

## Auditing Service Opportunities in E-Business

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**Abstract.** This research is conducted to analyse the development of Information Technology System in Indonesia and its influence on the audit services business in financial statements and the audit services business opportunities in the development of Information Technology (IT). We used a descriptive method as a problem solving procedure that was investigated by describing the state of the subject or object in this study based on the facts that emerged or the results obtained. Information in financial statements is kept confidential by the company. However, electronic media are public media, which tend not to maintain the confidentiality of financial statements. Therefore, restricting the transactions or exchange of information in electronic media is necessary to maintain the financial statements. Audit results from auditors can be used by the company as a material to improve the system and the effectiveness of internal control.

### 1. Introduction

Financial statements are records of financial information in an accounting period. Accounting is the process of recording transactions, classification, inspection, and presentation in certain ways. Financial transactions that occur in other companies or organizations and interpretations' results [1] are needed by all companies ranging from Micro, Small, and Medium Enterprises. This is because with the existence of financial statements, it can help position holders to be able to find information related to the financial position, performance, and changes or making a decision. However, circumstances of the financial statements do not reflect the actual condition of the company because the report does not comply with accounting standards. Therefore the financial statements need to be audited to examine the financial statements in order to provide an opinion regarding the presentation of the company's financial statements. The auditor is expected to audit the financial statements and provide assurance that the information found in the report has not been compromised, intentionally or unintentionally [2].

These days, online business is developing rapidly. Information technology is a thing that helps people to do their jobs easier. Some of the advantages from Information Technology (IT) for Business are making businessman closer to consumers, helps to reduce costs, and makes businesses to become more flexible [3]. Information technology also unites computing and high-speed communication for various data that will be processed [4]. In addition to opportunities in the business of buying and selling goods, this opportunity can also be utilized by service providers. for example, is grab as one of the transportation applications in Indonesia. Utilization of Information and Communication Technology can also be an example for other service businesses and for auditing services business. At this time, Fraud in financial statements has increased rapidly the adverse impact not only on individual investors but overall global economic stability. Despite minor variations in definition, financial statement fraud is defined by the Association of Certified Fraud Examiners as "intentional, misstated or omitted material facts, or misleading accounting data that will cause readers to change or amend it judgment or decision [5]. Economically, financial fraud is raising big problems and to detect

accounting fraud has always been an important but complex task for professional accounting. Internal auditing for finance in companies has become increasingly demanding activity and there is a sample evidence that falsifying accounting book practices around the world have been applied to commit financial fraud [6]. The combination of unreliable information risk and its benefits from auditing creates a natural demand for audits and related services that arise as a result of economic forces, human nature, and the need to make decisions based on information. In other words, the demand for auditing is rooted in the capitalist market system, and some level of auditing will exist even if there are no legal requirements for companies to conduct audits [7]. Transaction control and testing allows the auditor to actively detect and investigate exceptions as they occur rather than react after an exception has occurred for a long time. Transactions involving internal control of violations and transaction anomalies can be cancelled or suspended in real time until investigated by the auditor. Therefore, ongoing audits can be considered as proactive rather than reactive audits [8].

This research is conducted to analyse the development of Information Technology System in Indonesia and its influence on the audit services business in financial statements and the audit services business opportunities in the development of Information Technology (IT), with descriptive method as a problem solving procedure that was investigated by describing the state of the subject or object in this study based on the facts that emerged or the results obtained.

## **2. Method**

This research used descriptive method to describe the influence of the use of Information Technology (IT) in providing business opportunities based on Information Technology (IT) services.

## **3. Results and Discussion**

The quality of auditing will be determined by two things, the first is competence and the second is independence. In providing services for public accountants in Indonesia there are technical standards which are guidelines in providing services for a public accountant in Indonesia issued by SPAP (Public Accountant Professional Standards). It consists of fieldwork standards, general standards and reporting standards and their interpretations. Audit services are also divided into 2 types [6].

