with the aim of determining whether the financial statements fairly present the financial condition and results of operations of the company or organization.

Fraud in accounting takes various forms, based on Mulford and Comisky (2002) there are aggressive accounting, revenue engineering, profit polishing, fraudulent financial statements and creative accounting practices. Some of the irregularities that often occur are misstatements of financial statements or bookkeeping processing, excessive compensation, large-scale fraud committed by employees (Zimbelman et al, 2014). Today, several companies take an action in the form of fraud / fraudulent financial statements. This is evidenced by a survey conducted by ACFE Indonesia in 2019 that 9.2% of fraudulent losses in Indonesia were caused by fraudulent financial statements with a total loss of Rp 242,260,000,000 (ACFE, 2019). Fraud is an unintentional misstatement or omission in financial statements, in which case decision makers can change their decision (Putri, 2016). Financial statement fraud can be defined as fraud committed by management in the form of material misstatements of financial statements. To overcome these problems, public accountants/auditors play an important role in minimizing the occurrence of fraud, especially in financial statements. Based on the results of a survey conducted by ACFE Indonesia in 2019, internal audit and external audit contributed 23.4% and 9.6% as a medium for early detection of fraud / fraud in Indonesia.

The problem of fraud shows that there is an ethical compromise. According to Cressey (1953) states that there are three elements that appear together and encourage the occurrence of fraud as a whole, namely the perceived pressure, opportunities or opportunities that are owned and the ability to rationalize fraud as something that will be accepted. The following is a picture of the fraud triangle based on Cressey (1953):

![Figure 1. The Triangle of Cheating](image)

This model will see whether the dishonest act is included in the act of fraud to the company. Every fraud perpetrator is always faced with various types of pressure. Fraud perpetrators also need to be smart in seeing an opportunity/opportunity they have or they do not commit fraud. Finally, fraud perpetrators also need various ways to rationalize their actions of committing fraud as acceptable.
Figure 2. Reflective Monitoring of Actions

The meaning in the picture states that there is a need for reflexive monitoring of the actions taken by other parties, both socially and physically, as well as from the context in which the individual moves. This is in line with the agency theory revealed by Jensen and Meckling (1976) that the agency relationship is a contract between the manager (agent) and the owner (principal). Agency relationship arises when one or more people (principal) hire another person (agent) to provide a service and then delegates decision-making authority to an agent who is morally responsible for optimizing the profits of the owner (principal), but on the other hand the manager also has an interest to maximize their well-being. This conflict of interest or difference of interest between the principal and the agent can cause agency problems that can affect the quality of reported earnings. So that the role of the auditor is needed in supervising this matter.

Internal audit is one of the controls owned by an organization/company/business entity to minimize the occurrence of fraudulent financial statements. Meanwhile, the external audit is responsible for providing an opinion on the fairness of the financial statements as a basis for decision making. Thus, the external audit becomes a filter if there is an irregularity in the report from the financial statements presented. In line with this, KAP MNK has a role in providing assurance services in the form of audit services, namely financial statement audits (general audit). The audit of financial statements (general audit) is intended to assess the fairness of the financial statements of an entity. Giving an opinion/opinion by the auditor on the entity's financial statements becomes more complex which has an impact on the higher risk of material financial misstatement that affects the quality of the audit presented. Audit quality is an assessment of the audit results issued by the auditor (Aini, 2020). The results of research conducted by Arfiansyah in 2017 show that audit quality in Indonesia is still quite good, where the average level of compliance of public accountants and public accounting firms to elements in a Framework for Audit Quality (IFAC Audit Framework) is 63.04%. The IFAC Audit Framework is a framework that explains the elements contained in the input, process, and output factors in an audit that affect audit quality (Arfiansyah, 2017). This figure shows that 63.04% of public accountants and KAPs in Indonesia have fulfilled the 16 elements required by IFAC to be fulfilled by public accountants and KAPs.

Before an audit of the financial statements is conducted, the auditor needs to consider the acceptance or rejection of the audit engagement of the prospective client. Therefore, there are several stages that must be carried out by the auditor. There are four stages that must be carried out by the auditor, namely engagement acceptance, audit planning, audit testing implementation, and audit reporting (Mulyadi, 2002). The final result of the audit process is the issuance of an opinion/opinion. In the process, the auditor makes a working paper/Professional Working Paper (KKP) which functions as a record made by the auditor in documenting the auditing process. This working paper is made manually by the auditor, one of which is by using tools such as Microsoft Excel. This manual production often results in errors made by auditors such as writing errors, quite complicated data processing caused by many transactions, and errors in using Microsoft Excel formulas.

