SUSTAINABLE BUSINESS ACCOUNTING AND MANAGEMENT REVIEW
SBAMR - An International Journal I Promoting Sustainability & Ethical Practices
e-ISSN 2684-6845
Volume 8 No 1 March 2026 https://dhsjournal.id/index.php/SBAMR/index

Audit Effectiveness: A Case Study of PT OPQ Conducted by Public Accounting Firm XYZ

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DOI. https://doi.org/10.61656/ijospat.v8i1.107.

ABSTRACT
Purpose: *The purpose of this study is to examine and understand the audit procedures applied to cash and cash equivalents at PT OPQ by Public Accounting Firm XYZ. This research specifically focuses on how cash and cash equivalent audit procedures are implemented, particularly in relation to exchange rate differences, and whether they align with applicable accounting standards.*
Method: *This research adopts a qualitative descriptive approach to provide a deeper understanding of the audit practices under study. The sample consists of audit procedure documents related to cash and cash equivalents. Data collection was carried out through documentation, including literature sources such as books and journals, as well as internal documents from KAP XYZ outlining standard operating procedures for auditing cash and cash equivalents. This method allows the researcher to capture both theoretical perspectives and practical applications.*
Findings: *The findings reveal that PT OPQ has not fully implemented PSAK 10, which governs the treatment of foreign exchange differences. This partial compliance indicates gaps in the application of audit procedures, particularly in ensuring that cash and cash equivalents are reported in accordance with established accounting standards. The results highlight the need for improvements in the company's adherence to audit guidelines to strengthen financial reporting reliability.*
Implications: *The implications of this study are significant for both practitioners and stakeholders. For auditors, the findings emphasize the importance of ensuring compliance with PSAK 10 to maintain audit quality and credibility. For PT OPQ, the study underscores the necessity of refining internal processes to align with accounting standards, thereby enhancing transparency and stakeholder trust. More broadly, the research contributes to discussions on the role of audit procedures in safeguarding financial integrity.*
Originality: *This study is focusing on the specific case of PT OPQ and its audit procedures for cash and cash equivalents, an area often overlooked in broader audit research. By examining the practical implementation of PSAK 10, the research provides unique insights into the challenges faced by companies in adhering to audit standards. It contributes to the literature by bridging theoretical frameworks with practical realities in Indonesian auditing practices.*

Keywords: *audit procedures, cash and cash equivalents, exchange rate differences, PSAK 10.*

Article info: Received: 25 January 2026; Revised: 15 February 2026; Accepted: 5 March 2026

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Recommended citation:
Zahara, A. L. & Suryaningrum, D. H. (2026). Audit Effectiveness: A Case Study of PT OPQ Conducted by Public Accounting Firm XYZ, *Sustainable Business Accounting, and Management Review, 8* (1), 37-48.

1. INTRODUCTION

An audit is a systematic activity carried out to objectively obtain and evaluate evidence, data, or information in financial statements related to economic activities and events. This information is then checked for reliability and compliance with standards by a competent and independent person. The audit results are then submitted to meet the requests of interested parties. The objective of an audit is to provide an opinion on the information obtained during the examination of financial statements prepared by a professional responsible for the financial statements. Furthermore, the auditor provides an opinion on the suitability of the presentation of the client's financial statements to Financial Accounting Standards (FAS). The auditor also provides an opinion on the fairness of the client's financial statements. Financial statements contain important information for a company's operational activities and provide a reference for the company's condition, useful for parties who need it to make financial decisions. The information contained in the financial statements must be reliable, meaning the financial statements are free from material errors, are not fraudulent, and are relevant to the company's actual condition.

Financial statements need to be audited by a professional and independent third party to prevent fraud. This third party is the auditor. An auditor is an accounting professional who independently audits a company's accounting data. This examination of financial statements is known as an audit procedure. Audit procedures are activities performed by auditors to obtain and evaluate audit evidence to support the audit opinion regarding the fairness of the financial statements. Before performing audit procedures, auditors typically design audit procedures as auditor guidelines, so that during implementation, the auditor knows which procedures are relevant and which are not essential to achieving the audit objectives (Putri & Suryaningrum, 2024). This process also ensures that the auditor does not have audit evidence that does not support the audit procedure. One of the audit procedures performed is on cash and cash equivalents accounts.

