
Management Audit of Operational Decisions in the Financial Function of PT. Rajawali Nusindo Samarinda

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ABSTRACT

Purpose: This study aims to conduct a management audit of the financial function and make ideas or recommendations to PT. Rajawali Nusindo Samarinda.

Design/methodology/approach: Observation, interviews, and questionnaires were used to obtain data from the relevant management. A checklist on the financial function management audit working paper was utilized as an analytical instrument in a qualitative descriptive manner.

Findings: According to the research findings, the operational decision-making function resulting from analytical calculations is 77% for effective criteria, 100% for efficiency, and 86% for economic metrics. The findings of this study indicate that the company's financial function is operating effectively, efficiently, and inexpensively.

Paper type: Research Paper

Keyword: Management Audit, Effective, Efficient, Economical

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I. INTRODUCTION

1. Introduction

Indonesian firms are reasonably competitive despite recovering economically from the COVID-19 pandemic's drop in financial conditions. Several companies survived and even expanded sales during the pandemic due to product innovation that was of public interest. Audit actions are required to determine the efficiency and correctness of the organization's financial management functions. Management must also be audited to assess effectiveness, efficiency, and operational economy.

Management audits are visible in financial reports produced by the finance unit. It evaluates the company's financial management, operational activity, and resource utilization. A management audit examines a company's performance, efficiency, and financial standing. The auditor will make suggestions and recommendations to the financial department to help the organization meet its objectives.

The head of the company branch delegated many tasks to financial function personnel, such as financial managers and staff, to carry out the firm's operational activities following the objectives. Since providing food and plantation goods to farmers, the company's operating activities have risen. It previously solely worked in the pharmaceutical and medical equipment industries. These actions necessitate increasing sales and decreasing operational costs for the organization to continue program activities. Unfortunately, this leads to inefficiency and ineffectiveness in the financial function.

Based on evidence acquired throughout the audit stages, previous research conducted by Astuty Hasti in 2016 titled "Management Audit of the Financial Function at PT. PLN (Persero) Makassar Branch Office" determined that the company had not been managed successfully. It demonstrates that cash flow and financial management have not been appropriately applied. Cash receipts and disbursements are insufficient and

ineffective. To determine their efficiency and effectiveness, the researchers conducted tests to evaluate management audits of Makassar Branch's financial functions.

According to a prior study, management audits examine a company's level of effectiveness and efficiency. Management audit operations are measured by their effectiveness, efficiency, and cost-effectiveness. The audit aims to provide ideas, recommendations, or findings from PT. Rajawali Nusindo Samarinda's financial function.

Researchers are interested in studying financial functions' efficacy, efficiency, and economics in accomplishing organizational goals. "Management Audit of Operational Decisions in the Financial Function at PT. Rajawali Nusindo Samarinda" is the title of this study.

A. Basic Theory

1. Management Audit

According to Bayangkara (2015:2), "Management auditing is an evaluation of the efficiency and effectiveness of company operations." According to Ardianingsih (2018:4), an Operational Audit (Management Audit) typically conducts systematic, organized, and objective testing of a company to assess the utilization of resources in providing public services efficiently and effectively to meet stakeholder expectations and provide recommendations for improving company performance. According to the above explanation, management auditing is a supervisory activity that involves interviewing the company's operational policies. It results in the final evaluation of a checking and evaluating process to identify the efficiency, effectiveness, and economics of the company's operating methods.

2. Financial Audit Function

According to Bayangkara (2015:327), a financial function audit is a systematic, periodic, recorded review and assessment of decision-making and all policies in managing the company's financial resources. If the economic function is not present, all activity may halt. A well-managed financial process can help with production, marketing, research, and human resource development.

3. Effective, Efficient and Economical

According to Bayangkara (2015:17), effectiveness is a company's level of success in fulfilling its aims. According to Bayangkara (2015:16), "Efficiency is related to how a company carries out operations so that optimal use of its resources is achieved." According to Bayangkara (2015:15), "economics relates to how the company obtains resources for each activity."

B. Hypothesis

1. PT. Rajawali Nusindo Samarinda's financial function activities are ineffective in achieving company goals.
2. The financial function activities at PT. Rajawali Nusindo Samarinda is inefficient.
3. The financial function activities at PT. Rajawali Nusindo Samarinda are not economical.

II. METHODS

A. Operational Definition

Management audit evaluates the efficiency and effectiveness of PT. Rajawali Nusindo Samarinda's operations.

A financial function audit is an analysis and assessment carried out systematically, periodically, and documented on decision-making and all management policies of PT. Rajawali Nusindo Samarinda's financial resources.

Effectiveness is the level of success of the company in achieving its goals.

