
THE INFLUENCE OF ACCOUNTANT CODE OF CONDUCT IN DETECTING FRAUDULENT FINANCIAL REPORTING ON PT LINTAS SAMUDRA JAYA

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ABSTRACT

This study aims to examine the effect of the Accountant Code of Ethics in detecting fraudulent financial reporting on PT Lintas Samudra Jaya. The subject of this research is PT Lintas Samudra Jaya or LSJ Group which consists of 40 branches in Indonesia. The research method in this study is qualitative descriptive using clear explanations in accordance with empirical conditions that occur in the field. Meanwhile, the research location in this study is one of the companies engaged in providing container and trailer expedition services, using interview, observation and secondary data processing techniques from the company. The conclusion of the study is that the accountant's code of ethics has an effect on the detection of fraudulent financial reporting on PT Lintas Samudra Jaya. It can be proven by interviews with LSJ Group accountants that all LSJ Group accountants are able to have an accountant's code of ethics consisting of responsibility, public interest, integrity, objectivity and independence, prudence, scope and nature of service principles.

KEYWORDS

Accountant Code of Ethics, Fraudulent Financial Reporting, PT Lintas Samudra Jaya



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INTRODUCTION

In companies, the role of accountants has the obligation to disclose and identify fraud on financial reporting in an organization (Watung & Ilat, 2016). An accountant has a big role in improving transparency and quality of financial information. According

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to (Sahla & Ardianto, 2022). Accountants in the company have an important role in making financial statements. The financial statements made by an accountant must be accountable (Sulistiyowati, 2017). An accountant in carrying out his obligations must comply with the code of ethics, comply with existing rules. Accountant is one of the important professions in the business field because it is related to finance, therefore accountants must apply the ethics of the existing accounting profession (Payne, Corey, Raiborn, & Zingoni, 2019). The Indonesian Institute of Accountants (Keuangan, 2019) which stipulates the accountant's code of ethics, the code of ethics is a norm and behavior that regulates the relationship between auditors and customers, between auditors and colleagues, and with the community.

The financial statements made can meet applicable standards and are made in accordance with the original circumstances (Ana & Ga, 2021). The code of ethics is a standard that must be met, including for accountants in carrying out their professional duties (Laela & Meikhati, 2009). There are ethical standards applied in the company, namely accountants play a role in providing information in the form of financial statements for stakeholders as a consideration for decision making (Thoyibatun, 2012). The Code of Ethics of the Indonesian Institute of Accountants aims to be a guideline and rule for all members, both covering the business of public accountants, in the business environment, in government institutions and in the education sector. This code of ethics contains standards of conduct as guidelines for all accountants and auditors. According (Sahla & Ardianto, 2022). This standard of behavior forms the basic principles in carrying out its practice and the obligation to carry out professional responsibilities wisely, responsibility, and honor is the duty of the accountant in applying this code of ethics the accountant pays attention to the applicable laws and regulations. This study aims to find out whether accounting ethics has a significant influence on the quality of financial statements (Jajjairam, 2017). The accounting ethics studied are in the form of integrity, objectivity, competence, confidentiality, and professional behavior. Manipulation of financial statements is a very big problem and has a severe impact on the quality of financial statements. Some well-known companies such as PT. Asuransi Jiwasraya, PT. Hanson International Tbk, PT. Garuda Indonesia, and so on, is proven to have carried out financial statement manipulation activities.

Business activities that are implemented with ethics will prevent the company from various violations committed by business people which result in disrupted business continuity (Donthu & Gustafsson, 2020). One form of violation that often occurs is fraud in the disclosure of the company's financial statements. Financial statements are a benchmark of the company's performance. Therefore, the company wants to display its financial statements well to maintain the trust of consumers. According to (Payne et al., 2019) Intentional financial fraud consists of manipulating transaction evidence and recording financial statements, identifying, accounting and reporting and disclosing transactions and deliberately eliminating a number of data, attachments, events and accounting information. Financial statements are prepared by the company's accountant with the aim of providing information to interested parties. According to (Ariail, Smith, & Smith, 2020). The information contained in this financial statement will be audited by a public accountant before being used by interested parties in making decisions. The important function of financial statements certainly demands good quality (Paseková, Kramná, Svitáková, & Dolejšová, 2019). The code of ethics of an accountant is also needed to produce actual financial reports and to detect fraudulent financial reporting, especially at PT Lintas Samudra Jaya. PT Lintas Samudra Jaya requires that the