According to Rudianto (2012), cash is a transaction tool that a company has to fulfill its operational activities and is ready to be used at any time. Cash is an asset that supports the smooth running of the company and is easily susceptible to fraud because it can be transferred from one party to another (Yoseb et al., 2024). Therefore, companies need to implement a cash audit policy that is used to ensure that all cash amounts are recorded correctly and that cash has been classified properly and disclosed in the financial statements (Sangkala, 2022). The report contains information about current asset accounts, one of which is cash and cash equivalents, which are typically used by companies to fulfill short-term operational activities of approximately one year. Cash and cash equivalents are accounts whose investments are short-term and easily liquidated into cash and are free from the risk of changes in value (Saleh & Suryaningrum, 2023). In the cash and cash equivalent asset post, companies can choose to invest in short-term currencies, one of which is currency. Currency is a means of payment used by the public and approved by the government in each country. This currency can be used as a medium of exchange internationally, determined by the currency's exchange rate or exchange rate; this exchange rate can change over time. Transactions using foreign currencies occur, among other things, because companies borrow funds whose receivables can be denominated in foreign currencies. If there is a difference in transactions between domestic and foreign currency exchange rates, then accounting treatment for this difference is necessary, guided by Financial Accounting Standards (SAK). This difference in exchange rates is used as a consideration for determining whether financial reports are relevant or not and as a consideration for interested parties to influence future decision-making (Putra, 2018). This exchange rate difference can result in profits or losses for the company.

Recent scholarship has increasingly emphasized the critical role of cash and cash equivalent audit procedures in ensuring financial statement reliability, particularly in contexts vulnerable to misstatement and fraud. Meiliana and Fitriani (2025) evaluated substantive audit procedures at a technology company in Indonesia and found that rigorous application of audit standards significantly reduced risks of misrepresentation, highlighting the importance of detailed documentation and direct observation in practice. Similarly, Heryanto (2025) examined audit procedures at PT Mitsuha, a fintech firm, and confirmed compliance with SA 500 and SA 505, underscoring the relevance of external confirmations and substantive testing in verifying cash balances. These findings align with broader updates in Indonesian Financial Accounting Standards (Siddharta, 2025), which stress the need for accurate foreign currency translation and adherence to PSAK 10 in managing exchange rate differences. Collectively, these studies demonstrate that while audit firms in Indonesia generally apply established standards, challenges remain in consistent implementation, particularly in industries with complex financial transactions. This research builds upon such prior work by focusing on PT OPQ and its audit procedures conducted by KAP XYZ, thereby contributing to the literature with a case-specific analysis of compliance gaps and practical implications for audit quality in the Indonesian context.

2. LITERATURE REVIEW

2.1. Audit Definition

According to Henry (2017), an audit is defined as a systematic process of objectively obtaining and evaluating evidence, the findings of which relate to assertions about economic activities, to determine the level of compliance between management statements and established standards, and to communicate conclusions to interested parties. According to Agoes (2017), an audit is a systematic and critical examination by an independent party of assertions about financial statements, including accounting records and related evidence, with the aim of providing an opinion on the fairness of the financial statements. Based on those definitions, an audit is concluded as a systematic and critical process by an independent party to objectively obtain and review evidence, which is then reported in the form of an opinion on the fairness of the financial statements based on established standards.

2.2. Audit Procedures

In conducting any audit activity, auditors need to conduct an audit plan that will ultimately lead to the implementation of audit procedures. Audit procedures contain rules and standards that must serve as guidelines for auditors in carrying out audit activities to minimize errors and meet the objectives of the procedures. According to (Agoes, 2012), audit procedures are the sequence of steps an auditor must follow to ensure an audit is carried out effectively and efficiently. According to Elder et al. (2013), audit procedures are defined as detailed instructions regarding the importance of obtaining audit evidence during an audit. Based on the description of the procedures, it can be concluded that audit procedures are detailed and sequential instructions for obtaining sufficient audit evidence to support the auditor's opinion.

