



Operational Audit Analysis In Testing The Effectiveness Of Control Of Operating Expenses At Foundation B By KAP DE

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Abstract. *One way management can control the foundation better is by controlling operating costs as effectively and effectively as possible. An operational audit is a systematic process used to assess how effective and efficient operations are under internal supervision. This audit report is submitted to the management along with recommendations for improvement. This study aims to find a more efficient way to control operational costs through operational audits. The research method used is using a qualitative descriptive method. Based on the research, it can be concluded that the Foundation's operational audit has been carried out independently and in accordance with applicable audit theories and standards. The operational auditor remains objective and can carry out his responsibilities honestly and carry out all his or her abilities in auditing. In addition, operational auditors are still reflected in the position of the audit unit.*

Keywords : *Operational Audit, Operational Costs, Effectiveness, Efficiency.*

1. INTRODUCTION

Financial statements are an important source of information for various parties, such as investors, creditors, and the government (Soamole, 2019). In this context, the Public Accounting Firm(KAP) is responsible for maintaining the public's trust in the business because the the foundation's financial statements must be accurate and trustworthy. If the auditor works professionally and follow existing procedures by using professional quality, independence, and judgment when conducting the audit and preparing the report, they can provide information about high-quality services or reports.

According to Hery (2019), auditing is a systematic activity that aims to collect audit evidence and communicate it to interested parties, to check whether the data shown in the financial statements have been presented fairly or not, as well as to ensure that the evidence collected is in accordance with the data or financial statements. or not, and to ensure that the evidence collected is in accordance with the data or information in the financial statements in accordance with accounting standards. information in the financial statements in accordance with general accounting standards. The purpose of an audit is The purpose of an audit is to make conclusions about all the information in the financial statements. Some aspects of the audit process include the number of procedures performed, the amount of time required, and the amount of money and resources needed. the amount of money and resources required. An audit

must be conducted by an independent auditor who meets the standards of the Indonesian Public Accountants Association (IAPI) and has competence.

Managing operational expenses in the most efficient and effective way is one of the ways management can better control the foundation. one way management can better control the foundation (Muhaimin et al., 2019). The purpose of managing operational expenses in this way is to ensure that The purpose of managing operating expenses in this way is to ensure that operating expenses are not used inadvertently, so that the foundation will experience losses. As a result, foundation management must routinely conduct operational audits. This audit allow the foundation's management to know how the operations are run, what problems arise, and how to solve them. Auditors can do this by providing the necessary information to assist business management in the decision-making process and achieving the foundation's objectives. decision-making process and achieve the foundation's objectives.

Expense-related transactions are highly susceptible to fraud in the form of transactions that are not real. transactions that are not real, so it is important to produce evidence of these expenses (Kuntadi, 2021). This examination, called an audit, This process is usually carried out by a certified public accountant as an independent party and must be carried out in accordance with procedures. as an independent party and must be carried out in accordance with established procedures. procedures that have been established. As a result, the company's management must make the right decisions by assessing the foundation's operational performance. One method of evaluating expenses, especially operating expenses, is through an operating expense audit. One method to evaluate expenses, especially operating expenses, is through an operating expense audit.

According to Ali Farhan (2021) The foundation's operating expenses include expenses that are needed by the foundation to carry out its operations in accordance with its objectives. required by the foundation to carry out its operations in accordance with its objectives. This component is a vital part in the preparation of the foundation's financial statements. These operating expenses can be affected by a number of variables, such as pricing strategies, raw material costs, and labor costs. labor costs. These are directly related to managers' daily decisions. As a result, financial metrics metrics that concentrate on operating expenses are very important. Flexible capacity management flexible capacity management is also important, especially in difficult economic conditions.

Therefore, the authors are interested in conducting a study on the title. “**Operational Audit Analysis in Testing the Effectiveness of Controlling Operating Expenses at the Foundation By KAP DE**”.

2. LITERATURE REVIEW

1. Audit

An audit is the process of collecting data and evidence to obtain information needed for decision making and to evaluate the extent to which the necessary for decision making and to evaluate the extent to which it complies with standards. standards. This process is self-performed and goes a long way in enhancing an organization's reputation and accountability of the organization. According to Thian (2021), an audit is a structured method that involves objectively collecting and analyzing data to support claims about financial events that comply with predetermined standards. financial events that comply with predetermined standards, and to inform the parties concerned about the results.

