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Analysis of XYZ KAP Auditors Understanding of the Implementation of Private Entity SAK (SAK EP)

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Abstract: Abstract Private Entity Financial Accounting Standards (SAK) are prepared to meet the financial reporting needs of private entities. The implementation of Private Entity Financial Accounting Standards (SAK EP) which will be enforced in 2025 requires auditors to have a deep understanding of the standards. This study aims to analyze the level of understanding of auditors at XYZ Public Accounting Firm (KAP) towards SAK EP. The research method used is a quantitative approach using a questionnaire as a data collection instrument. The questionnaire was distributed to auditors to measure their level of knowledge about the basic concepts, principles, and application of SAK EP in the financial statement audit process. This study is expected to provide an overview of auditor readiness in facing the implementation of SAK EP and become a basis for designing more effective training programs in the future.

Keywords: Auditor Understanding, Private Entity SAK, Public Accounting Firm, Financial Statements, Quantitative Methods.

INTRODUCTION

The implementation of Financial Accounting Standards (SAK) is a strategic step to ensure the quality of reliable, relevant, and global practice financial reports (Hidayati et al., 2023). One of the important innovations in accounting standards in Indonesia is the presence of SAK Private Entities (SAK EP), which is specifically designed for entities with simpler characteristics compared to public entities (Kamil et al., 2024). This standard will be implemented in 2025 to improve the understanding and efficiency of financial statement presentation by entities that meet these criteria.

SAK Private Entities (SAK EP) is an accounting standard specially prepared for private entities in Indonesia and will come into effect in 2025 (Sulistyawati, 2024). Standar ini dikembangkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia (DSAK-IAI) dengan tujuan memberikan pedoman yang jelas bagi entitas privat dalam menyusun laporan keuangan yang relevan, andal, dan sesuai dengan kondisi bisnis di Indonesia (Ikatan Akuntansi Indonesia, 2021). SAK EP dirancang untuk entitas privat yang tidak memiliki akuntabilitas publik signifikan, tetapi tetap memerlukan standar dalam menyusun laporan keuangan yang terstruktur dan dapat dipertanggungjawabkan. Berbeda dengan SAK Umum

yang lebih kompleks dan diterapkan oleh entitas dengan akuntabilitas publik, SAK EP menawarkan penyederhanaan dalam berbagai aspek, seperti dalam pengakuan aset tetap, depresiasi, dan pengakuan pendapatan. Penyederhanaan ini bertujuan untuk mempermudah entitas privat, terutama usaha kecil dan menengah (UKM), dalam memenuhi kewajiban pelaporan keuangan tanpa harus mengikuti standar yang rumit dan tidak relevan dengan kebutuhan mereka.

This standard was developed by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK-IAI) with the aim of providing clear guidelines for private entities in preparing financial statements that are relevant, reliable, and in accordance with business conditions in Indonesia (Indonesian Accounting Association, 2021). SAK EP is designed for private entities that do not have significant public accountability, but still require standards in preparing structured and accountable financial statements. In contrast to the more complex General SAK and implemented by entities with public accountability, the SAK EP offers simplification in various aspects, such as in the recognition of fixed assets, depreciation, and income recognition. This simplification aims to make it easier for private entities, especially small and medium-sized enterprises (SMEs), to meet their financial reporting obligations without having to follow complicated standards that are irrelevant to their needs.

Through the implementation of SAK EP, private entities are expected to be able to prepare simpler financial statements, but still accurate and in accordance with applicable accounting principles. The standard also aims to increase financial transparency and accountability for private entities, even if they are not bound by the same regulations as entities listed on the capital market or have publicly traded financial instruments. The scope of application of SAK EP includes private entities that are not involved in activities with significant public accountability (Susanti et al., 2023). These entities generally consist of small and medium-sized companies that do not issue financial instruments to the public and are not regulated by public financial authorities (Maulana & Marismiati, 2023). The main focus of SAK EP is on basic accounting aspects, such as the presentation of financial statements which include financial position statements, income statements, cash flows, and changes in equity (Nuraini, 2022). In addition, this standard provides guidance related to the recognition and measurement of assets, liabilities, revenues, and expenses with more limited disclosure compared to the General SAK (Khairiyah et al., 2024; Suhendar et al., 2023).