Based on the phenomenon, in 2017 the Ministry of Finance through the Financial Professional Development Center (PPPK) in collaboration with IAPI (Indonesian Public Accountants Association) developed the Audit Tool Linked and Archive System (ATLAS)
application. The application is based on Microsoft Excel. The presence of the ATLAS application aims to assist Public Accountants in providing professional services effectively. ATLAS can also be used as a tool by Public Accountants in understanding applicable audit standards. It is hoped that the application of ATLAS that applies the use of Computer Assisted Auditing Techniques (TABK) can assist auditors in conducting audits because of their efficient use and automated storage so as to improve audit quality.

2. METHOD

The research was conducted using a qualitative approach. Qualitative research method is an approach to explore and understand the meaning of individuals or groups associated with social problems or phenomenon (Cresswell, 2014). In this study, the social phenomenon in question is the use of the ATLAS application as an effort to improve audit quality. The method of data collection was done through interviews and literature studies. Through interviews, researchers conducted direct interviews with one of the auditors from one of the Public Accounting Firms (KAP) in Malang. Meanwhile, through literature study, researchers studied the results of previous studies that discussed the application of ATLAS to support the research being conducted.

3. RESULTS AND DISCUSSION

3.1 Manual Financial Statement Audit Process for KAP MNK Clients

Before an audit of the financial statements is conducted, the auditor needs to consider the acceptance or rejection of the audit engagement of the prospective client. Therefore, there are several stages that must be carried out by the auditor. Based on the results of interviews conducted by the author by the auditor at KAP MNK on August 16, 2021, the following is the flow of the manual financial statement audit process for clients at KAP MNK:

![Figure 3. Manual Financial Statement Audit Process Flow on MNK KAP Clients](image)

Based on the picture above, the following is an explanation of each stage of the manual financial statement audit at KAP MNK which is presented in tabular form:

<table>
<thead>
<tr>
<th>Stages</th>
<th>Description</th>
<th>Required data</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-engagement</td>
<td>The auditor conducts a briefing with the client regarding what things need to be prepared.</td>
<td>1. The auditor asks the prospective client the purpose of the audit and the prospective client's business sector.</td>
<td>Issuance of an agreement proposal by KAP containing engagement approval, fees, and an agreement</td>
</tr>
</tbody>
</table>

Table 1. Explanation of Manual Financial Statement Audit Process Flow for MNK KAP Clients
<table>
<thead>
<tr>
<th>Engagement Acceptance</th>
<th>The director or management of the prospective client company issues a statement that the company is willing to accept the agreement with the KAP.</th>
<th>Company management statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Planning</td>
<td>The audit team will plan the audit by understanding the client's business and industry. The client also submits data in the form of financial reports to the KAP.</td>
<td>Soft file and hard file of client's financial report</td>
</tr>
<tr>
<td>Audit Process</td>
<td>The auditor team checks the accounts in the client's financial statements using the vouching technique. Examples of checked accounts include: 1. Assets: cash opname, stock opname, bank confirmation, deposit confirmation, receivable confirmation 2. Liability: debt confirmation 3. Paid-in capital: check notarial deed 4. Income: sales proof 5. Salary load: employee payroll 6. Tax: tax invoice The accounts are matched with the financial statements that have been made by the client. If something doesn't match,</td>
<td>Audit result draft</td>
</tr>
</tbody>
</table>
In the process, Professional Working Paper (KKP) serves as a record made by the auditor in documenting the auditing process. This Professional Working Paper is made manually by the auditor, one of which is by using tools such as Microsoft Excel. This manual creation often results in errors made by auditors such as writing errors, data processing that is quite complicated due to the large number of transactions, and errors in using Microsoft Excel formulas. In line with these problems, there is an information system in the form of the ATLAS application. This application is expected to help auditors in the auditing process to be more efficient and effective, especially to facilitate filing and improve audit quality.
3.2 The Process of Auditing Financial Statements Using the Audit Tool and Link Archive System (ATLAS) Application on KAP MNK Clients

The existence of the ATLAS application aims to assist auditors in meeting Financial Accounting Standards (SAK) and making it easier to prepare Professional Working Papers. The existence of the ATLAS application can also minimize the risk of writing errors or elements of intent committed by auditors in the auditing process. Deliberately that may occur is an auditor gives an opinion that is not in accordance with the actual situation, as a reward, the client provides the lure of additional fees to the auditor. This can be avoided by implementing the ATLAS application, it is very unlikely for an auditor to do this because the system can detect it immediately so that the error can be minimized. The features in the ATLAS application are divided into several parts, including:

1. Information on Professional Work Status (KKP)
   Professional Work Status Information (KKP) contains information that is used to monitor the status of working papers at each stage of the audit.

