**Ecoment Global Journal**

Vol. 9 No. 2 (2024) Edisi Agustus 2024
P-ISSN : 2540-816X E-ISSN : 2685-620

# Analysis of Evidence Discrepancies in Employee Spending Audit Procedures at ABC University by KAP LMR

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## Abstract

**Objective:** The purpose of this study is to empirically investigate the audit of employee expenditures at ABC University, focusing on lecturer certification allowances. The research aims to expand the knowledge and insights related to audit discrepancies between computer data archives (ADK) and payment orders (SPM), and their impact on internal controls and financial reporting accuracy.
**Methods:** This study employs a qualitative research method with a descriptive analysis approach. Data were collected through observation, interviews, and document studies involving audit managers and junior auditors at KAP LMR, as well as the management and financial staff of ABC University. The research process included analyzing discrepancies in ADK and SPM and assessing their impact on the university's financial management.
**Findings:** The findings reveal discrepancies in the amounts reported in ADK and SPM concerning the lecturer certification allowances at ABC University. Although these discrepancies are not materially significant, they indicate potential risks to the university's internal control over financial administration. Verification with the university confirmed that administrative errors were the primary issue, highlighting the need to enhance audit procedures to improve financial reporting accuracy and strengthen internal control systems.
**Originality:** This study's originality lies in its detailed examination of discrepancies in audit evidence within the context of higher education financial management, particularly focusing on lecturer certification allowances. The research contributes to a deeper understanding of how administrative errors can affect financial reporting and internal controls, providing recommendations to enhance audit procedures and financial management practices in educational institutions.
**Practical**: The research findings have significant implications for improving audit procedures and financial management practices within educational institutions. By identifying and addressing discrepancies, the study underscores the importance of enhanced audit procedures, improved internal controls, and rigorous financial reporting to ensure transparency and accountability in university financial management.

**Keywords**: Employee expenditure audit, Discrepancies, Audit evidence.

**JEL Classification: M42, M48**

Received July 27, 2024; Received in revised form: August 7, 2024 Accepted: August 9, 2024

## Introduction

Audit plays a crucial role in ensuring transparency and accountability in public and organizational financial management. The Supreme Audit Agency (BPK) of the Republic of Indonesia in 2023 stressed that audits serve not only to evaluate regulatory compliance but also to enhance financial management practices to be more effective and accountable across different institutions. The most recent report on the BPK's official website underscores the significance of transparency and accountability in managing public and organizational finances.

Meanwhile, the National Border Management Agency (BNPP) of the Republic of Indonesia in 2023 through the Planning and Cooperation Bureau, conducted a workshop on PMK 62 of 2023. This regulation provides a foundation for budgeting in 2024 by setting standards for Special Output Costs (SBKK) under PMK 151/PMK.02/2022 and Cost Structure Standards under PMK 140/PMK.02/2021. These standards are

Vol. 9 No. 2 (2024) Edisi Agustus 2024
P-ISSN : 2540-816X E-ISSN : 2685-620

established to guide planning and budgeting in public institutions, aiming to enhance efficiency, effectiveness, and transparency in managing personnel expenditures and public finances overall.

Although numerous studies have emphasized the importance of audits in ensuring transparency and accountability in public and organizational financial management, research specifically exploring discrepancies between Computer Data Archives (ADK) and Payment Order Letters (SPM) in the context of lecturer certification allowances remains limited. Previous research has predominantly focused on technical aspects of auditing and fraud detection, without delving deeply into the specific impacts of administrative errors on allowance management in higher education institutions.

(Adnyana's, 2021) study underscores the importance of auditing in financial management but does not specifically address the discrepancies between ADK and SPM. Similarly, (Vitriany and Ardini, 2023). highlight the challenges in gathering audit evidence but do not explore how administrative errors might affect financial reporting and internal controls within universities.

(Santoso, 2023), in his research on financial management in higher education institutions, demonstrates the importance of internal controls but does not delve into the discrepancies in audit evidence between ADK and SPM. His study focuses on general financial management aspects without identifying specific risks associated with administrative errors in allowance management.