In this context, the role of the auditor is very important to ensure that the audited entity is able to meet the requirements of SAK EP appropriately (Pratama et al., 2024). Auditors must have a deep understanding of this new standard in order to provide accurate assessments and recommendations during the audit process. However, changes in accounting standards often present challenges, especially related to the auditor's adaptation and understanding of applicable regulations (Iluwati et al., 2022).

In this context, the role of the auditor is very important to ensure that the audited entity is able to meet the requirements of SAK EP appropriately. Auditors must have a deep understanding of this new standard in order to provide accurate assessments and recommendations during the audit process. However, changes in accounting standards often present challenges, especially related to the auditor's adaptation and understanding of applicable regulations.

This study focuses on KAP XYZ as a case study to examine the extent of auditor understanding of the implementation of SAK EP. This KAP was chosen because of its reputation in handling various private entities that are relevant to the implementation of SAK

EP. This study aims to explain the level of auditor understanding, identify factors that influence this understanding, and evaluate the auditor's readiness to apply SAK EP in the audit process.

The results of this study are expected to provide practical contributions to KAP in improving the quality of auditor training and coaching related to new standards, as well as providing academic insight into the relationship between auditor understanding, training, and the effectiveness of the audit process.

METHODS

This study uses a descriptive quantitative approach to measure and describe the understanding of auditors at KAP XYZ regarding the implementation of Private Entity Financial Accounting Standards (SAK EP) (Arikunto, 2017). This method was chosen because it is able to provide measurable and objective results, in accordance with the objectives of the study which aims to identify the extent to which auditors understand and apply SAK EP in their audit tasks.

The main instrument used in this study is a questionnaire designed to measure the understanding of auditors at KAP XYZ regarding the implementation of Private Entity Financial Accounting Standards (SAK EP). This questionnaire is compiled based on key indicators related to the knowledge, experience, and readiness of auditors in implementing SAK EP in the audit process. Each statement or question in the questionnaire is designed using a Likert scale, which allows respondents to state their level of agreement with the statement submitted, with various answer choices, such as "Yes", "No", "Uncertain", This makes it easier to analyze data quantitatively.

The population in this study is all auditors working at KAP XYZ, who actively conduct financial statement audits for various clients. Based on KAP internal data, the total number of auditors is 30 people, consisting of junior auditors, senior auditors, and audit managers. This population was chosen because they have a direct role in the implementation of Private Entity Financial Accounting Standards (SAK EP) in the audit process.

This study uses a purposive sampling method to determine the sample. This technique is used because the study aims to take samples based on certain criteria that are relevant to the research objectives. The criteria for auditors selected as samples are:

1. Auditors with at least 1 year of work experience in the field of financial statement audit.
2. Auditors who have attended training or socialization related to SAK EP.
3. Auditors who are actively involved in the client's financial statement audit process.

From a total population of 30 auditors, 20 auditors met the above criteria and were taken as research samples. With this number, the research sample represents approximately 67% of the total population, so it is considered representative enough to describe the auditor's understanding of SAK EP.

RESULTS AND DISCUSSION

Respondent Description

In this study, data were collected from 30 respondents who were auditors at KAP XYZ. Respondents consisted of junior auditors, senior auditors, and partners who had varying experiences. The main purpose of this description is to provide an overview of the characteristics of the respondents to ensure the validity and relevance of the data obtained.

1. Auditor Position:
   a. Junior Auditor: 40% (12people)
   b. Senior Auditor: 50% (15people)
   c. Partner: 10% (3people)
2. Work Experience:
   a. < 2 years: 20% (6people)

b. 2-5 years: 50% (15people)
c. 5 years: 30% (9people)

3. Pendidikan Terakhir:
   a. Bachelor of Accounting: 80% (24people)
   b. Master of Accounting/Finance: 20% (6people)

Analysis of Research Results

Auditor Understanding of SAK EP

The results of the questionnaire indicate that most auditors have a good basic understanding of SAK Private Entities (SAK EP). The following is a summary of respondents' answers based on question categories

Tabel 1. Research Results Table

Question Category	Yes	No	Doubtful
Know what SAK EP is	25	3	2
Know the right time for the application of SAK EP	20	8	2
Understanding the differences between SAK EP and SAK General	22	5	3
Understand the structure of the SAK EP report	18	9	3
Feel the need for additional training related to SAK EP	27	2	1

Most respondents (83%) understood the definition of SAK EP, indicating that the dissemination of this standard was quite effective. However, there are some auditors who do not know when the SAK EP will come into effect, which indicates a lack of information regarding the implementation of the standard.