2. Home
   At this stage the auditor must fill in general information such as the identity of the auditor and the engagement team, the identity of the client, and the engagement information.

3. Audit Cycle
   This stage contains information on the outline of the audit planning process which includes pre-engagement, risk assessment, risk response, and reporting stages. At each stage of the audit, if there is an evaluation of audit evidence that requires the auditor to perform additional work required at the previous stage, the auditor may return to that stage.

4. Content (Table of Contents)
   This stage contains a list of all working papers in the ATLAS application along with an index for each working paper. In the ATLAS application, there are four stages that must be passed by the auditor, including:
   1. Pre-Engagement
      This stage is used to analyze the procedures to be carried out by the auditor in the audit process and the conclusions generated in order to accept or continue the engagement with the client.
   2. Risk Assessment
      At this stage, identification and risk assessment are carried out as well as documenting the procedures carried out.
   3. Risk Response
      At this stage, further audit procedures will be carried out by the auditor to respond to the risks that have been identified at the risk assessment stage.
4. Completing and Reporting

This section is the final stage of the audit process. At this stage, an evaluation of the audit evidence obtained will be obtained. This stage is also a complement to the procedures carried out at the risk response stage until the issuance of the Independent Audit Report.

<table>
<thead>
<tr>
<th>Stages</th>
<th>Description</th>
<th>Required Data</th>
<th>Results</th>
<th>Required Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Engagement</td>
<td>a. Past Financial Reporting Issues</td>
<td>a. Previous period's client's financial statements</td>
<td>The results of the analysis of supporting working papers with High/Low risk, for the auditor's consideration in accepting/rejecting the engagement.</td>
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<tr>
<td></td>
<td>b. Management Integrity</td>
<td>b. Competence, time availability, and independence of the engagement team</td>
<td></td>
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<tr>
<td></td>
<td>c. Competence, Time Availability, and Independence of KAP Personnel</td>
<td>c. Allocation of working hours</td>
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<td></td>
<td>d. Communication with Predecessor Auditor</td>
<td>d. Engagement team assignment letter</td>
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<td>e. Declaration of independence</td>
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<td></td>
<td></td>
<td>f. Beginning balance on the client's Professional Working Paper on the first year engagement</td>
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<tr>
<td>Risk Assessment</td>
<td>a. Determination of Materiality</td>
<td>a. Financial reports between the previous year and the current year as well as analysis with similar industries</td>
<td>The results of the analysis of risk assessment and identification of the risk of misstatement obtained from the client's financial statements to be continued with identification at the risk response stage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Identify risks</td>
<td>b. Client's financial ratio</td>
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<td></td>
<td>c. Assess risks</td>
<td>c. Client general information (general information and legal aspects, organizational</td>
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<td></td>
<td>d. Planning the audit approach</td>
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<td>Risk Response</td>
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<td>---------------</td>
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<tr>
<td>a. Selection of audit procedures for selected accounts</td>
<td>The results of the assessment of the implementation of further audit procedures in response to the risks of material misstatement that have been identified and assessed at the financial statement and client assertion level.</td>
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<td></td>
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<tr>
<td>b. Determination of the number of samples to be tested</td>
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<tr>
<td>c. Input correction journal from both management and auditor</td>
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<tr>
<td>d. Special testing procedure</td>
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<thead>
<tr>
<th></th>
<th>structure and responsibilities</th>
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<tr>
<td>d. Client's main business process</td>
<td></td>
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<tr>
<td>e. SOPs owned by clients to view information related to internal control activities</td>
<td></td>
</tr>
<tr>
<td>f. Documentation regarding communications with those charged with governance</td>
<td></td>
</tr>
<tr>
<td>a. Financial statement figures information (beginning balance, adjusting journal, final financial report after audit)</td>
<td></td>
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<tr>
<td>b. Information about lead schedule</td>
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<tr>
<td>c. Information in completing the selection of audit procedures</td>
<td></td>
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<tr>
<td>d. Client Adjustment Journal Entry/Proposed Adjustment Journal Entry</td>
<td></td>
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<tr>
<td>e. Information on financial statement balances audited</td>
<td></td>
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<tr>
<td>f. Information on accounting estimates</td>
<td></td>
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<tr>
<td>g. Information regarding transactions with related parties</td>
<td></td>
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<tr>
<td>h. Information on events after the balance sheet date</td>
<td></td>
</tr>
<tr>
<td>i. Information in assessing the client's business continuity (financial and</td>
<td></td>
</tr>
</tbody>
</table>
Completing and Reporting

