EXTERNAL AUDITOR ANALYSIS OF BANKRUPTCY IN ISLAMIC FINANCIAL INSTITUTIONS

Siti Kadariah¹, Agus², Muslim Marpaung³, Emi Masyitah⁴
Universitas Potensi Utama¹,², Politeknik Negeri Medan²,³
Email: 1) sitikadariah1920@gmail.com, 2) agus.saja21@yahoo.co.id, 3) muslimmarpaung@polmed.ac.id
4) emi.masyitah@gmail.com

Abstract

Corporate bankruptcy is a process carried out under bankruptcy law, when the company is unable to pay its obligations or reach an agreement with creditors. Creditors can file a lawsuit when the company meets the criteria for bankruptcy. The auditor's opinion consists of five kinds of opinions, namely unqualified (unqualified), unqualified with explanatory language (unqualified with explanatory language), qualified (reasonable), disclaimer (refusal to give an opinion), and adverse (unreasonable). In providing the five opinions above, the auditor must also consider the going concern aspect. Auditors in auditing financial statements are based on auditing standards set by the Indonesian Institute of Accountants which include (1) general standards, (2) fieldwork standards and (3) reporting standards.

Keywords: Eksternal Auditor, Bankruptcy

Introduction

Corporate bankruptcy is a process carried out under bankruptcy law, when the company is unable to pay its obligations or reach an agreement with creditors. Creditors can file a lawsuit when the company meets the criteria for bankruptcy. According to Foster quoted by Setiawan (2006): "Statement of bankruptcy is a legal problem that arises because creditors and certain other parties file a bankruptcy lawsuit". According to Kartono (1985) a debtor can be declared bankrupt must meet two conditions (1) in a state of stopping paying, namely if a debtor is unable or unwilling to pay his debts, and (2) there must be more than two creditors, where one of them receivables are collectible. Any debtor who is in a state that has stopped paying, must be declared bankrupt by a judge's decision, either on his own reporting or at the request of someone to him or at the request of the Prosecutor's Office based on the public interest as stipulated in article 1 of the Bankruptcy Law (Kartono 1985), which contains: 1. debtor", this means that the initial concerned is a debtor who fulfills the conditions stated in the article must be declared bankrupt, so it does not matter whether he is a trader or not, whether he is a legal entity or a human being, whether he is a wife, a person who are still immature or people who are still under guardianship. The type of debt is not a problem, this debt can be in the form of debt arising from trade transactions, household debt and so on. 2. In the article there is the word "who has stopped paying". The first condition that must be met does not state why he has stopped paying. So for a declaration of bankruptcy, it is not necessary to show that the cessation of payment is the result of the unwillingness or inability of the debtor concerned. According to Article 1 of the Bankruptcy Law, it must be declared bankrupt if he has met the requirements stated in the article. 3. Listed in the title "on self-reporting", at the request of a debtor or more precisely “and at the request of the prosecutor's office” paragraph (2). So the second condition that must be met for bankruptcy requirements is that there must be a request for a declaration of bankruptcy. Bankruptcy is also explained by ISDA (International Swap and Derivatives Association) as quoted by Hadad (2003) is the occurrence of one of the following events: 1. Companies that issue debt securities cease to operate (bankrupt). 2. The company is insolvent or unable to pay its debts. 3. The emergence of bankruptcy claims. 4. Bankruptcy process is in progress 5. Receivership has been appointed 6. Entrusting all assets to third parties Bankruptcy theory assumes that a perfect bankruptcy system provides quite valuable benefits for the economy. In general, there are two kinds of costs that will occur in a bankrupt company, namely direct costs and indirect costs (Hadad 2003). Direct costs are costs directly incurred by the company to pay lawyers, accountants and other professionals to restructure finances which will then be reported to creditors. In addition, the interest paid
by the company for subsequent loans which are much more expensive is also a direct cost of bankruptcy. While indirect costs are potential losses faced by companies that are facing financial difficulties, such as losing customers and suppliers, losing new projects because management concentrates on solving financial difficulties in the short term. The loss of company value when the Manager or Judge liquidates a company that still has a positive Net Present Value is also an indirect cost of bankruptcy. Seeing the direct and indirect costs of companies experiencing financial difficulties are quite high, Modern bankruptcy courts try to keep companies going concern and deal with creditors' claims as quickly as possible. The declaration of bankruptcy either at the request of the debtor himself, or at the request of the creditor or at the request of the prosecutor's office based on the public interest is made by a decision of the District Court from the residence of the debtor. In considering where people have their place of residence, Article 17 and so on of the Civil Code apply. If the declaration of bankruptcy concerns a firm, then Article 2 paragraph 3 of the Bankruptcy Law applies, which stipulates that: “The District Court in which the Company's Office is located is the party in power. “With respect to Limited Liability Companies (PT), reciprocal companies, associations, cooperatives or other associations with legal entities and foundations known as residences are places where companies or associations are domiciled (Article 2 paragraph 7 of the Bankruptcy Law). According to Kartono (1985) the steps to declare the bankruptcy of a company are: 1. The decision must be pronounced in a trial open to the public. 2. It can be carried out first on the existence of a decision letter, even though a legal action is advanced against the decision (article 4 paragraph 3 of the Bankruptcy Law) in the decision. 3. One of the Judges of the District Court is also appointed as a Supervisory Judge in bankruptcy matters (article 13 paragraph 1 of the Bankruptcy Law) "Balai Harta Peninggalan", who by law becomes Commissioner, who is given the task of managing and supervising the bankruptcy estate (article 67 paragraph 2 of the Bankruptcy Law) under the supervision of the Supervisory Judge (article 63 of the Bankruptcy Law).

