



Analysis Of Professional Ethics Violations At Anderson and Public Accounting Firm Indonesia

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Abstract. Based on the official announcement from the Financial Services Authority (OJK) as the regulatory body, the Public Accounting Firm Anderson and Partners was issued an administrative sanction in the form of a one-year suspension of their registration from the date the letter was issued. The ethical violations committed by Public Accountant Anderson Subri from Anderson and Partners highlight the importance of applying professional ethics in the audit process of financial statements. This case also demonstrates the critical need for compliance with OJK regulations for registered Public Accountants and Public Accounting Firms. One of the key violations involved non-compliance with regulations regarding the conformity of transactions with applicable laws, which could lead to potential errors in the presentation of financial information. Ethics serve as a moral guide that ensures external auditors perform their duties in accordance with professional standards. This case underscores that adherence to professional codes of ethics is a crucial aspect for public accountants.

Keywords : Professional Ethics, Code of Professional Ethics, Public Accountants

1. INTRODUCTION

In this era of globalization, accountants in Indonesia need to continue to develop skills, broaden their horizons, and instill strong values and ethics in order to be able to compete at the global level. The accounting profession is one of the most demanding careers and requires high discipline, with the level of effectiveness and reliability required due to the characteristics of the services they provide (Priyana, 2022).

Public accounting practices are essential to ensure transparency of financial reports to stakeholders. In order to provide quality audits, auditors need to continuously improve their performance. Auditing itself is a process that involves collecting sufficient evidence, evaluating its sufficiency, concluding the condition of the company, and conveying findings in the form of an audit opinion (Adawiyah, 2022).

To prepare a quality and reliable audit report, a public accountant must carry out his duties professionally. This is important because there is a perception that public accountants must demonstrate professional and ethical behavior, so that they can be relied on (Laitupa & Usmany, 2017). The professionalism of a public accountant means avoiding involvement in inappropriate activities during the audit process (Septiani & Sukartha, 2017). However, despite the importance of this ethic, there are still many violations of the code of ethics in audit practice.

This article examines violations of public accountant ethics and ethical rules when auditing financial statements prepared by management. One example of an ethical violation can be seen from the case that occurred at KAP Anderson and Partners. Based on the official announcement from the OJK, KAP Anderson and Partners were subject to administrative sanctions in the form of a license suspension for one year for violating Article 7 of POJK Number 13 of 2017 as amended by Article 21 of POJK Number 9 of 2023. This violation is related to transaction discrepancies and the lack of implementation of quality control standards in financial statement audits. As a result of these sanctions, KAP Anderson and Partners cannot provide audit services temporarily.

2. LITERATURE REVIEW

Professional Ethics

Professional ethics is a principle that emphasizes fairness and the ability to provide professional services to the community with discipline and order and expertise, which includes the application of professional obligations to the general public or society. Universally, ethics in a profession is ethical behavior that must be embedded in professionals, namely the implementation of ethical norms as a guideline in a person's life and work in a particular field (Andriyana, Trisnaningsih, 2022).

Bertens (2004: 32) defines ethics as activity and contemplation. Ethics in practice is the application or should be the application of moral ideals and standards. Meanwhile, ethics as reflection includes moral thinking, where we reflect on actions taken and what should or should not be done. Thus, ethics acts as a guide to assess the right or wrong of an action.

Professional ethics is closely related to moral behavior, which includes ethical patterns expected in a particular profession (Ludigdo, 1999: 4). In this context, ethics involves a complex decision-making process based on individual experience and learning, in order to determine the right action in a particular situation (Varkey, 2021).

Huebner mentions four characteristics of professionals: (1) Professionals are involved in work that is valuable and meaningful enough to give rise to a sense of love and enthusiasm. (2) Professional work requires superior skills and knowledge. (3) When applying this knowledge, practitioners must put the interests of clients above personal interests. (4) Practitioners must have a sense of solidarity with fellow professionals and maintain the reputation of the profession by avoiding unprofessional actions.