### **3.1 Assurance services**

Assurance services are service that is useful to improve the quality of information and provide guarantees for decision makers. For example is a ratification service or approval or assessment of competent and independent related parties in accordance with the agreement. The ratification service is divided into 5 categories, the first is a generally accepted audit, and the second is the ratification of internal control over financial reporting. This is done in the United States, where for the ratification of internal control, while the management of internal coordination has been applied and developed a link requested. Auditors will only provide financial reports by comparing the degree of certainty that will be audited. Therefore, there will be a little evidence of what is needed. The fourth is information services about technology in management will look for information about the relevance and security of electronic information. The development of internet information technology and electronic commerce has made this type of guarantee. Many e-business functions, such as ordering, payment and electronic transactions, use electronic data interchangeably. Therefore, information transactions will be used together, online and in real time, parties related to the business will ask for higher certainty regarding the transactions, information and security systems that protect them, and finally other attestation services are found with endorsements. In general cases, the organization being audited will give a statement before the accountant gives authorization (Table 1).

**Table 1. Other Assurance Services.**

Examples of Other Assurance Services	
Other Assurance Services	Service Activities
Control of risks related to investment, including policies relating to derivatives	Assess processes in a company's investment practices to identify and determine the effectiveness of these processes Make purchases anonymously to assess the efforts of salespeople who are dealing with customers and the procedures they follow
Mystery shopping	Assess processes in a company's investment practices to identify and determine the effectiveness of these processes Make purchases anonymously to assess the efforts of salespeople who are dealing with customers and the procedures they follow
Risk assessment of the collection, distribution and storage of digital information	Assess the security and control risks associated with electronic data, including the adequacy of supporting storage and offsite
Fraud risk assessment and illegal actions	Creating a profile of fraud risk and assessing the adequacy of company systems and policies in preventing and detecting fraud and illegal actions
Compliance with trade policies and procedures	Review transactions between trading partners to ensure that the transaction is in accordance with the agreement, identifying risks in the agreement
The need for entertainment royalty agreements	The need for entertainment royalty agreements
Environmental audit	Assess whether company policies and practices ensure that the company meets environmental standards and laws