Auditor's Opinion In carrying out general assignments, the auditor is tasked with providing an opinion on the company's financial statements. The opinion expressed is a statement of fairness, in all material respects, the financial position and results of operations and cash flows in accordance with generally accepted accounting principles. The audit opinion is an integral part of the audit report. The audit report is very important in an audit or other attestation process because the report informs the user of information about what the auditor did and the conclusions he reached (Setiawan, 2006) SPAP No. 29 paragraph 04 (IAI 2001), which states the essence of the fourth reporting standard which reads that the auditor's report must contain a statement of opinion on the financial statements, if an opinion cannot be given, the auditor must provide the reasons. In the auditor's report, an auditor must also explain the limitations of the auditor's responsibilities and the nature of the work performed. Auditor's opinion is a source of information for parties outside the company as a guide for decision making. For potential investors, the auditor's opinion on the financial statements is one of the important considerations in making investment decisions. The auditor's opinion consists of five kinds of opinions, namely unqualified (unqualified), unqualified with explanatory language (unqualified with explanatory language), qualified (reasonable), disclaimer (refusal to give an opinion), and adverse (not fair). In providing the five opinions above, the auditor must also consider the going concern aspect. Auditors in auditing financial statements are based on auditing standards set by the Indonesian Institute of Accountants which include (1) general standards, (2) fieldwork standards and (3) reporting standards. The auditor considers whether based on the audit procedures performed, there are doubts about the company's ability to continue as a going concern. If the auditor has doubts about the viability of the business unit, the auditor must obtain information about the proposed management plan to address the problem and it is probable that the plan will be effective, auditors must also consider the going concern aspect. Auditors in auditing financial statements are based on auditing standards set by the Indonesian Institute of Accountants which include (1) general standards, (2) fieldwork standards and (3) reporting standards. The auditor considers whether based on the audit procedures performed, there are doubts about the company's ability to continue as a going concern. If the auditor has doubts about the viability of the business unit, the auditor must obtain information about the proposed management plan to address the problem and it is probable that the plan will be effective. Auditors in auditing financial statements are based on auditing standards set by the Indonesian Institute of Accountants which include (1) general standards, (2) fieldwork standards and (3) reporting standards. The auditor considers whether based on the audit procedures performed, there are doubts about the company's ability to continue as a going concern. If the auditor has doubts about the viability of the business unit, the auditor must obtain information about the proposed management plan to address the problem and the
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Research Method