Public Accountant Profession

Public accountants work independently and receive compensation for carrying out certain accounting tasks. They have an official license that allows them to provide services in accordance with applicable laws. According to the 2011 AP Law, a public accountant is defined as an individual with a license to offer accounting services. The services provided include insurance services (assurance services) and various services related to accounting, finance, management, report preparation, taxation and consulting, according to the expertise of the public accountant (Dewi, 2020).

According to Law No. 5 of 2011 concerning Public Accountants, there are several requirements that must be fulfilled by someone to become a public accountant:

1. Pass the public accountant certification exam
2. Have public accounting experience
3. Domiciled in Indonesia
4. Have a Taxpayer Identification Number (NPWP)
5. Never been subject to administrative sanctions such as revocation of business license
6. Never served a prison sentence of more than five years
7. Joined the Association of Public Accountants
8. Not currently serving a sentence

Public Accountant Professional Ethics

Every public service provider must earn trust. Trust will be formed if the profession meets the demands of customers and has high standards of work and behavior. Public accountants use professional ethics to create relationships with clients, colleagues, and the public. The public, government, and business sectors trust the reports and services of public accountants based on their skills, independence, and morality (Shawver, 2024).

Society has a special view of professionals, where they are expected to act above the moral standards of most people. Therefore, Public Accountants need to maintain high ethical standards so that the services they offer remain trustworthy (Dewi, 2020).

According to the Indonesian Institute of Accountants (IAI), public accountants are required to comply with five ethical principles, namely:

1. Objectivity

Accountants must be objective by examining financial statements based on accurate evidence, not just personal opinions. The goal is to create financial statements that are accurate and in accordance with needs. To maintain objectivity, public accounting firms often limit certain services so as not to create a conflict of interest.

2. Professional Competence and Due Care

Accountant competence is based on knowledge and experience. Public accountants must always follow the latest developments in accounting technology, laws, and regulations in order to provide the best service to clients.

3. Integrity

Integrity requires public accountants to behave honestly and transparently in handling client financial information. Accountants must not misuse confidential information for personal gain. Integrity is not just about following the rules, but also acting in accordance with the ethical values of the profession.

4. Professional Behavior

Public accountants are required to follow existing regulations and prevent behavior that violates the rules so as to damage the trust of clients and the public.

5. Confidentiality

Public accountants must maintain the confidentiality of clients' financial information and are prohibited from disclosing such information to third parties without proper consent, unless required by law. This principle helps build clients' trust in public accountants because they can be relied upon to protect important information.

3. METHODS

This study uses a case study technique to examine a topic or condition and explain the phenomena that occur. The information used is taken from secondary sources, such as scientific journals, news sites, and trusted websites. This research was conducted by utilizing existing literature, where the results and opinions of previous studies were reviewed, assessed, summarized, and critically analyzed (Hasibuan & Meiden, 2024). Data were collected through

archives, which include research publications and research results found through search engines, then selected based on certain keywords.

4. RESULTS AND DISCUSSION

Public Accountant Anderson Subri from Anderson and Partners Public Accounting Firm has been proven to have violated the code of ethics of the public accountant profession. Based on information on the official website of the Financial Services Authority (OJK), the results of the examination show that Public Accountant Anderson Subri and his office have violated several OJK regulations, including:

1. Public Accountant Anderson Subri was proven to have committed the following violations:

- **Implementation of Audit Not in Accordance with Rules:** Anderson Subri violated Article 7 of OJK Regulation Number 13/POJK.03/2017 which was later revised to Article 21 of POJK 9 of 2023 concerning the Use of Public Accountants in Financial Services. When auditing the previous annual financial report, Subri ignored the transaction balance that should have been carried out in accordance with the provisions or provisions of the law. He also did not apply public accounting norms.
- **Lack of Independence:** Subri also violated Article 18 of POJK.13 of 2017 (replaced by Article 32 paragraph 1 of POJK 9 of 2023), which states that public accountants must maintain independence during the Audit Period and Professional Assignment Period. However, Subri did not meet this independence requirement during his audit period.
- **Lack of Communication with OJK:** Lastly, Subri violated Article 19 of POJK 13 of 2017 (replaced by Article 34 of POJK 9 of 2023) because he did not carry out the necessary communication with OJK regarding the preparation and implementation of the audit.