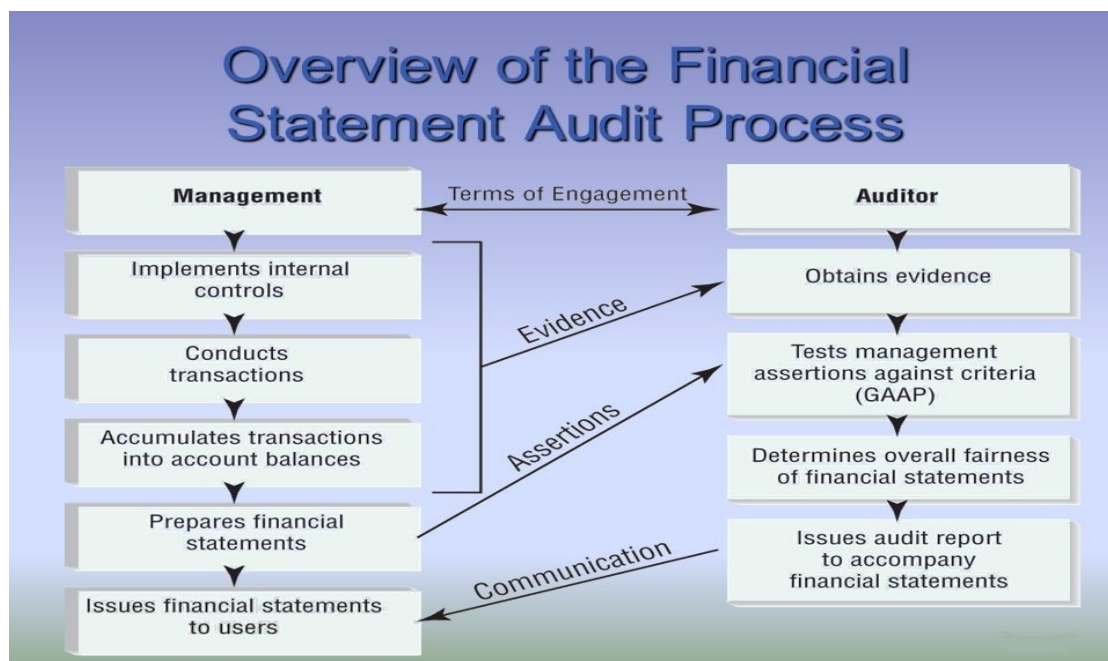
### 3.2 Non-assurance services

In addition to services that provide guarantees of services produced by the auditor in which provides an opinion, belief, and summary of findings or other forms of confidence. The types of non-assurance services produced by auditors include taxation services, compilation services, and consulting services. In taxation services, the services provided include assistance by auditors regarding tax reporting, tax filing, income tax or tax planning. Consultation services can include services such as consultations, advisory services, implementation services, transaction services, staffing services, and other support services.

The influence of the development of Information Technology on audits also has influenced the way companies to collect data as well as the process and report of financial information. It is often found that there is more stored data in electronic media than paper media. In this case, the stored data has been divided into 2 systems (Traditional and Modern) although Information Technology (IT) can improve the company's internal. However, it also raises the risk of risks to the system Information technology in financial statements such as misstatements that may increase due to the loss of audit trails and reduced involvement with humans. Reduced human involvement in Information Technology (IT) systems also has an impact where employees who are involved with the initial processing will not see the result. Since it will be difficult to identify errors in the presentation process

Electronic business (e-business) can be defined as usage internet to the network and empower business processes, electronic trade, organizational communication and collaboration in a companies and with customers, as well as suppliers and other stakeholders. E-business uses the internet, intranet, extranet, and other type of networks to support their commercial processes [9]. In short electronic commerce (e-commerce) is the buying and selling of products or services through a computer network. Thus, the company can have a larger space that can access customers through one technology. For example is with internet access on mobile phones, consumers can access information and communicate with providers of goods or services from all locations. Information technology also allows companies or organizations to coordinate simultaneously in economic activities in various locations and go beyond traditional organizational boundaries. Business opportunities Innovative business models can create new markets or allow companies to create and exploit new opportunities in existing markets such as implementing customer-driven business models that are linked through retail stores [10]. In running a business, you still have to compete with other businesses to get the attention

of the consumer or audience. The internet is a competitive market. While only a few ideas can produce a part of the contribution, the first thing to discuss is that this marketing system is needed to get market awards that can be reached with businesses that are going to be opened. However, it needs to be taken into consideration as well. The third is competition or competitors in running a competitive business competition to take advantage of the company's existence that needed fast development. In this case the company needs to be dynamic not to lose compete with competitors (Figure 1).