(Hidayat and Puspitasari, 2022) explore financial audits in the public sector, highlighting the need for accuracy and transparency but do not pay specific attention to the impact of administrative errors on internal control systems and financial reporting accuracy. Their study is more focused on evaluating compliance with regulations rather than investigating the specific effects of discrepancies in audit evidence.

This study addresses this gap by focusing on how administrative errors in ADK and SPM can affect the accuracy of financial reporting and internal controls at higher education institutions, particularly ABC University. By examining these discrepancies, the study provides new insights into improving audit procedures and financial management practices to enhance transparency and accountability.

Furthermore, this research employs a qualitative method with a descriptive approach, enabling the researcher to identify and understand the context and complexities of the existing issues. By involving direct verification with the university, the study's findings offer practical and relevant contributions to enhancing internal control systems and improving financial reporting accuracy.

This study also differs from previous research by providing specific recommendations for improving audit procedures at higher education institutions, which has been less explored in the existing literature. Thus, this research not only contributes to theoretical understanding of financial management in higher education but also offers practical solutions for addressing administrative errors and improving internal controls.

Universitas ABC, as one of the higher education , as well as to strengthening the internal control system to prevent future discrepancies.The author is interested in a detailed examination of the personnel expenditure audit procedures, particularly in the context of discrepancies between computer data archives (ADK) and payment orders (SPM) at Universitas ABC. This study aims to identify the causes of these discrepancies, assess their impact on financial management, and provide recommendations to strengthen the university's internal control system. Therefore, this research is expected to contribute significantly to enhancing the quality of financial management and auditing in higher education institutions.

This article discusses the audit procedures for personnel expenditures at Universitas ABC, focusing on a case study of discrepancies between computer data archives and payment orders for lecturer certification allowances. The research will highlight the importance of effective audits in maintaining accuracy and transparency in financial management and provide necessary recommendations to strengthen the internal control system at Universitas ABC.

## Literature Review and Hypotheses Development

### *Stewardship Theory*

In this research, Stewardship Theory is used as the theoretical foundation, aligning with the perspective of (Donaldson, 1991) that managers are motivated not only by individual goals but also by the collective objectives of the organization. Consequently, auditors play a crucial role not only in evaluating financial compliance but also in providing advice to the auditee to enhance the effectiveness of financial and resource management within the environment. This theory integrates psychological and social aspects, where executives, as stewards, are motivated to act in accordance with the principal's wishes and to achieve organizational goals, thereby ensuring their continuity within the organization (Eka Oktavia dan Helmy, 2019).

Stewardship Theory emphasizes the importance of integrity and honesty in managerial actions. In the context of auditing employee expenditures, Stewardship Theory can be applied to understand how auditors, as parties entrusted to protect the organization's interests (stewards), should gather sufficient and accurate audit evidence. If there is a discrepancy between the expected evidence and what is actually found during the audit, this theory provides a basis for analyzing why such discrepancies occur.

Moreover, Stewardship Theory highlights the auditor's responsibility in providing recommendations to improve financial management, which is relevant to the context of research on auditing employee expenditures. Auditors not only evaluate compliance with regulations and procedures but also play a role in offering advice to management (auditee) to enhance the efficiency and effectiveness of employee financial management (Putri dan Mulyani, 2022).

Thus, the use of Stewardship Theory in this article can provide a robust framework for explaining the dynamics behind audit evidence discrepancies in the auditing procedures of employee expenditures and their implications for good and effective financial governance.

**Audit**

According to (Alvin, J Randal, dan Beasley, 2021), an audit is an activity that involves the objective collection and evaluation of evidence to verify the truthfulness and appropriateness of an organization's financial information. This process is crucial to ensure that the information presented is reliable and valid before being communicated to stakeholders. To conduct an audit properly, individuals with adequate expertise and independence are required so that the audit results are not influenced by any particular interests.

(Sa'adah dan Challen, 2022), define auditing as a meticulous and systematic examination process. This process aims to gather and evaluate audit information to assess the extent to which economic actions or events comply with established criteria. Once the audit process is complete, the results are reported to the parties needing this information, ensuring that decisions made by management and other stakeholders are based on accurate and reliable data.