2. Public Accounting Firm Anderson and Partners was proven to have committed the following violations:

- Public Accounting Firm Anderson & Partners violated Article 7 of the Financial Services Authority Regulation Number 13/POJK.03/2017 which was amended to Article 21 in OJK Regulation Number 9 of 2023 by not complying with the provisions. In the audit of the annual financial report, they did not ensure that the transactions were legitimate and used inadequate quality standards.
- The regulator suspended the registration of Public Accountant Anderson Subri and Public

Accounting Firm Anderson and Partners due to violations committed. On February 7, 2024, through letter No. S-153/PD.11/2024, public accountant Anderson Subri was given a sanction of freezing registration for one year. In addition, Public Accounting Firm Anderson and Partners also received a sanction of freezing registration for one year, which was announced through Announcement No. PENG-1/PD.11/2024 on February 12, 2024. With this sanction, all registered certificates in the name of Public Accountant Anderson Subri and Public Accounting Firm Anderson and Partners were temporarily frozen, so that they are not allowed to provide services to any party during the sanction period.

Analysis of Code of Ethics Violations

Based on the results of the examination by the Financial Services Authority, Public Accountant Anderson Subri was proven to have violated several principles in the code of ethics of public accountants. These violations include:

- 1. Principle of Integrity:** Public Accountant Anderson Subri failed to demonstrate integrity in carrying out its audit duties. This is demonstrated through negligence in ensuring that the transactions carried out have complied with applicable standards, and Public Accountant Firm Anderson and Partners has not implemented regulations or standards on quality control required in the implementation of the audit field.
- 2. Principle of Professional Behavior:** During the audit period and professional assignment, Public Accountant Anderson Subri did not maintain the appropriate independence, which could damage public confidence in the audit results.
- 3. Objectivity Principle:** Public Accountant Anderson Subri's objectivity is questionable considering the violation of the principles of integrity and professional behavior. The audit opinion or assessment given is most likely not objective.
- 4. Principle of Professional Competence and Prudence:** Public Accountant (AP) Anderson Subri was also considered to have not demonstrated adequate competence and prudence. This can be seen from his negligence in ensuring that transactions comply with regulations and his failure to apply applicable public accountant professional standards.

These violations have a negative impact on the reputation of the public accounting profession as a whole, reducing the level of public trust in the profession. Although sanctions are imposed on the violating public accountants, the impact is also felt by other public accountants whose image is tarnished, even though they were not involved in the violation.

5. CONCLUSION

The main conclusions from the scandal of violations of the code of ethics of Public Accountants Anderson Subri and Public Accounting Firm Anderson and Partners can be summarized as follows. First, the ethics and standards applicable to public accountants include several important principles: (i) the Integrity Principle which requires accountants to be honest, transparent, and open about client financial information; (ii) the Objectivity Principle requires every practitioner to maintain an objective attitude and not allow conflicts of interest to influence professional decisions; (iii) the Principle of Professional Competence and Due Care requires accountants to update their insights and skills and act in accordance with professional standards; (iv) the Confidentiality Principle which requires accountants to maintain the confidentiality of client information and not to divulge it without clear permission; and (v) the Principle of Professional Conduct which emphasizes compliance with the law and avoiding behavior that damages trust in the accounting profession. Second, the violations committed by Public Accountants Anderson Subri and Public Accounting Firm Anderson and Partners involve several of these principles, including integrity, professional behavior, objectivity, and professional competence and due care.

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