preparation of good financial statements must be adjusted to applicable financial accounting regulations and standards. In the financial statements should give the same views to its readers and actual. Financial statements must also contain a description of the financial transactions that actually occurred (Pratiwi, 2022). The quality of financial statements will indirectly determine the accuracy in decision making. The right decision will affect the success of the relevant parties. Differences in interest in financial statements will affect the quality of financial statements, because individual and corporate greed, low independence, and avoidance of rules are weaknesses found in accountants (Arum Ardianingsih, 2021). To maintain a good and reliable report quality, for PT Lintas Samudra Jaya, it requires an accountant code of ethics consisting of responsibility, public interest, intergrity, objectivity and independence, prudence, scope and nature of service principles so that later they will be able to have an accountant who performs their duties in accordance with the existing code of ethics and is able to detect dna as well as prevent fraudulent financial reporting at PT Lintas Samudra Jaya.

Based on the background that has been explained, the researcher will conduct a study entitled The influence of the accountant's code of ethics in detecting fraudulent financial reporting on Pt Lintas Samudra Jaya. This study aims to reveal whether there is a relationship between the influence of the accountant's code of ethics in the detection of fraudulent financial reporting on PT Lintas Samudra Jaya

RESEARCH METHOD

The type of research used in this study is a qualitative type of research. descriptive research is research that seeks to describe a symptom, an event that occurred at the present moment or an actual problem (Sugiyono, 2021). This research seeks to collect existing facts, this research focuses on trying to reveal a problem and situation as it is, which is researched and studied as something whole. The qualitative type of research in this study was taken to reveal whether there is a relationship between the influence of the accountant's code of ethics in the detection of fraudulent financial reporting on PT Lintas Samudra Jaya. The data used in this study is qualitative data consisting of primary data and skunder data. Data containing the company profile, vision and mission, organizational structure, and company development of PT. Lintas Samudra Jaya. The data sources used in the study are primary and secondary data sources. Primary data is obtained from the results of interviews and questionnaires while secondary data comes from books, articles and related journals.

RESULT AND DISCUSSION

From the results of interviews and questionnaires from 35 accountants at LSJ Group submitted by all accountants of PT Lintas Samudera jaya revealed that all accountants working at LSJ Group are reliable, qualified and responsible accountants. Judging from the recruitment process to become an accountant in the LSJ group, you must have accounting knowledge that facilitates and must have an honest attitude and responsibility, because with honesty and responsibility, the accountant is able to apply the code of ethics as an accountant.

1. Principles of Responsibility

LSJ Group accountants are able to implement a code of ethics from the principle of responsibility as evidenced by the preparation of financial statements, accountants are able to provide the best and real performance so that they are able to provide actual and accountable company financial reports. As well as the duty of the responsible accountant, when there is a decrease or increase in the turnover of the accountant company, it is able to analyze what factors drive the increase or decrease in the LSJ Group. LSJ Group accountant whose main task is to provide information to company leaders and is responsible for preparing various company financial information, both for internal and external parties. In addition, accountants to carry out planning and budgeting, making external financial reports, and so on. Then it can be said that LSJ Group accountants apply the principle of the code of ethics of responsibility

2. Principles of Integrity

LSJ Group accountants are able to apply the code of integrity ethics, it is proven that accountants present financial statements in accordance with existing realities and accountants in LSJ Group are said to have integrity because they hold the principle of honesty in their work. Because in LSJ Group for all company accountants must have an honest, straightforward nature and always provide real and actual financial statement information.

3. Principles of Public Interest

From the results of the research, it can be seen that as an accountant, the company must produce a reliable financial report, therefore to assess the company's performance and besides that as an accountant, it must have the principle of public interest, it can be seen that the LSJ Group accountant plays an important role from clients, creditors, government, employers, employees, investors, the business and financial world, and other parties in maintaining the orderly running of business functions. LSJ Group accountants give rise to the accountant's responsibility to the public interest. The public interest is defined as the interests of society and the institutions that members serve as a whole. This dependence causes the attitude and behavior of the accountant in providing his services to affect the economic well-being of society and the state. Therefore, the LSJ Group accountant has implemented a code of ethics as an accountant, namely the public interest.