Audit is a process that is carried out systematically and thoroughly by an independent party of management's financial statements and supporting documents to assess their appropriateness or fairness (Husna, 2022). Based on the above opinion, an audit is a process to collect and evaluate data related to financial statements and other financial information made by economic entities. financial information prepared by economic entities independently. The purpose of the audit is to ensure that the financial statements have been presented in accordance with generally accepted accounting standards and to convey the results of the audit. accounting standards and to convey the audit results to all interested parties.

According to Ersyafdi et al. (2022), Before starting the audit of financial statements, the auditor must complete several stages of preparation:

- a. Audit planning is a very important first step to completing an audit. audit. At this stage, the auditor performs several crucial activities:
 - In-depth study of the client's business: Understand the type of business, industry, and context context of the client's business to assess possible audit risks.
 - Evaluation of the internal control system: Assess how effective the client's in preventing and detecting fraud or error.
 - Setting audit objectives: Determine the specific objectives to be achieved in the audit, based on the audit risk analysis that has been conducted.

- Creation of an audit plan: Develop a detailed work plan, including a schedule, team of auditors involved, and the resources required.
- b. Execution of Audit Tests is the stage where the auditor performs tests to collect audit evidence that supports the audit objectives. Audit testing can be divided into several types:
- Control testing: Assessing the effectiveness of the internal control system to achieve established control objectives.
 - Substantive testing of transactions: Testing the appropriateness of transactions recorded in the financial statements.
 - Analytical procedures: Comparing financial data with other relevant data in order to identify potential errors or irregularities.
- c. Audit Completion is the last stage of the audit where the auditor performs several important activities :
- Drawing audit conclusions: Determine whether the financial statements have been presented correctly and in accordance with applicable accounting regulations.
 - Preparation of the audit report: Informing management and owners of the company.

A procedure is a series of related steps organized to ensure consistent execution of work. consistent execution of work. As such, a procedure is a method or sequence of steps that are connected to each other, repeated in the same way to ensure that work is done uniformly (Ramadhany et al., 2021) The main purpose of this procedure is to ensure that the auditor obtains sufficient and accurate audit evidence so that the evaluation of the audit evidence is adequate and accurate. sufficient and accurate audit evidence so that evaluation of the evidence can provide appropriate information about possible irregularities. information about possible irregularities. To ensure quality audit results, each stage of the audit process must be

quality audit results, each stage of the audit process must be carried out in accordance with the needs of the entity being audited.

There are several procedures that have been determined in SPAP (Public Accountant Professional Standards) as follows:

- a. Carry out analytical procedures (SA section 520)
- b. Obtaining an understanding of the client's internal control structure (SA section 319)
- c. Prepare working papers (SA section 339)

2. Operational Audit

Operational audits are an important aspect of the foundation's operations, and the method by which they are conducted has a significant impact. Implementation has a significant impact. According to Arens et al. (2017), an operational audit is defined as a review of an organization's operational procedures and methods to evaluate how effective and efficient they are. Operational audits aim for activities, programs, or aspects of the organization that have been excluded from the foundation's policies, rules, and regulations. Operational audits involve research of various management functions with the aim of providing recommendations for improvements to improve the efficiency, effectiveness, and economy of the activities carried out.

According to Ersyafdi et al. (2022), there are three general objectives of operational audits:

- a. Assessing performance involves comparing the way the organization acts in accordance with goals set have been set by management. This comparison may be done with comparable or comparable organizational functions.
- b. Finding improvements, which includes the broad categories of improving efficiency, effectiveness, and economy. Auditors can find best practices and opportunities by looking at operations, evaluating current and past data, analyzing transactions, performing internal and external comparisons, and using professional judgment professional judgment from previous experience with a particular organization.
- c. Make suggestions for improvements or additional actions. These recommendations are made during operational audit process and vary in type and scope. Auditors usually recommend specific actions. Situations such as these may require further rather than just an audit.

In general, the foundation's operating expenses include the expenses required by the foundation to run its foundation to carry out its operational activities in accordance with its objectives. This component This component is a vital part in the preparation of the foundation's financial statements. research conducted by (Evadine, 2021), it was found that operating expenses affect net income directly, thus controlling any unnecessary operational expenses in the foundation's activities. in the foundation's activities becomes very important. With effective management, the foundation is able to reduce and control operational expenses

optimally, resulting in an increase in profit. Essentially, All costs incurred by a company to maintain its operations are called operating expenses.