The method used is descriptive qualitative (Review of the Need for a Public Accountant Sharia Code of Ethics). An accountant is given the mandate to carry out his profession in accordance with the code of ethics that already exists in SPAP section 100, where accountants have independence. In carrying out their duties, KAP members must always maintain a mental attitude of independence in providing professional services, which must be independent in fact and in appearance. An auditor must have integrity and objectivity, where in carrying out his duties the auditor must be free from conflicts of interest, must not allow material misstatement factors that he knows (SPAP section 100). The code is very clear about its limitations, it's just that the personal auditor is not able to carry out his profession according to the code of ethics that has been set. The measure that the auditor performs his professional function ethically is the extent to which the auditor follows the truth, is honest, behaves well, maintains integrity, independence, works carefully and is always aware of the importance of professional values in every process of carrying out his functions (Harahap, 2003). When an auditor gives an opinion on the audited financial report, the auditor first evaluates the going concern aspect of the audited entity. Figure 4.1 provides guidance for considering a statement of opinion in the event that the auditor faces doubts over the entity's ability to continue as a going concern, the following guidelines are presented (SPAP No. 30 section 341): 1. The auditor considers whether the results of the procedures performed in planning, gathering audit evidence for various audit objectives, and completing the audit can identify circumstances or events that, on the whole, indicate substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. Auditors need additional information about conditions and events along with evidence that supports information that reduces the auditor's doubts. 2. If the auditor believes that there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, he or she shall a) Obtain information about management's proposed plans to reduce the impact of these conditions and events. b) Determine whether it is probable that the plan can be effectively implemented. 3. After the auditor has evaluated management's plans, he or she must conclude whether he has significant doubts about the entity's ability to continue as a going concern for a reasonable period of time.

Results and Discussion

Auditor's Opinion In carrying out general assignments, the auditor is tasked with providing an opinion on the company's financial statements. The opinion expressed is a statement of fairness, in all material respects, the financial position and results of operations and cash flows in accordance with generally accepted accounting principles. The audit opinion is an integral part of the audit report. The audit report is very important in an audit or other attestation process because the report informs the user of information about what the auditor did and the
conclusions he reached (Setiawan, 2006) SPAP No. 29 paragraph 04 (IAI 2001), which states the essence of the fourth reporting standard which states that the auditor's report must contain a statement of opinion on the financial statements, if the opinion cannot be given, the auditor must provide the reasons. In the auditor's report, an auditor must also explain the limitations of the auditor's responsibilities and the nature of the work performed. Overview of the Need for a Sharia Code of Ethics for Public Accountants An accountant is given the mandate to carry out his profession in accordance with the code of ethics that already exists in SPAP section 100, where accountants have independence. In carrying out their duties, KAP members must always maintain a mental attitude of independence in providing professional services, which must be independent in fact and in appearance. An auditor must have integrity and objectivity, where in carrying out his duties the auditor must be free from conflicts of interest, must not allow material misstatement factors that he knows (SPAP section 100).

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a) Obtain information on the proposed management plan to reduce the impact of these conditions and events.

b) Determine whether it is probable that the plan can be effectively implemented. 3.
3. After the auditor has evaluated management's plans, he or she must conclude whether he has significant doubts about the entity's ability to continue as a going concern for a reasonable period of time.

Thus, the entity that received the auditor's opinion should have evaluated its business continuity first. But in fact, many financial statements of a company received unqualified opinions from public accountants, even after the opinion was published, the company went bankrupt (Simajuntak, 2007). On that basis, the author proposes that all accountants should be guided by a code of ethics based on sharia. Because with the implementation of the sharia code of ethics, public accountants practice fraud or dishonesty committed by auditors can be minimized. With the sharia code of ethics the effectiveness of supervision or monitoring can be increased with their respective awareness because they have realized that there is someone who supervises them directly, namely Allah SWT. All shareholder and stakeholder interests can be protected, as a means to provide confidence about the higher quality of accountant services. Below the author proposes a model of the sharia code of ethics for public accountants derived from Islamic sharia.