As stated by (Linda Novita, 2023), an audit involves an independent auditor examining the accuracy and reliability of financial statements and ensuring compliance with relevant regulations and standards. This process also includes evaluating the organization's internal control systems and risk management. The Institute of Internal Auditors (IIA) defines an audit as an independent and objective activity aimed at adding value and enhancing an organization's operations. This is achieved by systematically and methodically assessing and improving the effectiveness of risk management, control, and governance processes. (Michael Surya, 2022) describes an audit as a systematic process of objectively gathering and evaluating evidence about an entity's claims regarding economic activities. The goal of an audit is to determine how well these claims align with established criteria and to communicate the findings to interested stakeholders.

Audits serve several key purposes and provide significant benefits to organizations. A primary goal is to assure that the financial statements and other information presented by the organization are accurate and reliable. Audits also ensure that the organization adheres to all relevant laws, regulations, and standards, which is essential for avoiding penalties and preserving its reputation. Additionally, the audit process identifies areas where the organization can enhance operational efficiency and effectiveness and manage risks that could hinder the achievement of its objectives. Consequently, audits enhance transparency and accountability, ultimately boosting stakeholder confidence in the organization.

**Audit Procedures**

According to (Reyes, 2023), audit procedures are the methods, techniques, and steps used by auditors to gather reliable audit evidence, enabling them to make rational assessments about an organization's financial condition. The goal of audit procedures is to help ensure the reliability and accuracy of a company's financial statements. Conducting regular audit procedures helps build a strong financial image for the business and increases confidence from customers, the market, and potential investors.

According to (Novianty, 2020) states that audit procedures are techniques used by auditors to collect and evaluate sufficient and competent evidence. These procedures are carried out to obtain enough evidence to support the auditor's opinion on the fairness of the financial statements. Procedures must align with the predetermined objectives, as inappropriate procedures will be futile if they do not yield evidence consistent with the assessment of operational goal achievement.

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P-ISSN : 2540-816X E-ISSN : 2685-620

Audit procedures refer to a systematic series of steps taken by auditors to examine, evaluate, and provide an objective assessment of financial statements, internal control systems, and compliance with applicable regulations and policies. According to (Linda Novita, 2023), states that audit procedures begin with a detailed planning phase, where the auditor defines the audit scope, objectives, and methodology. During this stage, the auditor conducts an initial risk assessment and plans appropriate audit procedures to address those risks. Following planning, the auditor collects data by gathering relevant information and evidence through interviews, observations, and document examinations. This data is analyzed in the evaluation phase to identify discrepancies or weaknesses in internal control systems and financial statements. The audit results are then presented in a report that includes findings, conclusions, and recommendations for improvement, providing management with guidance to enhance and improve existing systems.

The Institute of Internal Auditors (IIA) outlines audit procedures as involving several key steps: audit planning, which includes setting objectives and scope, identifying risks, and developing an audit strategy. This is followed by evidence collection, involving the verification of data, documents, and transactions to ensure accuracy and compliance. Auditors then evaluate this evidence to determine adherence to applicable standards and internal policies. The resulting audit report provides an independent assessment of the effectiveness of internal controls and regulatory compliance, along with recommendations for improvement. The audit process concludes with follow-up actions to ensure that recommendations are implemented and improvements are made based on the audit findings.

According to (Michael Surya, 2022) adds that audit procedures also involve a critical preparation stage, where auditors formulate an audit plan and determine the methods to be used. During the execution phase, auditors gather evidence through techniques such as transaction testing, control testing, and observation. The evaluation phase assesses whether the financial statements and internal control systems are adequate and comply with relevant accounting standards and regulations. This process concludes with the preparation of a detailed audit report that includes a summary of findings, analysis, and recommendations for improvement. Auditors also review the audit results to ensure comprehensive examination and accurate report preparation.

The International Standards on Auditing (ISA) recommend audit procedures that include planning and risk assessment, evidence collection and evaluation, and reporting of audit results. The planning stage involves gaining a deep understanding of the audited entity and identifying and assessing material risks that may affect the financial statements. Evidence collection employs various techniques such as observation, confirmation, and substantive testing to ensure compliance with accounting principles and regulations. Evaluation of evidence assesses the effectiveness of internal controls and compliance with policies and regulations. The audit report communicates findings and recommendations to management and stakeholders, providing clear guidance for corrective actions.