2.3. Cash and Cash Equivalent

Cash is a company's assets in the form of cash, checks, demand drafts, or other securities used for transactions. Cash is considered a liquid asset in a company, therefore, it is placed at the top of the asset group on the balance sheet (Reviandani & Pristyadi, 2019). Cash equivalents are short-term investment accounts because they mature and are easily converted into cash without experiencing the risk of substantial changes in value (Sulistyowati et al., 2024). These cash equivalents easily change hands, making them vulnerable to fraud. Based on the description, investments are generally grouped under cash equivalents because they mature or are short-term and easily converted into cash.

2.4. Audit Procedures for Cash and Cash Equivalent

According to Agoes (2019), the general audit procedures for cash and cash equivalents are as follows:

1. Understanding and evaluating internal controls. Auditors need to examine the client's internal controls related to cash and cash equivalents, including bank disbursement and receipt transactions. If internal controls are adequate, the scope of the substantive test can be narrowed.
2. Creating a Top Schedule per Balance Sheet Date. The Top Schedule contains the balances from the general ledger, audit adjustments, the balance per audit, and the prior year's balance, which is sourced from the previous year's audit report.
3. Conducting a Cash Take. A cash take is conducted to physically count the client's cash, including coins, banknotes, and temporary receipts. During this step, the auditor observes or assists in counting the cash at the cashier's desk. The auditor then compares the amount recorded by the cashier with the cash in the safe or on hand. This step can be performed in two ways, depending on the petty cash method used. Clients using the imprest fund system can conduct a cash take at any time. However, if a client uses the fluctuating system, this step is performed after the balance sheet date. After the cash take is complete, the auditor obtains the cashier's signature to prepare a cash audit report.
4. The auditor sends a confirmation or obtains a balance confirmation from the cashier if no cash is taken. This step is performed if the client has a branch office far from the auditor's office and the cash amount is considered small. Therefore, the auditor does not visit the branch and sends a confirmation or requests a cash balance report from the cashier.
5. The auditor sends a confirmation to all banks. The client must still send a confirmation letter even if they have received a bank statement from the bank, as this letter is used by the auditor for standard audit procedures regarding the completeness of supporting evidence. The response to the confirmation letter is then sent to the auditor and checked to ensure it matches the client's bank statement.
6. Request and review the bank reconciliation for the period. The auditor reviews the client's bank reconciliation for accuracy. The auditor checks and matches the bank statement balance with the bank statement balance, and the auditor checks and matches the bank statement balance with the balance in the client's bank ledger.

7. Review meeting minutes, credit agreements, and bank confirmations to determine if the client has any restrictions on the company's bank accounts. This step is performed if the client has bank accounts with restrictions on use and balances. The restrictions are usually for a period of less than one year and therefore should not be classified as current assets.
8. Examine interbank transfers within approximately one week before and after the balance sheet to check for kiting for window dressing purposes. This process checks if the company has more than one bank account. The auditor checks for any interbank transfers. If there are any, the auditor needs to check for any additions or deductions to the interbank balance to prevent the client from reporting something that is more favorable than the actual facts.
9. Examine cash transactions after the balance sheet date until close to the completion of the field audit. This audit stage aims to determine whether there are any liabilities that have not been recorded as of the balance sheet date and have not been settled in the following period.
10. Examine cash and cash equivalents in foreign currencies to see whether they have been converted to domestic currency, and whether any exchange differences have been charged or credited to the profit and loss for the period. At this stage, the auditor needs to convert cash and cash equivalents in foreign currencies to domestic currency using the Bank Indonesia middle rate, which is obtained by adding the buying and selling rates. The result is divided by two to obtain the Bank Indonesia middle rate. The BI middle rate is then multiplied by the cash and cash equivalents in foreign currency to convert the foreign currency to rupiah.
11. Check if the client's cash and cash equivalents in the statement of financial position do not comply with Indonesian Accounting Standards. The auditor must verify that the presentation of the client's cash and cash equivalents complies with applicable Indonesian Accounting Standards.
12. Draw a conclusion in the top schedule of cash and cash equivalents or in a separate note regarding the reasonableness of cash on hand and cash in the bank. In this final stage, the auditor draws a conclusion regarding cash on hand and cash in the bank.