3. Effectiveness

“Effective” comes from the English word ‘effective’, which means success or good achievement. The ability to use results or the ability to support a particular goal is known as effectiveness in the general scientific dictionary. Effectiveness is very important to achieve the goals or objectives of an organization, activity, or program (Hery, 2019). When something successfully achieves its goals or objectives, it is considered effective. One of one way to evaluate the performance of an organization is to look at the concept of effectiveness. effectiveness. In this context, effectiveness refers to the achievement of organizational goals by effectively using its resources in terms of inputs, processes, and outputs. using its resources effectively in terms of inputs, processes, and outputs, including the press. Activities are considered efficient if they are carried out appropriately and according to procedures, while if it provides useful results, it is considered effective. Consequently, an organization's activities of an organization are considered effective if they conform to the rules or achieve the objectives.

3. METHODS

This research is a qualitative research with a descriptive analysis approach. Where the object of this research is KAP DE, a public accounting firm that will be studied in relation to its audit practices and procedures. with its audit practices and procedures. The subject of this research is Foundation B where this Foundation is a non-profit Foundation engaged in education.

4. RESULTS

1. The Role of an Operational Audit of Operating Expense

The purpose of an operational audit is to assist the foundation's management operations by finding problems and solutions. A program audit is a process that begins with planning, which includes a number of steps or action plans based on the goals and objectives of the audit. In addition to appointing an audit team leader, the person in charge of the audit also determines the number of audits conducted, according to the scope of the audit, and within a set time. The organization of operational audits will be able to reveal the results of

operational audits, both positive and negative. These results will then be compiled in accordance with an audit result reporting format that contains reliable information.

2. Conducting an Operational Audit of Operating Expenses

The next stage is the main stage where the auditor conducts the audit. KAP DE carries out this stage to collect the necessary audit evidence to evaluate the fairness of the Foundation's financial statements, especially related to the operational expense account. The stages carried out by KAP DE in carrying out the audit implementation are as follows:

1. Operating Expense Breakdown

The operating expense breakdown is an important component of the audit. By analyzing the details of operating expenses carefully, the Auditor can get a better understanding of a better understanding of foundation B's operations, to identify fraud risks, and provide useful audit findings for foundation B.

Table 1 Details of Operating Expenses

Description	2021	2020
Total Operating Expenses	6.098.908.828	2.762.200.911

(Source: Foundation B Income Statement)

2. Developing Audit Working Papers

Audit working papers are important documents in the audit process that contain all the information and audit evidence collected during the audit process. Audit working paper becomes basis for the auditor to formulate his audit opinion on the fairness of the audited entity's financial statements. Audit working papers must be prepared in accordance with the procedures set out in KAP DE's audit program.

After that, the audit manager will review the working papers prepared by the auditor. of the working papers that have been prepared by the auditor. The following are the steps in preparation of audit working papers used by KAP DE:

a. Trial Balance

Trial Balance, the first step in preparing audit working papers, displays information about the beginning balance, changes, and ending balance of each account. During the audit process audit process, the auditor will analyze and examine these balances further using various other audit techniques.

b. Supporting Schedule

The Supporting Schedule serves to support or provide an explanation of the numbers shown in the trial balance. This supporting schedule contains more detailed information to explain the amounts contained in the main schedule. During the audit process, the auditor will perform various audit procedures such as vouching, and confirmation of audit evidence. The results of these procedures will then be marked using tickmarks on each of the audited evidence that has been audited in the supporting schedule.

c. Top Schedule

The top schedule, also known as the lead schedule, is the main schedule or working paper that presents a summary/ overview of certain financial statement accounts. Top schedule contains the final amounts to be included in the auditor's report.

3. Analytical Procedure

The auditors perform Foundation B's analytical procedures by comparing the figures from the audited financial year 2021 with the previous financial year 2020. This allows them to evaluate the performance of foundation B in running its business. This comparison can be used to determine the percentage amount of accounts that increased or decreased in the financial statements. According to the information received, the operating expenses of the accounts have changed as follows:

Table 2 Changes in Operating Expenses

	Operating Expenses	Increase/Decrease	%
December 31, 2021	6.098.908.828	3.336.707.91	121%
December 31, 2020	2.762.200.911	688.699.228	33%

(Source: Auditor Processed Data KAP DE)

Based on the above calculations in 2021, the Operating Expenses account increased by 121% or IDR 3,336,707,917. This shows that foundation B experienced a significant increase in activity during that period.