In summary, audit procedures involve meticulous planning, systematic evidence collection, thorough evaluation, and transparent reporting. This process aims to provide valid assurance regarding the accuracy of financial statements, effectiveness of internal controls, and compliance with regulations. By adhering to comprehensive and structured audit procedures, auditors can help organizations identify risks, improve efficiency, ensure compliance, and offer valuable recommendations for continuous improvement.

**Employee Expenditure**

According to (Astuty, 2022) employee expenditure encompasses all state expenditures used to finance compensation, in the form of money or goods, given to central government employees, retirees, members of the Indonesian National Armed Forces, and state officials, whether they serve domestically or abroad, as compensation for the work performed, excluding tasks related to capital formation.

As quoted from the official website of the Directorate General of Fiscal Balance, Ministry of Finance of the Republic of Indonesia (2024), employee expenditure refers to expenses allocated to civil servants, state officials, retirees, and honorary employees who will be appointed as employees within the government scope. These expenses can be in the form of money or goods as honoraria for the work carried out to support the tasks and functions of government organizational units, as well as to address imbalances in task execution.

Employee expenditure refers to the costs that an organization or company incurs concerning its employees, covering various aspects related to compensation and the support of employee work and well-being. The primary components of employee expenditure include salaries and wages, which are the core payments employees receive for their work, encompassing base salary, overtime pay, and bonuses. Benefits and incentives include health benefits, transportation, meals, and other allowances provided as part of the

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P-ISSN : 2540-816X E-ISSN : 2685-620

compensation package. Insurance and pension programs cover expenses for health insurance, life insurance, and contributions to pension plans. Additionally, training and development costs, which include training sessions, courses, seminars, and professional development, are important components. Recruitment expenses include costs associated with the hiring process, such as job advertising, selection fees, and onboarding expenses. Facilities and work equipment, including costs to provide office space, computers, software, and other work tools, are also part of these expenditures. Finally, expenses for employee welfare programs, such as health and wellness programs, recreational activities, and mental wellness support, are considered. Effective management of employee expenditure is essential for ensuring operational efficiency and employee well-being. Proper management can help organizations minimize unnecessary costs, boost employee satisfaction and motivation, ensure compliance with labor regulations, and support talent development through investment in training and development.

**Audit Findings**

Significant audit findings can greatly impact financial statements and management decisions, making it crucial for auditors to ensure that these findings are identified, analyzed, and reported transparently and accurately ( Boynton dan Johnson, 2006).

Audit findings result from the evaluation and analysis of audit evidence gathered during the audit process, indicating whether there are discrepancies or violations of applicable standards and procedures. According to (Alvin, J. Randal, dan Beasley, 2021) udit findings are derived from the assessment of audit evidence discovered during the audit process and must be reported clearly and systematically to the authorized parties for follow-up. These findings are essential for identifying weaknesses in the internal control system and providing necessary recommendations for improving the company's operational efficiency and effectiveness.

**Materiality**

According to ( Setiadi, 2019), materiality refers to the amount of value that, if omitted or misstated, has the potential to influence the judgment of financial statement users in making economic decisions. Therefore, auditors must establish a materiality threshold at the beginning of the audit to assess whether misstatements or discrepancies are significant or not.

Factors affecting materiality include the size and nature of the misstatements found, as well as the specific conditions of the audited organization (Novianty, 2020). Additionally, auditors must consider the context and business environment of the audited organization. The determination of the materiality threshold is a crucial process in auditing, as this threshold is used to evaluate the overall financial statements and other audit procedures, taking into account both quantitative and qualitative aspects that may affect the decisions of financial statement users (Jaydee Reyes, 2023).

Materiality in the context of auditing pertains to the idea that certain information or errors in financial statements are deemed material if they can impact the economic decisions of those using the financial statements. This concept is fundamental in auditing as it aids auditors in assessing the significance of errors or omissions. As per the Professional Standards of Public Accountants (SPAP) by the Indonesian Institute of Certified Public Accountants (IAPI), materiality refers to the level of significance of information that could affect decisions made by financial statement users. Determining materiality includes both quantitative and qualitative evaluations of an item or error.