2.5. Exchange Rate Differences
According to the Indonesian Institute of Accountants (2016), "exchange rate differences occur due to differences in calculations when converting foreign currency values into domestic currency values" using the foreign currency exchange rate ratio. PSAK No. 10 of 2010 stipulates the initial recognition of company or entity transactions, namely:
a. Purchasing or selling goods or services when the price is denominated in a foreign currency.
b. Borrowing or lending funds when the amount of the invoice is denominated in a foreign currency.
c. Acquiring or disposing of assets or incurring or settling liabilities denominated in a foreign currency.

According to Aini et al. (2021), the accounting treatment for exchange rate differences is that if there is a change in the exchange rate between the payment date and the date the purchase transaction is recorded in the foreign currency, this difference should be recorded in the accounting period. However, if payments for a purchase transaction are made over multiple accounting periods, the exchange rate changes for each period must be taken into account.

3. RESEARCH METHOD

3.1. Research Design
This study is a descriptive qualitative research method. Descriptive is a method that attempts to collect, formulate, and present research results to provide a clear picture of the research object. The purpose of using a qualitative research method is to provide a deep understanding of the problem being studied, specifically regarding the audit procedures for cash and cash equivalents that contain exchange rate differences at PT. OPQ. The sample for this research is the 2022 cash and cash equivalents audit procedure document.

3.2. Data Collection
The data collection technique used by the researcher is documentation, the documents include documents from literature in the form of books, journals, and those related to the research, as well as documents from KAP XYZ regarding standard operating procedures for auditing cash and cash equivalents. The data analysis technique used by the researcher uses descriptive analysis. The researcher describes the stages of the audit of cash and cash equivalents at KAP XYZ by collecting

data and information from KAP XYZ auditors, then the information obtained by the author is processed into logical conclusions.

3.3. Data analysis

The data analysis steps taken to meet the research objectives are in Figure 1. The first step in the analysis involved collecting data in the form of documents, job descriptions, and cash and cash equivalents audit procedures. Next, the researcher identified the documents used in carrying out these audit procedures, the parties involved in carrying out the audit procedures, and any necessary preparations prior to conducting the audit procedures. In the final stage, the conclusions were drawn based on the data analysis that had been examined.

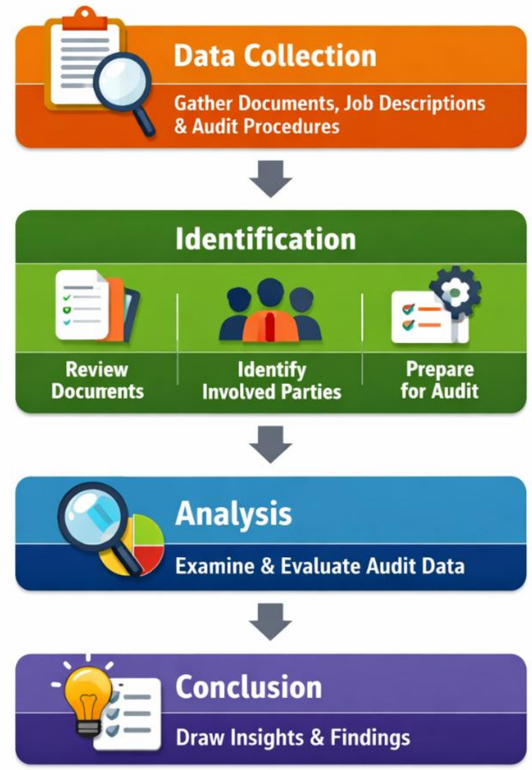

Figure 1. Data Analysis Steps.
Source: AI-Copilot Generated

4. RESULTS AND DISCUSSION

4.1. Formal Interview Excerpt

The formal interview excerpt of auditor's perspective on cash and cash equivalent audit procedures ar as follows:

Interviewer: Could you describe how the audit of cash and cash equivalents begins at PT OPQ?
Auditor: We start by evaluating the internal control system. This step is crucial to understand how cash is managed and safeguarded, and it helps us identify potential weaknesses before moving forward.

