

Public Accountant's Responsibility for Violations of Financial Statements of PT Asuransi Jiwa Adisarana Wanaartaha

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ABSTRACT

This study aims to analyze the responsibility of public accountants in presenting financial reports for the 2014-2019 financial year of PT Asuransi Jiwa Adisarana Waanaartha. The research method used is normative legal research, which focuses on the analysis of legal documents, regulations and guidelines relating to the responsibilities of public accountants. This study examines the responsibilities of public accountants related to the presentation of financial statements of life insurance companies. In the context of PT Asuransi Jiwa Adisarana Wanaartha, public accountants have a responsibility to ensure that the financial statements presented comply with applicable accounting standards and accurately represent the company's financial position. The results of the study show that public accountants have an obligation to carry out professional and independent audit work. They must follow applicable accounting guidelines and standards, such as Financial Accounting Standards (SAK) and Public Accountant Professional Standards (SPAP). This research also highlights the importance of transparency and accountability in the presentation of financial reports. This assists stakeholders, including investors, governments, and the general public, in making informed, data-based decisions. In conclusion, this study emphasizes the importance of the responsibility of public accountants in presenting the financial statements for the 2014-2019 financial year of PT Asuransi Jiwa Adisarana Wanaartaha accurately, transparently, and in accordance with applicable accounting standards. This research contributes to understanding legal and normative aspects related to the duties and responsibilities of public accountants in the context of the life insurance industry.

INTRODUCTION

Financial statements are one of the important tools to assess company performance as well as a form of management accountability for performance during a fiscal year, which contains useful information to influence the decisions of various stakeholders. Financial information about the reporting entity must be available in the financial statements in accordance with the Statement of Financial Accounting Standards (PSAK) so that current and potential investors, lenders, and other creditors can use it to decide whether to provide the entity with a source of funding. These options include giving or repaying loans and other types of credit, as well as buying, selling, or holding equity and debt instruments.

The performance of financial statements must be reliable and not misleading, because stakeholders really need this report. Investors and potential investors, creditors and potential creditors, governments, consumers, workers, and the general public are some of the stakeholders who use financial information. When stakeholders use financial information, their interests and goals

are not always the same and may even conflict. For example, as investors, shareholders are very interested in operational profitability, dividend payments, and growth in stock value. For creditors, a company's solvency and liquidity—in particular, its ability to make timely principal and interest payments—are more crucial. Salaries, bonuses, and other forms of remuneration are critical to management and staff, but they all come with costs that are deducted from operating income. In addition, if a situation arises, financial records up to 10 years ago can be sought for clarification or as evidence (Kartikahadi,2020).

The required financial statements are also a bit vague. Non-financial reports are used and reported in specific regions or countries, but are also extended according to the economic operations of companies and where and how funding sources come from, especially in the era of globalization. For example, because these stakeholders are spread all over the world, a public company that has been listed on the Indonesia Stock Exchange will know that its financial statements are used not only in Indonesia but also internationally. Financial statements prepared within the framework of financial accounting must be prepared based on generally accepted accounting principles (principles) considering that stakeholders, time, and place of use of financial statements vary greatly, so that financial statements do not concern one party and so as not to mislead users of information. with the aim of ensuring accuracy and consistency between readers and financial statement makers. Generally Accepted Accounting Principles continue to strive to be codified or embodied in textual form, in the form of financial accounting standards, by competent accounting professional bodies and regulatory organizations. It is necessary to conduct an audit that produces an opinion (audit opinion) on the financial statements of Independent Accountants, especially Public Accountants, to ensure with confidence that the financial statements have been prepared and presented fairly based on generally accepted standards, namely Accounting standards.

Audit report describing the Company's financial performance. When checked by a Public Accounting Firm. Public Accountants are required to be professional who will give their opinions in accordance with the facts they encounter during audit work. In this case, the public has relied on public accountants to provide an assessment of an entity's financial statements. An auditor conducts an audit of financial accounts not only on behalf of his client but also on behalf of other parties interested in the financial statements examined. Therefore, public accountants must be impartial, qualified, and ethical when assessing the fairness of the audited financial statements (Monique & Nasution, 2020).

The collective examination must have sufficient professional competence to carry out the examination obligations, in accordance with the first general standard of SKPN (State Financial Inspection Standard). As a result of this statement of inspection standards, it is the duty of all inspection organizations to ensure that each inspection is carried out by inspectors who have the necessary training, qualifications and experience. Better audit reports will result from a high level of auditor expertise. Conversely, poor auditor competence will reduce the quality value of audit results. (Renaldi & Mawardi, 2021)

The tendency that company management does not present performance information or financial statements honestly, but rather fabricates data on the achievement of company performance or profit. Performance information is very important for stakeholders in assessing management performance, so management often performs engineering in the presentation of financial statements. Management recognizes that there is a tendency to focus more on profit in the income statement, especially managers whose performance is evaluated using this data. Investors and shareholders tend to pay attention only to the earnings information displayed in the income statement and ignore the process used to obtain that information because they are persistent in their efforts to increase their wealth. Managers are even encouraged to control profits as a result of this. Because of this technique, actual economic profit may differ from the profit disclosed by management in the company's financial statements. This unethical activity is possible by using accounting techniques approved by relevant accounting standards or by processing recorded and reported financial transaction data.