"*Materiality in audit contexts refers to the significance of information or errors that, if omitted or misstated, can impact the economic decisions of users based on the financial statements. Materiality must be considered in the planning and execution of audits to ensure that the financial statements as a whole are free from material misstatement.*" (ISA 320: Materiality in Planning and Performing an Audit, 2022).

**Audit Evidence**

Audit evidence is a crucial element in the audit process aimed at collecting and evaluating information to support the auditor's opinion on the fairness of financial statements. According to (Alvin, J Randal, dan Beasley, 2021) audit evidence includes data obtained from various sources to verify the truthfulness and appropriateness of an organization's financial information. Audit evidence must be obtained through objective and independent procedures to be reliable and credible for the auditor. The audit procedures applied to gather this evidence vary depending on the audit's objective but generally include physical examination, confirmation, documentation, analysis, and interviews.

According to (Novianty, 2020) adds that sufficient and competent audit evidence is vital to support the auditor's opinion on the fairness of financial statements. Audit evidence must be adequate and relevant to meet the criteria established in auditing standards. The evidence collection process involves techniques used by auditors, such as substantive tests and control procedures, to ensure that all relevant information

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P-ISSN : 2540-816X E-ISSN : 2685-620

has been thoroughly examined and evaluated. (Sa'adah dan Challen, 2022) also mention that audit evidence must be obtained through a careful and systematic process, which includes gathering information, verification, and evaluation to assess the extent to which economic actions or events comply with established criteria. Thus, audit evidence plays a significant role in ensuring the reliability and accuracy of financial statements, aiding auditors in providing objective and credible opinions.

**Lecturer Professional Allowance**

As quoted from the Regulation of the Minister of Research, Technology, and Higher Education of the Republic of Indonesia Number 20 of 2017, "professional allowances are granted to lecturers holding academic positions such as Assistant Professor, Associate Professor, Senior Associate Professor, and Professor. The professional allowance for lecturers will be discontinued under several conditions, such as death, reaching retirement age (70 years for Professors and 65 years for Senior Associate Professors, Associate Professors, and Assistant Professors), resignation, or reassignment, as well as if the lecturer no longer holds a National Lecturer Identification Number."

The Lecturer Professional Allowance is additional income awarded to lecturers as recognition for their professionalism. (Ahmad Sanusi, 2022) notes that this financial incentive is provided to lecturers who have obtained certification, acknowledging their professional competence. The allowance aims to enhance education quality by improving lecturers' welfare. This aligns with the Regulation of the Minister of Education and Culture (Permendikbud) No. 20 of 2020, which states that professional allowances are granted to certified lecturers to promote better professionalism and teaching quality. This allowance enables lecturers to focus more on academic tasks and contribute maximally to educational institutions.

(Rahayu Yuliana, 2023) clarifies that to be eligible for the professional allowance, lecturers must meet several criteria, including having an educator certification, teaching within their area of expertise, and meeting the minimum workload requirements set by their institution. These criteria ensure that only competent and dedicated lecturers receive the allowance. Furthermore, Government Regulation No. 41 of 2009 on Teacher and Lecturer Professional Allowances stipulates that this allowance is given to certified lecturers who meet the workload criteria involving the tridharma of higher education: education, research, and community service. These tridharma activities are fundamental to a lecturer's role in advancing knowledge and enhancing educational quality.

(Iwan Setiawan, 2021) asserts that the Lecturer Professional Allowance significantly boosts lecturers' motivation to excel and innovate in their teaching and research. The allowance encourages lecturers to develop innovative teaching methods and conduct high-quality research. This, in turn, enhances the educational quality in higher institutions, as motivated lecturers are more likely to actively engage students in academic and research activities. Research published in the Indonesian Higher Education Journal (2022) indicates that professional allowances improve lecturers' performance in their academic duties, ultimately leading to better quality graduates. The quality of graduates is a key indicator of a higher education institution's success in fulfilling its educational role.

**Compliance Audit**

A compliance audit is an independent evaluation to determine whether a specific subject or entity has adhered to the applicable regulations and authorities that have been established as assessment criteria. This audit involves assessing whether activities, transactions, and financial information comply with all relevant material rules, in accordance with the authorities governing the audited entity. The purpose of this process is to ensure that the entity operates with transparency and integrity, thereby avoiding legal risks and enhancing stakeholder trust in the organization. The results of a compliance audit typically include recommendations for improvements and steps to be taken to achieve full compliance (Sanga, Patty, dan Lewar 2023).