Interviewer: What procedures follow after the internal control evaluation?
Auditor: We prepare the top schedule of cash and cash equivalents as of the balance sheet date. This provides a structured overview of all accounts and serves as the basis for reconciliation.

Interviewer: How do you verify the existence of cash?

Auditor: We usually conduct a physical cash count, or cash opname. If direct counting is not feasible, we obtain written confirmation from the cashier to validate the balance.

Interviewer: What about bank-related procedures?
Auditor: We send confirmation requests to all client bank accounts. However, in this case, we did not perform a detailed review of bank reconciliations or examine meeting minutes and credit agreements for restrictions. We relied on management's documentation, which we considered sufficient, though we acknowledge this as a limitation.

Interviewer: How are transactions around the balance sheet date handled?
Auditor: We examine transfers before and after the balance sheet date to detect possible kitting or window dressing. Additionally, we review cash transactions occurring after the balance sheet date to confirm completeness.

Interviewer: How do you address foreign currency balances?
Auditor: We ensure that balances are converted using Bank Indonesia's middle rate and verify that exchange differences are properly recorded in profit or loss.

Interviewer: Finally, how do you conclude the audit?
Auditor: We check the presentation of cash and cash equivalents in the financial statements to ensure compliance with Indonesian accounting standards. After completing all procedures, we document our conclusions in the top schedule or separate notes, assessing the fairness of balances both in hand and at the bank.

Based on the interview, the results of the audit procedure are obtained in Table 1.

Table 1. Audit Procedures for Cash and Cash Equivalents Based on Theory and Practice.

Audit Procedure (Agoes, 2019)	Auditor's Interview Response (KAP XYZ Practice)	Alignment
Internal control evaluation	Auditor confirmed evaluation of internal control is always performed to detect weaknesses.	✓ Implemented
Top schedule preparation	Prepared at balance sheet date to summarize accounts.	✓ Implemented
Cash count (cash opname)	Conducted routinely; cashier confirmation used if physical count not possible.	✓ Implemented
Cashier/treasurer confirmation	Written confirmation obtained when cash opname not feasible.	✓ Implemented
Bank confirmations	Sent to all client bank accounts.	✓ Implemented
Bank reconciliation review	Not performed; auditor relied on management documentation.	✗ Not Implemented
Restriction review	Not performed; meeting minutes and credit agreements not reviewed.	✗ Not Implemented
Transfer examination	Transfers around balance sheet date checked to detect kitting/window dressing.	✓ Implemented
Post-balance transactions	Reviewed to confirm completeness of balances.	✓ Implemented
Foreign currency conversion	Verified using BI middle rate; exchange differences checked in profit/loss.	✓ Implemented
Financial statement presentation	Ensured compliance with SAK/ETAP/IFRS.	✓ Implemented
Final conclusion	Documented in top schedule or separate notes assessing fairness.	✓ Implemented

Source: Interview results

Based on Table 1, the interview results on auditor procedures of cash and cash equivalent are as follows:

a. Internal Control Evaluation: The auditor confirmed that KAP XYZ consistently evaluates internal control systems related to cash and cash equivalents to ensure reliability and detect potential weaknesses.