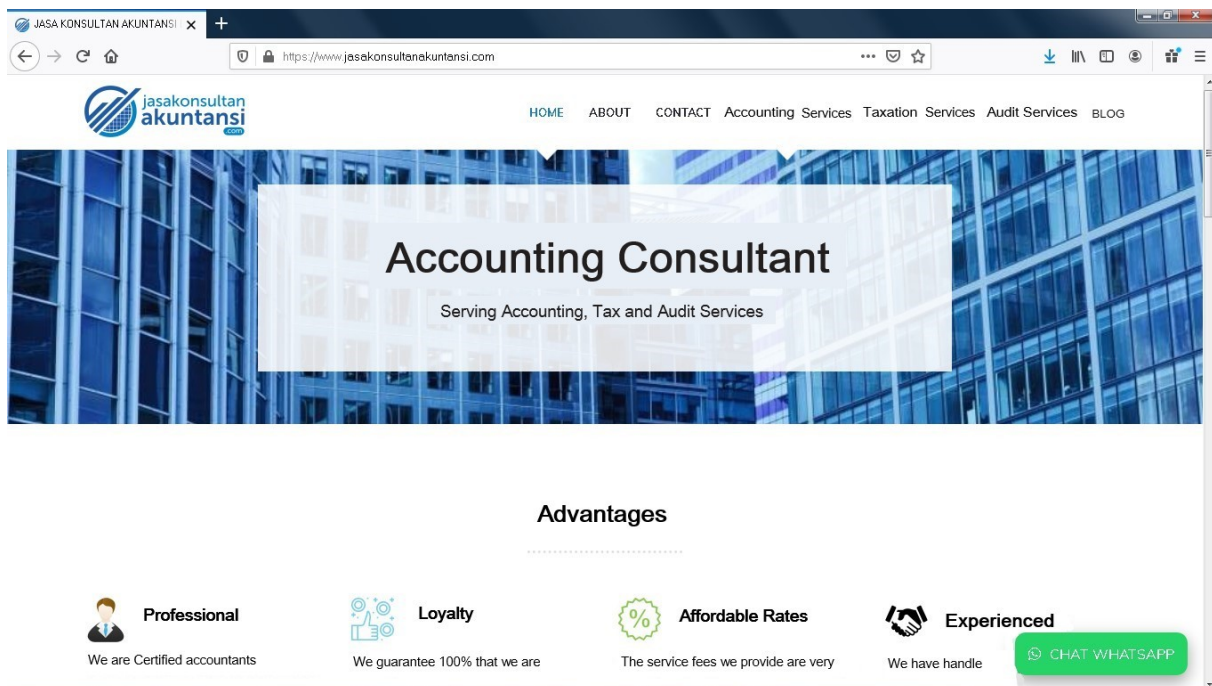


**Figure 1.** Overview of the Financial Statement Audit Process

In Figure 1, the audit ensures that the financial statements are presented correctly and accurately. While external audits are involved here to provide an opinion on the company's financial statements presented. After that, the audit provides an opinion regarding the financial statements. This can have an impact on the rise or fall of the level of investors or lenders'. In this case, the influence of Information Technology can reduce the burden on the company.

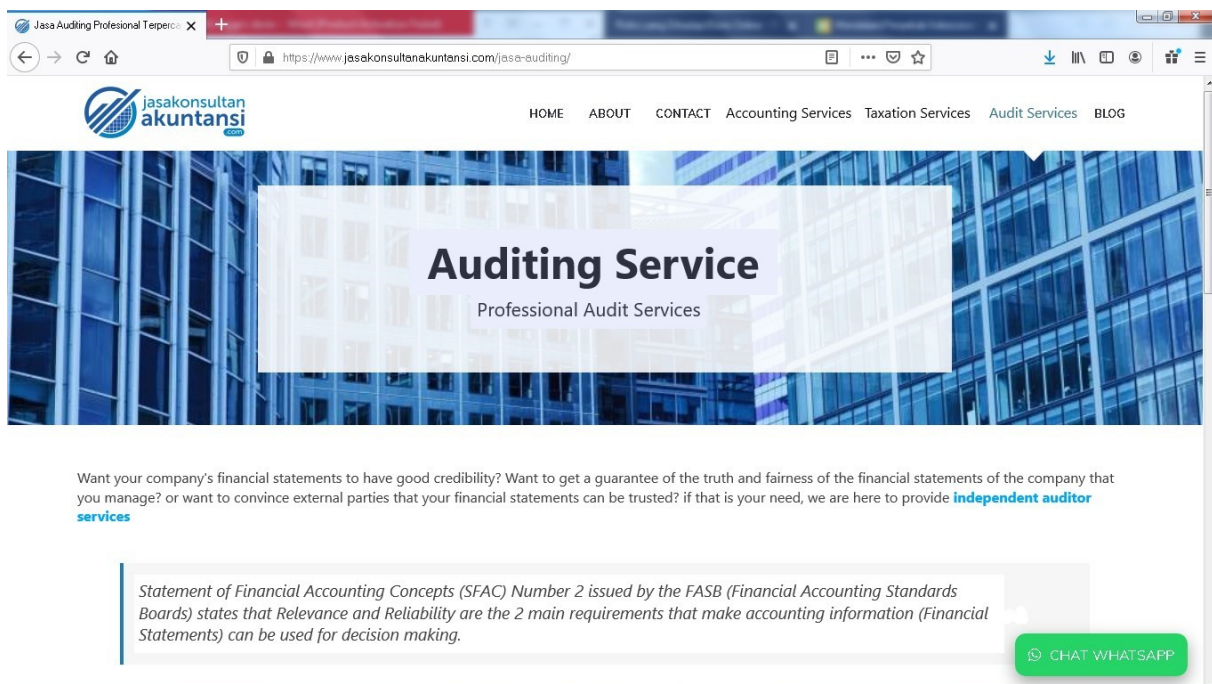
Furthermore, in an effort to make financial statement auditing services become one of the e-businesses where transactions are carried out through electronic media. There are some irrevocable provisions whereby the auditor must have all the supporting information related to the financial statements as a basis for expressing opinions. The evidence required must included a persuasive information where there is an auditor's calculation of traded securities and less persuasive information besides supporting evidence such as diaries, ledgers, memos, notes and supporting books that support cost allocation and calculation. Decisions taken by an auditor must be based on audit evidence contained according to the supporting evidence that is mentioned earlier equally strong. If the auditing transaction will be done online, it will reduce the energy and save time (Figure 2).