Sharia Auditors and Their Foundations So far, accountants have professional ethical standards that are continuously maintained, maintained, revised and emphasized in every education, training, textbook or other standards. However, professional ethics which so far have only been based on the philosophy of rationalism, materialism, so that it often happens that auditors still often do things that are not commendable so as to damage their good name and the good name of the profession as a whole. The implementation of professional ethics supported by religious beliefs is considered to further strengthen the auditor's commitment in carrying out his professional functions. So that it can suppress various ethical violations committed by auditors that damage the name of the profession and reduce public trust. (Harahap, 2003). Sharia audit is an independent body that has specialization capabilities in the field of fiqh muamalah which is trusted to guarantee that Islamic Financial Institutions are based on sharia principles. Where sharia law is the basis of Islamic financial institutions (Accounting & Auditing Organization for Islamic Financial Institutions, 1998). In conducting sharia legal audits, legal auditors are required to know not only Islamic law and Fiqh, but also positive laws that apply nationally and internationally. The interaction between law and Islamic Fiqh with positive laws is made possible by the existence of some similarities in the rules and applicable legal ethics. However, Islamic law and Fiqh are the main reference
priorities. Allah's Word in the Qur'an Surah Al Baqarah verse 282, says: "O you who believe, if you don't do mu'amalah in cash for a specified time, you should write it down. And let a writer among you write it correctly. And let the writer not be reluctant to write it down as Allah has taught it, so let him write, and let the debtor obey (what is to be written), and let him fear Allah his Lord, and let him not reduce anything from his debt. If the debtor is a person who is weak in mind or weak (his condition) or he himself is not able to enforce it, then his guardian should be honest. And bear witness with two witnesses from the men among you. If there are not two men, then (permissible) a man and two women from the witnesses whom you are pleased with, so that if one forgets, another will remind him. Do not let the witnesses be reluctant (to testify) when they are summoned; and do not get tired of writing down the debt, whether small or large, until the deadline for paying it. That is more just in the sight of Allah and closer to not (causing) your doubts, (Write your mu'amalah), unless your mu'amalah is a trade that you carry out among yourselves, then there is no sin for you, (if your ) you didn't write it. And bear witness when you buy and sell; and let not the writer and the witness make it difficult for each other. If you do (that is), then indeed it is an act of disobedience to you. And fear Allah; God teaches you; and Allah is Knower of all things. The word of God in the same Surah the next verse still further confirms the contents of this verse. (Yasni, M. Gunawan. Sharia Audit – An Thought, 2006) Sharia legal audit, as well as conventional legal audit, in conducting an examination of the legal validity of an activity has the basis of notarial documentation in accordance with the agreed legal basis. The Qur'an Surah Al Baqarah verse 282 above emphasizes many things that are mu'amalah. Of course, mu'amalah in question is mu'amalah which pays attention to the criteria of halalan thayyiban according to sharia as regulated in the verses of other surahs. So that the sharia legal audit becomes wider in scope compared to conventional legal audits which mostly assess the legal validity of an activity based on notarial documentation on the basis of local law.

Conclusion
The auditor's opinion consists of five kinds of opinions, namely unqualified (unqualified), unqualified with explanatory language (unqualified with explanatory language), qualified (reasonable), disclaimer (refusal to give an opinion), and adverse (unreasonable). In providing the five opinions above, the auditor must also consider the going concern aspect. Auditors in auditing financial statements are based on auditing standards set by the Indonesian Institute of Accountants which include (1) general standards, (2) fieldwork standards and (3) reporting standards. The auditor considers whether based on audit procedures carried out shows doubts about the company's ability to maintain its viability, this is also a consideration in determining bankruptcy in a company.

References
Opini Auditor Independent. Skripsi (tidak dipublikasikan) Fakultas Ekonomi Sekolah Tinggi Ilmu Ekonomi Perbanas (tidak dipublikasikan).