Unfair practices carried out by applying accounting practices that are not in accordance with financial standards. For example, a large company by the name of Enron that made an economic crisis in Uncle Sham even had the impact of damaging some countries that did not have strong

economic fundamentals experiencing an economic crisis. Analysts and shareholders in this regard have concerns about Enron's financial statements. To obtain a high financial performance rating, a company's unethical business strategies and practices include fabricating profits and manipulating balance sheets. Later, the culmination of the problem caused Enron to go bankrupt. In addition, Enron uses the mark-to-market accounting method, in which assets are recognized based on market value rather than book value. Enron was able to record revenue using business estimates rather than actual revenue because of this accounting technique. Likewise, the case revealed in early 2017 where British Telecom as a multinational company with a global reputation was not spared from fraud scandals, this big problem also involved the big four accounting firm, Pricewaterhouse Cooper (PWC). PWC and British Telecom have been intertwined for 33 years, the auditor should have a good understanding of business and financial conditions, when every incident of the slightest reporting violation has been detected by the auditor (Ancient Et Al., 2022)

In recent years, many cases in Indonesia have disappointed stakeholders. The Company prepares financial statements not in accordance with financial accounting standards and applicable regulations such as Law number 40 of 2007 concerning Limited Liability Companies and related laws or regulations. Companies deliberately carry out financial engineering by inflating financial performance by deceiving stakeholders, because stakeholders use these financial statements as decision-making material. One example of the act of submitting financial statements that are not submitted with the actual transaction, this occurs in the financial statements of a national insurance company. PT Asuransi Jiwa Adisarana Wanaartha (Wanaartha Life) has officially revoked its business license by the Financial Services Authority (OJK). In line with that, OJK found falsification of financial records produced by business actors. Corporations manipulate the financial situation so that it does not reflect the actual situation in the financial statements submitted to OJK and published. Since its establishment on May 17, 1974, PT Asuransi Jiwa Adisarana Wanaartha or known as WanaArtha Life has been providing insurance to Indonesia for more than 41 years. It offers a wide range of financial planning services for people and insurance companies. Public Accounting Firm Kosasih, Nurdiyaman, Mulyadi Tjahjo & Rekan (KNMT) has audited Wanaartha Life. The annual financial statements of PT Asuransi Adisarana Wanaartha were audited by KAP from 2014 to 2019.

METHODS

The type of research used is a type of normative legal research. Normative law is a type of research that goes through a process to find a legal regulation, legal principles, and legal doctrines that aims to answer the legal problem being analyzed. This research uses a type of normative legal research because in the writing process, researchers need laws and regulations and legal doctrines to get answers to the legal problems discussed in this study. The specification of this study is descriptive. Descriptive has the understanding, that this study explains systematically and structurally and puts forward theories related to the event or dispute being studied. The data used in this study is a type of secondary data because the data obtained is not obtained directly from the primary source, but from existing data or collected. The research approach uses a case approach or case approach to the decision of the Financial Services Authority or the Ministry of Finance. The approach to existing violations issued in the Press Release of the Financial Services Authority and the Financial Professional Development Center is carried out by studying the process of conformity between one Law and another, which relates to the problem of violations that are the object of research. Data analysis techniques in writing this thesis proposal are using qualitative data analysis techniques which means by interpreting (interpreting) the processed legal material.

RESULTS

The responsibility of public accountants for the implementation of financial statements for the 2014-2019 financial year of PT Asuransi Jiwa Adisarana Wanaartaha has been discussed in depth. As public accountants, they have professional and independent responsibilities in carrying out audit work. Financial statements must refer to applicable accounting standards, such as Public Accountant Professional Standards (SPAP) and Financial Accounting Standards (SAK), to ensure that the reports are presented correctly and correctly. Nunu Nurdiyaman, a public accountant, is subject to a license ban based on the Decree of the Minister of Finance Number 61/KM.1/2023 dated January 31, 2023

concerning Sanctions for Freezing the License of Nunu Nurdiyaman Public Accounting Firm for 15 (fifteen) Months for the Initial Period of February 28, 2023 to May 30, 2024. Nunu Nurdiyaman is a public accountant, and according to Article 3 of Law of the Republic of Indonesia Number 5 of 2011 concerning Public Accountants, she is not allowed to offer assurance and non-assurance services as long as she commits the crime. Services such as audits, reviews, and other financial statement guarantees fall under the category of assurance services. Services related to accounting, finance, and management provided in accordance with laws and regulations are considered non-assurance services. The professional standards of public accountants have stipulated that auditors have a special responsibility in detecting fraud. Based on these conditions, this study investigates personal factors that can improve auditors' ability to fulfill fraud detection responsibilities. (Announcement Number Peng-5/Mk.1/Pppk/2023 Concerning Sanctions For Freezing Licenses To Public Accountant Nunu Nurdiyaman, 2016) (Rustiarini Et al., 2021)