According to (Khairunnisa dan Yuliandi, 2019), a compliance audit is a type of audit aimed at determining whether the subject matter under examination complies with the provisions of certain applicable conditions or regulations. The results of this compliance audit are usually reported to organizations that have the authority to establish such criteria or regulations. Compliance audits are often conducted in the government sector.

A compliance audit is an evaluation process designed to verify that an organization or entity complies with relevant laws, regulations, policies, and procedures. Experts today recognize the significant role of compliance audits in safeguarding an organization's integrity and reputation and preventing potential violations that could lead to penalties or financial damage.

The Institute of Internal Auditors (IIA) points out that compliance audits are crucial for providing an independent assessment of how well internal controls are working to prevent legal and regulatory violations. These audits also aim to offer recommendations to enhance organizational compliance. This demonstrates that compliance audits are proactive in helping organizations identify potential risks and implement necessary preventive measures. According to ISO 19600:2014 Compliance ManagSantotoement Systems, an effective compliance management system should involve planning, implementation, monitoring, and continuous improvement. Compliance audits are a key component of this system, concentrating on evaluating adherence to applicable standards and regulations. The standard underscores the need for a systematic and ongoing approach to compliance management to ensure that organizations consistently meet dynamic legal and regulatory requirements.

## Method

This study is a qualitative research type with a descriptive analysis approach, focusing on issues based on field facts through observation, interviews, and document studies. Qualitative research delves into the quality of relationships, activities, situations, or specific materials. It emphasizes a thorough description that details ongoing activities or situations (Muhammad Rijal Fadli, 2021). The qualitative approach was chosen because it can explore deep meanings and understanding regarding the audit procedures of employee expenditures, specifically the professional allowances for lecturers, and the discrepancies between ADK and SPM at ABC University. This approach enables the researcher to comprehend the context and complexity of the existing issues, providing more comprehensive insights related to the studied issues.

The qualitative research involves a population consisting of individuals or groups with knowledge or experience related to employee expenditure audits, namely audit managers and junior auditors at KAP LMR, and the management and financial staff of ABC University. In qualitative research, sample selection usually employs purposive sampling. Purposive sampling is a technique of selecting samples based on specific considerations. This technique is most suitable for qualitative research that does not aim for generalization (Adnyana, 2021).

The research methods used include in-depth interviews, observations, and document studies. Interviews were conducted with the audit manager at the Public Accounting Firm (KAP) LMR to understand audit procedures and gain external audit perspectives on potential discrepancies. Observations were directly carried out on the audit process at ABC University to observe the audit implementation and interaction between the auditor and the university. Document studies involved analyzing Computer Data Archives (ADK), Payment Order Letters (SPM), and related rector regulations to identify discrepancies and understand the audit policies at the university. This process included verifying findings with ABC University and evaluating the impact of discrepancies on the university's internal controls and financial conditions, as well as reviewing related risks.

## Result and Discussion

### Result

The application of Stewardship Theory in this article provides a robust framework to explain the dynamics behind the discrepancies in audit evidence within the audit procedures of employee expenditures, particularly the implications for effective and sound financial governance. Based on interviews and observations, the author concludes that auditing employee expenditures, which include lecturer certification allowances, is a crucial process to verify the accuracy and compliance in the use of these funds. Through such audits, educational institutions can identify potential discrepancies, ensure adherence to internal policies and external regulations, and enhance the efficiency and transparency in managing these allowances.

An audit manager explained that auditing employee expenditures is a structured process to evaluate spending related to staff, including lecturer certification allowances. The goal of this audit is to ensure that all expenditures comply with applicable policies, procedures, and regulations, and to identify potential discrepancies or misuse of funds.

According to the Standard Operating Procedures of KAP LMR for lecturer certification allowances, the steps in auditing employee expenditures include:

1. Provision of Summary List and Regulations: Relevant parties provide a summary list of lecturer professional allowances, including those on leave, inactive, or on study assignments during a specific year. Additionally, institutional regulations governing these payments are provided.

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P-ISSN : 2540-816X E-ISSN : 2685-620

These regulations serve as important references for auditors to check compliance and transparency in the allowance management process, facilitating the audit and ensuring all steps align with the applicable provisions.