In terms of the difference between SAK EP and SAK General, senior auditors tend to have a better understanding than junior auditors. This shows that the level of experience plays an important role in improving understanding of the differences in accounting standards. Most respondents also acknowledged the need for additional training to improve their competence in implementing SAK EP. This reflects the awareness that continuous training is necessary so that auditors can carry out their duties more effectively and in accordance with applicable standards.

Implementation of SAK EP In Financial Report Audit

Based on the results of interviews and observations, KAP XYZ has taken initial steps in implementing SAK EP in the audit process, although it has not been fully implemented.

1. Internal Socialization:
   a. Internal training has been provided to auditor staff, especially junior auditors, to introduce the concept of SAK EP.
   b. Audit work documentation has begun to be updated to include SAK EP-based guidelines.
2. Constr0aint:
   a. Lack of client understanding: Many entities are not fully prepared to implement SAK EP.
   b. Limited internal resources: Auditors need additional time to understand the new standard.

Discussion of Research Findings

1. Auditor’s Understanding Of SAK EP:

The findings show that the majority of auditors understand the basic principles of SAK EP, but there is still a need for further training to ensure consistent application of the standards.

2. Challenges Faced By Auditors In Implementing SAK EP

Several challenges were found that auditors faced in implementing SAK EP, including:

a. Limited Training and Socialization:

Auditors reported that training on SAK EP was not sufficient to understand comprehensively. This is especially true for technical aspects, such as the preparation of client financial statements based on this standard.

b. Client Understanding Constraints:

Most KAP clients are not ready to implement SAK EP. Clients require additional guidance from auditors to ensure compliance with this standard.

c. Short Transition Time:

Auditors stated that the time given for the transition to SAK EP was considered inadequate, thus complicating the internal adjustment process

3. The Impact of Implementing SAK EP on Audit Quality

The implementation of SAK EP showed positive and negative impacts on audit quality at KAP XYZ. Positive impacts include increased transparency of financial statements and compliance with international standards. However, several auditors reported that the initial implementation of SAK EP increased audit time and reduced efficiency. Despite the challenges in implementation, the implementation of SAK EP in general

CONCLUSION

The study on auditors at KAP XYZ regarding the implementation of SAK Private Entities (SAK EP) reveals several key insights. Firstly, the majority of auditors demonstrate a solid understanding of the fundamental concepts and principles of SAK EP. This reflects effective dissemination and education efforts regarding the standard. However, an information gap persists, particularly among junior auditors, who lack comprehensive knowledge about the specific details of SAK EP's implementation and how it differs from the general SAK (SAK Umum). This highlights the need for more targeted training and mentorship to bridge the gap between senior and junior auditors.

Secondly, the study identifies significant challenges in implementing SAK EP. One of the primary obstacles is the readiness of clients to adopt the new standard, coupled with the limited resources available to support effective implementation. While most auditors feel the transition period provided is adequate, there is still concern about the lack of sufficient resources, which could hinder the process. To address this, more training and resource allocation are essential to ensure clients are well-prepared and capable of adapting to the new standard.

Thirdly, the study highlights the impact of SAK EP on audit quality. Auditors generally agree that SAK EP enhances the transparency of financial reports and aligns with international standards, contributing positively to audit quality. However, the implementation process demands greater resources and has affected audit efficiency. Some auditors report that audit procedures take longer under the new standard, suggesting that while the quality of audits improves, the process becomes less efficient. This underscores the need for further adjustments in audit practices to strike a balance between efficiency and maintaining high audit quality.

In conclusion, although auditors at KAP XYZ possess a good level of understanding of SAK EP, the successful implementation of this standard depends heavily on enhancing technical competence and fostering stronger collaboration with clients. Addressing the

identified challenges and resource limitations will be crucial for the seamless adoption of SAK EP, ultimately improving audit outcomes and financial reporting.

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