Efficiency relates to the company's operations to optimize its resources.

Economical relates to how PT. Rajawali Nusindo Samarinda obtains resources for each activity.

B. Research Reach

This research was at PT. Rajawali Nusindo Samarinda at Jalan A. Wahab Syahrani No.50, Sempaja Selatan, North Samarinda District, Samarinda City, East Kalimantan 75243. It analyzed the level of effectiveness, efficiency, and economics of PT. Rajawali Nusindo Samarinda with a management audit in achieving its goals.

C. Data Collection Techniques

1. Fieldwork research focuses on the research object to obtain the necessary data. There are three field research studies, namely:

- a. Observation
It collects data by observing directly in the field. This activity is not just seeing but also recording, calculating, measuring, and noting existing events.
 - b. Interview
Researchers interviewed employees or managers in the finance department to obtain information about the financial function.
 - c. Questioner
Researchers provide a list of questions to respondents directly or indirectly.
2. Library research is a type of research that collects data through documentation studies to obtain secondary data in the form of documents and information related to this research. This research data was from various supporting literature books related to the problems discussed.

D. Analysis Tools

The analytical tool for this research is the Checklist (√) technique using the Qualitative Descriptive method.

Based on data analysis with the help of the checklist method, the researcher next assessed the financial function's effectiveness, efficiency, and economics by determining the indicators used to determine audit results. According to Rob Rider in Agoes (2013:168), they are:

- a. Economical
Reviewers can consider several things as follows:
 - 1) Follow general operational activity practices.
 - 2) Accurate number of staff on duty in carrying out essential functions.
 - 3) Accuracy of inventory in the company.
 - 4) Use equipment at the right price (no more expensive than necessary).
 - 5) Reduce the use of unused resources.
- b. Efficiency
Regarding responsibility for using operational methods for minimum expenditure, reviewers can see several things as follows:
 - 1) Compatibility of manual and computerized procedures.
 - 2) Efficiency of operating systems and processes.
 - 3) No duplication of work.
 - 4) There are no unimportant work stages.
- c. Effectiveness
Related to achieving organizational results or benefits based on organizational goals and objectives or effectiveness. Reviewers can assess or see several things as follows:
 - 1) Assessment of the achievement of organizational goals and objectives.
 - 2) Evaluation of the adequacy of the management system in measuring effectiveness.
 - 3) Determine the extent of the desired results.
 - 4) Identify factors for satisfactory performance results.

Analyzing audit results regarding "yes" and "no" answers is carried out on a Likert scale and concluded based on percentages referring to Riduwan (2013:15):

$$P = \frac{f}{n} \times 100\%$$

Where:

P = Percentage

f = The number of respondents' answers is based on indicators

n = Highest total answer score based on indicators

After the calculations have been calculated, the answers from each Checklist table will be obtained in the form of percentages, which will be grouped into the following criteria according to Riduwan (2013:20):

1. Table of Percentage of Effective Indicator Criteria

<i>Effective</i>		
<i>No</i>	<i>Criteria</i>	<i>Interpretation</i>
<i>1</i>	<i>0% - 20%</i>	<i>Very ineffective</i>
<i>2</i>	<i>21% - 40%</i>	<i>Ineffective</i>
<i>3</i>	<i>41% - 60%</i>	<i>Fairly Effective</i>
<i>4</i>	<i>61% - 80%</i>	<i>Effective</i>
<i>5</i>	<i>81% - 100%</i>	<i>Very effective</i>

Source: Riduwan (2013:20)

2. Table of Percentage of Efficient Indicator Criteria

<i>Efficient</i>		
<i>No</i>	<i>Criteria</i>	<i>Interpretation</i>
<i>1</i>	<i>0% - 20%</i>	<i>Very Inefficient</i>
<i>2</i>	<i>21% - 40%</i>	<i>Inefficient</i>
<i>3</i>	<i>41% - 60%</i>	<i>Fairly Efficient</i>
<i>4</i>	<i>61% - 80%</i>	<i>Efficient</i>
<i>5</i>	<i>81% - 100%</i>	<i>Very Efficient</i>

Source: Riduwan (2013:20)

3. Table of Percentage of Economical Indicator Criteria

<i>Economical</i>		
<i>No</i>	<i>Criteria</i>	<i>Interpretation</i>
<i>1</i>	<i>0% - 20%</i>	<i>Very Uneconomical</i>
<i>2</i>	<i>21% - 40%</i>	<i>Uneconomical</i>
<i>3</i>	<i>41% - 60%</i>	<i>Fairly Economical</i>
<i>4</i>	<i>61% - 80%</i>	<i>Economical</i>

5

81% - 100%

Very Economical

Source: Riduwan (2013:20)