Public accountants are also expected to have adequate knowledge of the life insurance industry. This knowledge allows them to identify industry-specific risks and ensure that financial statements accurately reflect the company's financial position. In this case, the public accountant must conduct adequate checks and collect sufficient evidence regarding the company's financial transactions to ensure the accuracy of the reports. The cancellation of the business license of PT Asuransi Jiwa Adisarana Wanaartha (Wanaartha Life / PT WAL) was announced by the Financial Services Authority (OJK). This revocation was carried out because PT WAL could not meet the risk capital criteria set by OJK in accordance with applicable laws and regulations. This is because PT WAL is unable to obtain the required money from the company's controlling shareholder or outside investors to pay the difference between its liabilities and assets. The large gap between liabilities and assets is the result of losses that accumulate due to the sale of goods that resemble savings plans. The products sold by PT WAL clearly have unbalanced results, and the company's capacity to generate profits from its investment management is incompatible with this. PT WAL created the situation so that the public financial statements and financial statements submitted to OJK do not reflect the situation accurately. (Authority Service Finance (OJK), 2015) (Financial Services Authority, 2022)

Transparency and accountability are also important focuses in the presentation of financial statements. Public accountants may face work-related ethical issues and may also observe behavioral violations in the workplace. Public accountants have the responsibility to provide clear, complete, and accurate information to users of financial statements. This helps stakeholders, including investors, governments, and the general public, make informed and data-driven decisions. According to Article 55 paragraph 1 of Law Number 21 of 2011 of the Republic of Indonesia concerning the Financial Services Authority, "since December 31, 2012, the functions, duties, and regulations of regulation and supervision of financial services activities in the Capital Market, Insurance, Pension Funds, Financing Institutions, and Other Financial Service Institutions were transferred from the Ministry of Finance and Capital Market and Other Financial Service Institutions To maintain the independence of auditors from their clients, Public Accountant services that regulate regulations are needed (Alleyne Et Al, 2018) (Safriliana et al., 2018)

PT Asuransi Jiwa Adisarana Wanaartaha, this study highlights the responsibility of public accountants in presenting the company's financial statements accurately, transparently, and in accordance with applicable accounting standards. This research contributes in understanding the legal and normative aspects related to the duties and responsibilities of public accountants in the life insurance industry. Based on the Decree of the Board of Commissioners number KEP-5 / NB, the Financial Services Authority (OJK) has issued a Decree of Cancellation of Registered Certificate at OJK to Public Accountants (AP) on behalf of Nunu Nurdiyaman, Jenly Hendrawan, and Public Accounting Firms (KAP) Kosasih, Nurdiyaman, Mulyadi Tjahjo & Rekan (KNMT) respectively. After examining AP and KAP who have provided audit services to the annual financial statements of PT Asuransi Adisarana Wanaartha (WAL) 2014-2019, sanctions were imposed. War Article 39 letter b POJK number 13 / POJK.03 / 2017 concerning the Use of Public Accountant Services and Public Accounting Firms in Financial Services Activities (POJK 13 of 2017) states that Nunu Nurdiyaman and KAP KNMT can be subject to sanctions, including their registration marks at the OJK are revoked. Previous findings suggest that partially external locus of control, professional commitment, and

religious control decrease audit dysfunctional behavior (Financial Services Authority (OJK), 2023b) (Sulistiyo & Ghozali, 2017)

The responsibility of public accountants in presenting financial statements of PT Asuransi Jiwa Adisarana Wanaartaha with high quality. By adhering to applicable accounting standards and having adequate knowledge of the life insurance industry, public accountants can ensure that the financial statements presented provide accurate and useful information to stakeholders. That according to Article 9 letter h number 4 of Law of the Republic of Indonesia Number 21 of 2011 concerning the Financial Services Authority, "the Financial Services Authority is authorized to issue and/or revoke registered letters as referred to in laws and regulations in the financial services sector". Previous findings stated that public accountants as a profession also have an Indonesian Accountant Code of Ethics within the scope of the organization or organization of the Indonesian Institute of Accountants (IAI). (Authority Service Finance (OJK), 2023a) (Prayoga & Afrizal, 2021)

CONCLUSION

The responsibility of public accountants in presenting financial statements for the 2014-2019 financial year of PT Asuransi Jiwa Adisarana Wanaartaha is very important. Public accountants have the obligation to carry out professional and independent audit work, follow applicable accounting standards, and obtain sufficient evidence regarding the company's financial transactions. They are also expected to have an adequate understanding of the life insurance industry to be able to present accurate and relevant financial statements. Transparency and accountability in the presentation of financial statements are also very important. By providing clear, complete, and accurate information to stakeholders, public accountants assist in correct data-driven decision making. The conclusion of this study provides a deeper understanding of the responsibilities of public accountants in the context of the life insurance industry, and the importance of complying with applicable rules and standards to ensure accurate and trustworthy financial statements.

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