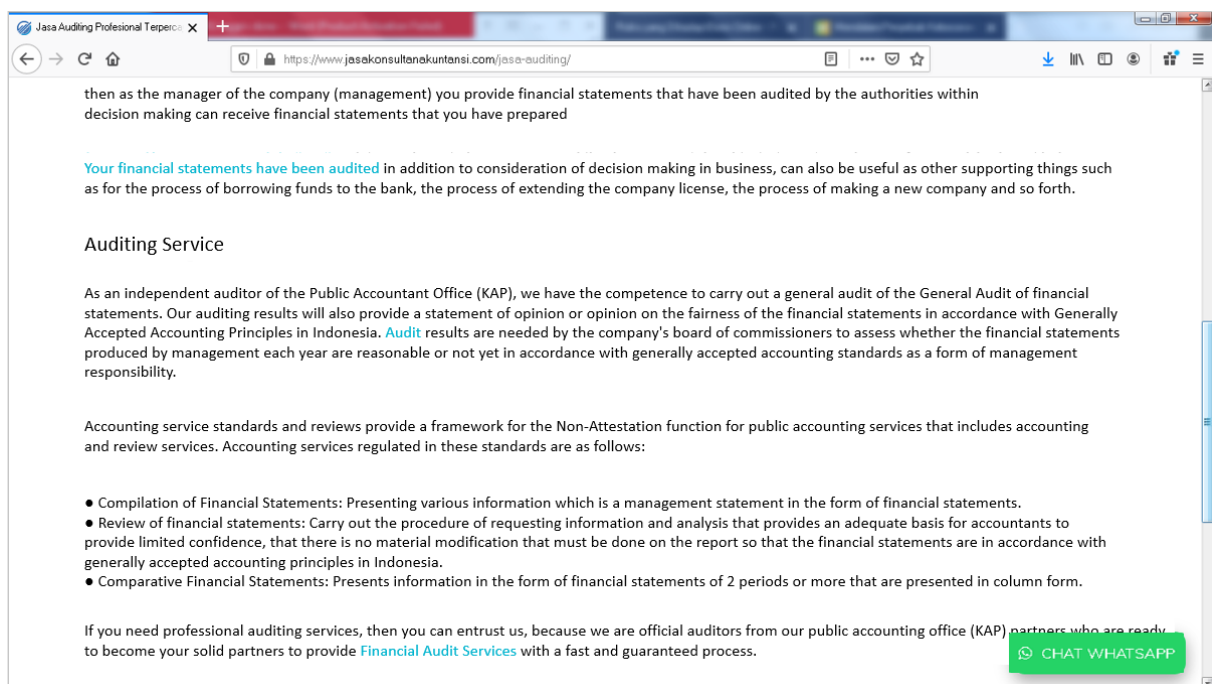
**Figure 2.** Example Website Auditing Services

This is an example of auditing service provider website. It can be seen that the figure contains columns of services provided by the company including the taxation and audit services (Figure 3).