E. Hypothesis test

1. The hypothesis is accepted if the financial function activities at PT. Rajawali Nusindo Samarinda is ineffective in achieving company goals. On the other hand, it is rejected if the financial function activities at PT. Rajawali Nusindo Samarinda effectively achieves company goals.
2. The hypothesis is accepted if the financial function activities at PT. Rajawali Nusindo Samarinda is inefficient in achieving company goals. On the other hand, it is rejected if the financial function activities at PT. Rajawali Nusindo Samarinda efficiently achieves company goals.
3. The hypothesis is accepted if the financial function activities at PT. Rajawali Nusindo Samarinda is not economical in achieving company goals. On the other hand, it is rejected if the financial function activities at PT. Rajawali Nusindo Samarinda is economical to achieve company goals.

III. RESULTS AND DISCUSSION**A. Research Results**

Calculation and analysis of audit results related to "yes" and "no" answers are carried out on a Likert scale and concluded based on percentages according to Riduwan (2013:15), namely:

$$P = \frac{f}{n} \times 100\%$$

1. Financial Management Organizational Audit Program

Effective

$$P = \frac{3}{4} \times 100\% = 75 \%$$

Efficient

$$P = \frac{2}{2} \times 100\% = 100 \%$$

Economical

$$P = \frac{2}{2} \times 100\% = 100 \%$$

Based on the results of the checklist on financial management, 75%, 100%, and 100% were obtained for the effectiveness, efficiency, and economic indicators. The checklist results show that financial management is effective, efficient, and economical.

2. Operational Policy Audit Program

Effective

$$P = \frac{3}{4} \times 100\% = 75 \%$$

Efficient

$$P = \frac{6}{7} \times 100\% = 85 \%$$

Economical

$$P = \frac{3}{4} \times 100\% = 75 \%$$

Based on the operational policy checklist, 75%, 85%, and 75% were obtained for effective, efficient, and economic indicators, respectively. The results prove that operational policies are effective, efficient, and economical.

3. Funding Policy Audit Program

Effective

$$P = \frac{1}{1} \times 100\% = 100 \%$$

Efficient

$$P = \frac{2}{2} \times 100\% = 100 \%$$

Economical

$$P = \frac{1}{1} \times 100\% = 100 \%$$

Based on the funding policy checklist results, 100% results were obtained for effective, efficient, and economic indicators. Calculation of checklist results shows that operational policies are effective, very efficient, and economical.

B. Hypothesis test

The percentage of each point in each questionnaire that received a "yes" answer can be seen in the table below:

Table 4.

No	Recapitulation of Research Results	Percentage	Result
1	Effective	77%	Effective
2	Efficient	100%	Very efficient
3	Economical	86%	Very economical

Source: Data processed in 2023

The percentage of the overall results of the analysis calculation of 77% means that the financial function of PT. Rajawali Nusindo Samarinda can be said to be effective, and the first hypothesis is rejected.

The overall results of the 100% analysis calculation show that the financial function is very efficient, and the second hypothesis is rejected.

The overall analysis calculation result of 86% proves that the financial function runs very economically, and the third hypothesis is rejected.

V. CONCLUSION

A. Conclusions

Based on the results of a management audit with the scope of financial functions and operational decisions of PT. Rajawali Nusindo Samarinda, researchers can draw the following conclusions:

1. Where the financial management organization has the correct organizational structure, operational decisions in the financial function have been carried out efficiently. Duties, authority, and obligations have been meticulously stated and documented.
2. PT. Rajawali Nusindo Samarinda's financial function can also be very efficient because operating standards and procedures have been adequately socialized. It comes with measures of success, documentation, reporting, and evaluation for each individual and group in the financial management organization.
3. The financial function of PT. Rajawali Nusindo Samarinda can be said to be very economical. The financial management objectives have been formulated, documented, and socialized. In achieving these goals, the company also creates programs and activity plans. The percentage of the overall checklist table for the financial function shows that its implementation is following the established criteria. The author states that it is very economical, referring to the book of Bayangkara (2015), although several things still need improvement.

B. Suggestions

Researchers provide helpful suggestions for improving the shortcomings and weaknesses found in financial function activities. The recommendations put forward by researchers are as follows:

1. Branch heads should carry out investments individually so that the allocated funding is more economical and the results are maximum.
2. PT. Rajawali Nusindo Samarinda should provide policies that motivate customers to pay their receivables early, such as giving discounts, bonuses for specific items, etc.
3. PT. Rajawali Nusindo Samarinda should continue to apply inventory limit provisions and carry out min-max inventory calculations immediately so that stockpiling and inventory shortages do not occur.
4. Reference for future researchers in analyzing management audits in the financial function.

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