b. Top Schedule Preparation: Preparation of the top schedule for cash and cash equivalents is routinely performed at the balance sheet date to facilitate reconciliation and review.
c. Cash Count Procedure: Physical cash counting (cash opname) is conducted periodically to verify the existence and accuracy of recorded balances.
d. Cashier Confirmation: When cash opname is not feasible, KAP XYZ obtains written confirmation from the cashier to affirm the reported balance.
e. Bank Confirmation: The auditor sends confirmation requests to all client bank accounts to validate balances directly with financial institutions.
f. Bank Reconciliation Review: This procedure was not performed by KAP XYZ; the auditor explained that reconciliation was considered reliable based on client-provided documentation, though this represents a limitation.
g. Restriction Review: The auditor did not review meeting minutes or credit agreements for bank restrictions, citing time constraints and reliance on management representations.
h. Transfer Examination: Transfers before and after the balance sheet date are examined to detect potential kitting or window dressing practices.
i. Post-Balance Transactions: Cash transactions occurring after the balance sheet date are reviewed to ensure completeness and accuracy of reported balances.
j. Foreign Currency Conversion: The auditor verifies that foreign currency balances are converted using Bank Indonesia’s middle rate and that exchange differences are properly recognized in profit or loss.
k. Financial Statement Presentation: The auditor ensures that cash and cash equivalents are presented in accordance with Indonesian Financial Accounting Standards (SAK/ETAP/IFRS).
l. Final Conclusion: After completing all procedures, the auditor documents conclusions in the top schedule or separate notes, assessing the fairness of cash and bank balances

4.2. Interpretation of Findings

During the interview, the auditor from Public Accounting Firm XYZ explained the sequence of procedures applied in auditing cash and cash equivalents at PT OPQ. The process begins with an evaluation of internal control systems to ensure that cash handling and recording are properly safeguarded. The auditor emphasized that understanding internal control is essential for identifying potential weaknesses and planning subsequent audit steps. Afterward, a top schedule of cash and cash equivalents is prepared as of the balance sheet date to provide a clear summary of all accounts under review.

The auditor described that physical cash counting (cash opname) is routinely conducted to verify the existence of funds. When direct counting is not possible, written confirmation from the cashier is obtained to validate the balance. Bank confirmations are also sent to all client accounts to ensure the accuracy of recorded balances. However, the auditor noted that bank reconciliation reviews and examination of meeting minutes or credit agreements were not performed, as management-provided documentation was considered sufficient for verification.

Further, the auditor explained that transfers occurring before and after the balance sheet date are examined to detect any window dressing or kitting practices. Transactions after the balance sheet date are also reviewed to confirm completeness. For foreign currency balances, the auditor ensures conversion using Bank Indonesia’s middle rate and verifies that exchange differences are properly recorded in profit or loss. Finally, the auditor checks the presentation of cash and cash equivalents in the financial statements to ensure compliance with Indonesian accounting standards (SAK/ETAP/IFRS). After completing all procedures, conclusions are documented in the top schedule or separate notes, summarizing the fairness of cash and bank balances.

Based on Table 2, the audit procedures for cash and cash equivalents at XYZ Public Accounting Firm (KAP XYZ) align with the theory presented in the table. In the first stage, KAP XYZ implemented internal controls using samples of cash receipts and disbursements. The auditor verified that all transactions actually occurred and were accurately recorded. In the second stage, KAP XYZ also included a top schedule. The auditor requested a soft copy of the general ledger and last year's audit report. When the top schedule was conducted, the auditor determined that there were no discrepancies between the general ledger and last year's audit report. Furthermore, in the third stage, the auditor conducted a cash take with the client. The client used the fluctuating fund system method, so the auditor conducted a cash count using traceback, and there were no discrepancies between the cash on hand and the recorded cash. In the fourth stage, the client sent a confirmation to the auditor because they did not conduct a cash take in the presence of the auditor. In the fifth stage, the auditor sent a confirmation to the client, and the confirmation letter was signed by the person in charge of the bank.

In the sixth stage, the auditor did not request a reconciliation from the client because the auditor had checked the bank statement balance and the trial balance balance, which showed no discrepancies. The seventh stage was not performed because the client did not have any restricted accounts. The eighth stage was not performed because, although the client had more than one bank, there had never been a transfer between Bank A and Bank B. The ninth stage, the auditor performed this stage to review transactions after the balance sheet date to determine whether there were any matters that affected the disclosure of the audited report. The tenth stage was carried out by the auditor and discovered an exchange rate difference at the client's disposal, so the auditor provided confirmation to the client. The final stage, the auditor checked the presentation of the client's cash and cash equivalents, which was in accordance with SAK.