4. Substantive Test of Operating Expenses

This substantive test aims to evaluate the audit program. The audit program is a carefully prepared work plan that includes audit procedures that must be carried out on each account so that the audit process can be carried out in a structured manner. Data that needs to be considered in conducting substantive testing for operating expenses include:

a. Operating Expense Ledger

This ledger contains detailed records of the changes that occurred in foundation B during one accounting period.

b. Foundation Income Statement

The income statement is one of the most important financial statements that shows the financial condition of foundation B during a certain accounting period. This report summarizes the income earned by foundation B and the expenses incurred to generate that income, resulting in net income or net loss.

c. Evidence Documents:

Transaction evidence documents are one of the important evidences in an audit to prove the correctness of transactions that have occurred.

3. Audit Reporting Stage

The audit report is the final stage which is the result of completing the audit procedures that have been carried out. The purpose of the audit report is to ensure that the audited financial statements are a clear written expression to describe an opinion, verify that the elements listed in the auditor's report have been met in the independent auditor's report, and confirm that the auditor's report has gone through a careful review process.

According to the results of our audit, KAP DE is responsible for responding to the financial statements. Our audit was conducted in accordance with the standards of the Indonesian Institute of Certified Public Accountants, which requires us to comply with ethical standards and to plan and explain the audit with the objective of obtaining reasonable assurance about the accuracy of the financial statements. The auditor provided recommendations to the foundation's management to improve the effectiveness and efficiency of its operations which enabled Foundation B to control its operating expenses.

Thursday believed that the information we gathered from the audit was sufficient and accurate to support our decision. The accompanying Financial Statements give a true and fair view of the Foundation's financial position as at December 31, 2021, together with its performance and cash flows for the year then ended.

5. DISCUSSION

Based on the results of the analysis of the audit procedures carried out, it can be seen that there are that there are several findings. The audit findings that have been found are on the employee salary expenses where there are additional accounts and errors in recording. At This

finding is made a correction journal in 2021, including the reclassification of employee salary expense to salary & benefit expense. salaries to salaries & benefits expenses, which initially on the 2021 income statement were recorded as employee salary expenses but that was not recorded. recorded as employee salary expense but it was actually salary & benefit expense. According to the auditor, this reclassification was carried out because there was an addition to the employee salary expense account on the 2021 income statement while in 2020 there was no such employee salary expense account. so the auditor reclassifies it into salary & benefit expenses, because the foundation is included in the group that should be salary & benefit expenses.

Based on this analysis, there are several findings in the effectiveness of controlling operational expenses, evidenced by an increase in operating expenses of 121% which shows that foundation B experienced a significant increase in activity during the period. indicating that foundation B experienced a significant increase in activity during the period. This is in accordance with the concept described by Hery (2019), that an operational audit aims to evaluate the effectiveness and efficiency of an organization's operations, and can be seen from the results of the audit. aims to evaluate the effectiveness and efficiency of organizational operations, and can be seen from the implementation of operational audit procedures that have been carried out. the application of operational audit procedures that have been carried out in accordance with the Indonesian Institute of Public Accountants Audit standards.

6. CONCLUSION

Based on the results and discussion, it can be concluded that KAP DE has carried out an operational audit through several stages, including planning, implementation, and reporting. Where the audit procedures performed include analyzing the details of operational expenses, preparation of audit work papers, analytical procedures, and substantive tests. The audit results showed an increase in operating expenses of 121% from 2020 to 2021, indicating a significant increase in activity. Several audit findings were found, including errors in recording and reclassification of employee salary expense accounts. The operational audit conducted by KAP DE is considered to be in accordance with the Audit standards of the Indonesian Institute of Certified Public Accountants and has a role in improving the effectiveness of in improving the effectiveness of the Foundation's operational cost control.

This research is expected to make a significant contribution to understanding the benefits of operational audits for foundations and other stakeholders. The findings of findings may help

companies, internal auditors, and other stakeholders in improving corporate governance and achieving organizational goals more effectively. The authors hope that this research can be useful in providing insights related to the effectiveness of operational expense control. For further research, it can expand the scope by comparing operational audit practices in several foundations or other non-profit organizations. And the results of this study are expected to encourage the application of operational audits more widely and contribute to the improvement of operational governance.

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