- Final materiality research
- Final analytical procedure
- Review of financial statement disclosures
- Quality review
- LAI Review (Independent Auditor's Report)
- Final independent auditor report and financial report (final)

Managing Audit Information with The Atlas Application

- Information on management representation
- General information of auditor's expert
- Information about commitments and contingencies that need to be disclosed in the financial statements

Figure 6. Example of the Display of Professional Working Paper Information Features (KKP) in the ATLAS Application
3.3 Benefits of the Audit Tool and Link Archive System (ATLAS) Application in Managing Financial Report Audit Information

There are several obstacles that exist in the ATLAS application including:

1. Not using the internet
   The ATLAS application is a Microsoft Excel-based application so that its use does not need to use internet access. The benefit is that users do not need to spend a dime to connect to internet access.

2. Free.
   The ATLAS application is a free application that can be downloaded on the website of the Financial Professional Development Center (PPPK). This application is not only useful for auditors but also academics or students who want to study the application for academic needs because it can be downloaded for free. As a result, the application learning can be used as a provision, especially for students so that they can produce graduates who are competent and ready to enter the world of work.

3. Facilitate auditors in filing, because existing files can be stored for a long time.
   The use of the ATLAS application provides more advantages than the manual audit process. This provides benefits related to more effective and efficient archiving.

3.4 Barriers to the Audit Tool and Link Archive System (ATLAS) Application

There are several obstacles that exist in the ATLAS application including:

1. Microsoft Excel application specifications are recommended to use the 2013 version and above.
   The specifications that must be used to access the ATLAS application must be Microsoft Excel 2013 or above, if the user uses the ATLAS application version below 2013 then the application can still be used but there are some formulas that do not appear. This can hinder the audit implementation process.

2. Laptop/desktop specifications have large RAM.
   The specifications that also need to be considered are the specifications of the laptop used. The standard specifications used are laptops with a minimum RAM size of 4G RAM and a minimum core i5 processor. This can hinder the audit implementation process because if the user uses a laptop below these specifications, the laptop's performance will be slow and have an impact on the time that must be completed by the auditor to audit the client's financial statements.

3. The limitation of the financial reporting period is limited to the financial reporting period from January 1 to. December 31st.
   The ATLAS application can be said to be a fairly new application, Therefore it needs to be considered for further development regarding the features of the financial reporting period.

4. The ATLAS application is a stand-alone application that is only used by one user.
   In the process, the ATLAS application cannot be accessed by more than 1 user due to the large application size. This of course can hinder the auditor in carrying out the audit process and have an impact on the time that must be completed by the auditor to audit the client's financial statements.

5. The format of the ATLAS application has one standard rule.
   The purpose of the statement above, for example, is the writing of account numbers on the client's financial statements which does not allow the use of a full stop which results in the unreadability of the account nominal in the system so that
it affects the final result. This will certainly hamper the audit implementation process because the final result will bring up numbers that are not supposed to be.

3.5 Solution

Based on the obstacles from number one to five, the solution offered is the periodic renewal and development of the ATLAS application. Currently, the Indonesian Institute of Certified Public Accountants (IAPI) has updated the ATLAS application, which is based on Microsoft Excel, which differs from version 2.0, ATLAS version 2.1 has more features and a smaller size. In addition, training of auditors is needed so that they can operate them effectively. Then, the solution from the author is that there needs to be cooperation between IAPI and programmers so that the quality of the ATLAS application system can always be upgraded, for example by developing program-based applications that must be installed.

4 CONCLUSION

Based on the results of the analysis and discussion, it can be concluded that the use of the ATLAS application provides advantages and convenience for auditors to carry out the audit process, especially in terms of making Professional Working Papers and archiving. This can improve audit quality because of its effective and efficient use. However, there are still some shortcomings in the application considering that this application is still newly developed. The author recommends that there is a need for cooperation between the Indonesian Institute of Certified Public Accountants (IAPI) and programmers so that the system in the ATLAS application can always be upgraded in quality, for example by developing applications that are not based on Microsoft Excel, but can be made like program-based applications.

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