2. Conducting Sampling Tests: Auditors perform sampling tests on employee expenditures to ensure compliance between the payment of lecturer professional allowances and the provisions outlined in institutional regulations and computer data archives.
3. Overall Nominal Examination: Auditors check to ensure the consistency of total nominal amounts in computer data archives with the payment orders issued by the institution.

After examining the ADK (Computer Data Archives) and SPM (Payment Order Letters) from ABC University, it was found that there were discrepancies in the nominal amounts between ABC University's ADK files and the SPM. Although these discrepancies were considered non-material, they have the potential to impact the client's internal controls in the future. Upon discovering these findings, the auditors verified them with the client. The client acknowledged that the discrepancies were due to a lack of attention to detail. This error indicates a weakness in the client's reporting or financial management processes, encompassing mismatches in records or procedural non-compliance, leading to inconsistencies between the ADK and SPM.

The steps in auditing employee expenditures according to the Standard Operating Procedures of KAP LMR for lecturer certification allowances include a thorough evaluation of the ADK (Financial Documentation Administration) and SPM (Payment Order Letters). The audit results highlight the importance of alignment between the ADK, which records transactions, and the SPM, which shows the payment realizations. The presence of discrepancies, although nominally insignificant, underscores the need for improvements in internal controls to prevent more serious mismatches in the future.

Referring to Stewardship Theory, it can be seen that financial managers acting as stewards will strive to maintain integrity and accuracy in managing lecturer certification allowances. Effective auditing helps ensure that these stewards perform their duties well, identify potential issues before they escalate, and take necessary corrective actions to maintain trust and accountability in the institution's financial management.

## Discussion

The results of the employee expenditure audit at ABC University highlight that the audit process is a crucial instrument in maintaining the integrity and transparency of financial management within an educational setting. By identifying and addressing discrepancies, the university can enhance public trust and ensure that the funds for lecturer certification allowances are used efficiently.

Such discrepancies can affect transparency and accountability. Frequent discrepancies raise doubts about the integrity of the support management system, thereby reducing the lecturers' trust in the institution. These findings could become serious issues for the client, particularly if they lead to overpayments or underpayments to employees. Discrepancies reflect weaknesses in the client's reporting system or financial management processes. For instance, if the amounts recorded in the ADK (Computer Data Archives) differ from those in the SPM (Payment Order Letters), it can lead to mismatches between actual payments and recorded amounts. The impact of these findings can be detrimental. Overpayments can result in significant financial losses for the client, while underpayments can disadvantage employees who do not receive their entitled payments. Moreover, such discrepancies can undermine the client's credibility and integrity in financial and administrative management, leading to inaccurate financial reports and increased risk of misuse.

Although the Public Accounting Firm (KAP) conducting the audit considered these discrepancies to be below the materiality threshold, the findings were still audited and reported to the client. Despite being considered a non-material issue, it is important to document and provide appropriate recommendations. This reflects KAP's commitment to integrity and transparency in the audit process, adding value to the client by offering suggestions for potential improvements. Consequently, even though the nominal difference is small, it is important for ABC University to take corrective actions to ensure that such discrepancies do not occur in the future.

The Audit Manager of KAP LMR claimed that the client acknowledged the oversight and, to prevent its recurrence, they will implement a tiered review of employee expenditure transactions. This review will start at the faculty level, move to the Internal Audit Unit (SPI), and finally reach the central office. It is expected that this tiered review will lead to better control and stricter oversight of each employee expenditure transaction, minimizing the risk of errors or oversights. This action is also expected to enhance

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P-ISSN : 2540-816X E-ISSN : 2685-620

accountability and transparency in financial management within the university. Measures might include increased supervision, procedural reviews, and enhanced training for staff involved in financial management processes. By implementing these improvements, ABC University can boost the accuracy and transparency of its financial management, ultimately increasing trust and credibility with stakeholders.

This study focuses on discrepancies in evidence within the audit of employee expenditures, while earlier research by (Vitriany dan Ardini 2024) highlighted the importance of audit evidence in detecting irregularities or fraud. Both studies emphasize the critical role of audit evidence. The previous research pointed out the challenges auditors face in gathering audit reports and evidence. In this study, the focus on evidence discrepancies is highly relevant to the challenges discussed in the earlier research, as both address the complexities and difficulties auditors encounter in the audit reporting and evidence collection process.