4. Principles of Objectivity and Independence

LSJ Group accountants are able to have a code of ethics of objectivity and independence applied or proven through the results of wawancra which reveals that LSJ Group accountants must be fair, impartial, intellectually honest, not prejudiced or biased, and free from conflicts of interest or be under the influence of other parties so that accountants will strive to produce reasonable financial statements. Independence is capable of being demonstrated from accountants who work honestly not only towards the management and owners of the company, but against creditors and other parties to whom they put their work confidence in the accountant. For accountants, the need to maintain or maintain an independent mental attitude in order to fulfill their professional responsibilities is not the only thing that is essential, but the trust of users of financial statements in the independence of accountants is also very important

5. The Principle of Prudence

In the interview results, the LSJ group accountants have a code of ethics, the prudence principle is shown from being able to implement all accounting knowledge in the world of real work as an accountant by making financial arrangements that are

very informative and able to provide information confidence for all interested parties. Always be careful in doing tiugas and obligations as an accountant.

6. Scope and Nature of Service Principals

LSJ Group Accountants have implemented all codes of ethics that have been in accordance with the provisions so that for Practice in companies that have internal quality control procedures to ensure that services are provided competently and adequately supervised this has also been implemented olhe LSJ Group.

LSJ Group has qualified accounting staff by being able to show that most accounting in LSJ Group already has and implements a code of ethics as an accountant for work every day. Because the work of an accountant requires someone who has honesty, skills and understands ethics along with the existing code of ethics, LSJ Group from the beginning of the recruitment process made the recruitment to be able to produce quality accountants. In addition, based on sources from LSJ Group respondents due to the tragedy of fraud committed by one of the accountants in 2016, LSJ Group management made several changes by conducting regular meetings every 3 months and every 2 weeks training was always held to be able to provide quality accountant performance who always applies the code of ethics as an accountant.

From the results of research conducted by researchers conducted with interviews and questionnaires, it can be seen that in 2016 LSJ Group had a problem where LSJ Group accountants made fraudulent financial reporting. Learning from the events in 2016, the management of LSJ Group took steps that were able to change the situation where the accountant needed by the company was an honest accountant, responsible and always provided real and actual data. It is very important for an accountant to have and understand the code of ethics as an accountant because with that the performance will be a good and reliable result. Therefore, some of the steps taken by LSJ Group to provide quality accountants for the company are taking steps to conduct financial report meetings every 3 months and conducting accountant training to provide motivation and make accountants quality every 2 weeks. With that, the company's management will be closer to all LSJ Group accountants and be able to monitor and directly assess the performance of each LSJ Group accountant. So that the accountant's code of ethics affects the detection of fraudulent financial reporting at PT Lintas Samudra Jaya.

CONCLUSION

Based on the results of the tests and discussions that have been presented, the results of this study conclude that the accountant's code of ethics affects the detection of fraudulent financial reporting against PT Lintas Samudra Jaya. It can be proven by interviews of LSJ Group accountants that all LSJ Group accountants are able to have an accountant code of ethics consisting of responsibility, public interest, integrity, objectivity and independence, prudence, scope and nature of service principles. In fact, in 2016 LSJ Group had a problem where LSJ Group accountants made fraudulent financial reporting. Learning from the events in 2016, the management of LSJ Group took steps that were able to change the situation where the accountant needed by the company was an honest accountant, responsible and always provided real and actual data. It is very important for an accountant to have and understand the code of ethics as an accountant because with that the performance will be a good and reliable result. Therefore, some of

the steps taken by LSJ Group to provide quality accountants for the company are taking steps to conduct financial report meetings every 3 months and conducting accountant training to provide motivation and make accountants quality every 2 weeks. With that, the company's management will be closer to all LSJ Group accountants and be able to monitor and directly assess the performance of each LSJ Group accountant.

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