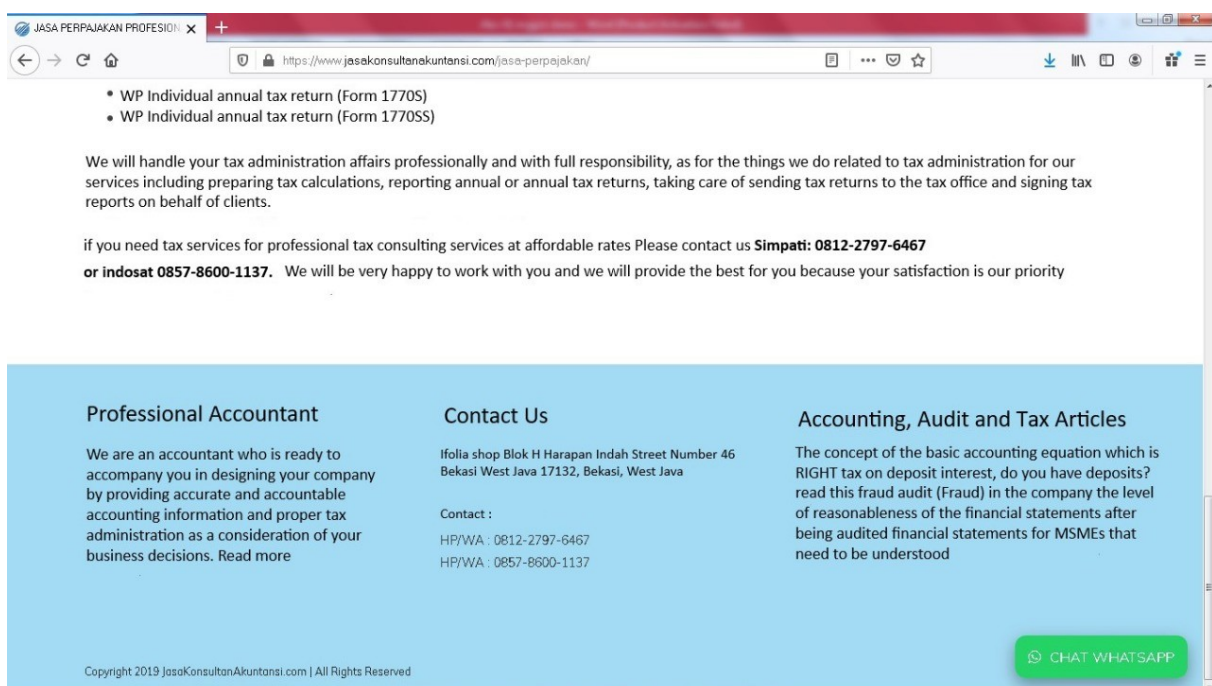
**Figure 3.** Example Website Auditing Services

In figure 3, you can see the display when you press the auditing service button, and in figure 4 shows the appearance and content of the auditing service display. It is shown in the figure that the content of the display is an explanation of what auditing services are. What are the advantages when a financial statement has been audited and explains the auditing service standards.



**Figure 4.** Example Website Auditing Services

In Figure 5, it can be seen that in the last column there are contacts from companies that can be contacted if they are interested in using auditing services at the company. It can be seen that this company is using information technology opportunities as an expansion of information from services offered by the company.



**Figure 5.** Example Website Auditing Services

#### 4. Conclusion

By looking at service business opportunities due to the ease of Information Technology (IT) the auditing service business has a good potential in e-business but the constraints regarding information security will limit transactions if it will be done through electronic media. Therefore, adding a contain might be needed to broader this auditing service website.

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