The discrepancies identified between the Computer Data Archives (ADK) and the Payment Order Letters (SPM) at ABC University, although nominally small, can have significant impacts on financial governance. These discrepancies indicate potential risks to financial integrity and may reflect underlying issues in compliance and control mechanisms. If left unaddressed, these discrepancies could escalate into more serious problems, affecting the overall reliability of financial reporting and governance at the university. To deepen the understanding of these discrepancies, it is essential to conduct a comparative analysis with other educational institutions that may face similar issues. Such comparisons can reveal whether these discrepancies are systemic or specific to ABC University and how they are managed elsewhere. Insights from other institutions can guide ABC University in improving its audit practices and internal controls. Additionally, a thorough investigation into the root causes of the discrepancies is crucial to determine whether they result from human error, inadequate training, or flaws in the financial management system. Identifying the precise cause will help design targeted corrective actions, such as better staff training, strengthened internal controls, and revised audit procedures to detect and address discrepancies more effectively. Within the framework of Stewardship Theory, these audit findings highlight the importance of managing financial resources with high integrity. Financial managers, as stewards, are expected to maintain high standards of accuracy and transparency. The discrepancies underscore the challenges in fulfilling these stewardship responsibilities, emphasizing the need for enhanced financial oversight and accountability mechanisms to improve the reliability and transparency of financial management at ABC University.

## Conclusion and future direction

The research findings indicate that auditing employee expenditures, including lecturer certification allowances at ABC University, is a crucial step in ensuring accuracy and compliance in allowance disbursements. The discovery of nominal discrepancies between the Computer Data Archives (ADK) and Payment Order Letters (SPM), although considered non-material, highlights weaknesses in the reporting and financial management system that require serious attention. To prevent the recurrence of similar errors, ABC University is committed to implementing a tiered review of employee expenditure transactions, starting from the faculty level up to the central office.

By implementing corrective measures such as enhanced supervision, procedural reviews, and increased training for staff, the institution aims to improve accuracy and transparency in financial management. These steps will not only minimize the risk of future errors or oversights but also enhance ABC University's trust and credibility with stakeholders. Thus, ABC University can demonstrate a commitment to better and more transparent financial management, ultimately providing long-term benefits to the entire academic community.

For future research, it is recommended to focus on enhancing oversight and training to reduce reporting errors and evaluate the financial impact of discrepancies. Additionally, studies could explore the development of more efficient financial information systems, compare audit practices across different universities, and assess the influence of internal policies on compliance and transparency in financial management. This approach is expected to promote a better understanding and adoption of best practices in auditing employee expenditures within the education sector.

## Implication

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P-ISSN : 2540-816X E-ISSN : 2685-620

The research findings provide significant contributions to the theoretical understanding of audit processes in higher education institutions. By identifying discrepancies between the Computer Data Archives (ADK) and Payment Order Letters (SPM), the study highlights potential gaps and weaknesses in existing financial reporting and management theories. This insight challenges traditional frameworks of financial control and underscores the need for revised or new theoretical models that address the complexities of financial management in academic institutions. The study advances the scholarly discourse by emphasizing the importance of rigorous audit processes and transparency, potentially leading to the development of enhanced theoretical frameworks that better capture the dynamics of financial oversight in educational settings.

The study's findings have practical applications for financial management within educational institutions. The identified discrepancies between ADK and SPM underscore the need for improved financial controls and oversight mechanisms. Managers and administrators at ABC University are provided with actionable insights to enhance their audit processes, including implementing a tiered review system, improving procedural adherence, and increasing staff training. These recommendations aim to reduce errors, increase transparency, and build trust with stakeholders. By bridging the gap between theory and practice, the research helps managers make informed decisions, develop effective strategies, and improve operational efficiency in financial management.

## Conflict of Interest (compulsory)

The authors affirm that the research was conducted independently and without any commercial or financial affiliations that could be interpreted as a potential conflict of interest. There were no external influences or financial incentives that could have affected the integrity or objectivity of the research findings.

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