4.3. Problems Faced in Performing Audit Procedures for Cash and Cash Equivalents

During the audit of cash and cash equivalents at XYZ Public Accounting Firm, a problem arose in the audit of PT. OPQ's cash and cash equivalents. The company failed to recognize a gain on foreign exchange differences, even though the results were immaterial (see Figure 2 dan Figure 3).

A.3		Saldo Per Klien per 31 Desember 2022	Sesuai R/K	Selisih	Sesuai Konfirmasi	Selisih
Jumlah Bank (Rupiah)		**322.140.174,47**	**322.140.174,47**	-	**322.140.174,47**	
OCBC RTF US ($0,75)		-	11.798,25	(11.798,25)		-
BNI Giro A/C		1.302.005	1.302.005,00	-	1.302.005,00	-
BNI Escrow A/C		1.035.100.000	1.035.100.000,00		1.035.100.000,00	
BNI Bunga TL A/C		536.653	536.653,00	-	536.653,00	-
Jumlah Bank (Valas)		**1.036.938.658,00**	**1.036.950.456,25**	**(11.798,25)**	**1.036.938.658,00**	
Jumlah Bank		**1.359.078.832,47**	**1.359.090.630,72**	**(11.798,25)**	**1.359.078.832,47**	-
	Tahun 2022					
Kurs Jual	15.809,66					
Kurs Beli	15.652,34					
Kurs Tengah	**15.731,00**					

Figure 2. Calculation of Foreign Exchange Rate Differences
Source: Author's Documentation

A	Ref	Saldo Per Klien		Adj		Reklasifikasi		Saldo Per Audit
		31 Desember 2022		D	K	D	K	31 Desember 2022
Kas Kecil BKS	A.2	Rp	5.075.252					5.075.252
Kas Kecil BDG		Rp	81.487.630					81.487.630
Kas Kecil MLG		Rp	3.973.500					3.973.500
Kas Kecil JBR		Rp	3.408.000					3.408.000
Jumlah Kas di Tangan			93.944.382					93.944.382
BCA A/C			116.902.779					116.902.779
BCA A/C			1.470.000					1.470.000
BCA A/C			116.314.295					116.314.295
BCA A/C	A.3		55.177.150					55.177.150
BCA A/C			32.275.950					32.275.950
								-
Jumlah Bank (Rupiah)			322.140.174					322.140.174
								-
OCBC RTF US ($0,75)			-		(11.798)			11.798
BNI Giro A/C	A.3		1.302.005					1.302.005
BNI Escrow A/C			1.035.100.000					1.035.100.000
BNI Bunga TL A/C			536.653					
Jumlah Bank (Valas)			1.036.938.658					1.036.413.803
Jumlah kas dan setara kas			**1.453.023.214**					**1.452.498.360**

Figure 3. Top Schedule
Source: Auditor Documentation

4.4. Alternative Problem Solving

Following the audit of PT. OPQ's cash and cash equivalents, the following solutions are possible:

a. PT. OPQ needs to disclose foreign exchange gains and losses. This disclosure is guided by Financial Accounting Standards Statement (SAK) No. 10 of 2010 regarding transactions in foreign currencies to avoid irrelevant financial statements for users. The recognition of foreign exchange differences also determines the impact of changes in exchange rates on the financial statements.

b. If PT. OPQ's foreign exchange differences are not treated in accordance with Government Regulation 23 of 2018, the foreign exchange differences recorded in the financial statements will increase or decrease the income tax payable. Although the foreign exchange differences are not material, they should be recorded because they may become material over time. Taxation recognizes foreign exchange differences when the transaction has already occurred.

c. Upon learning of the foreign exchange differences, the auditor at KAP XYZ sends an adjustment to the client, and the auditor confirms that the client should record the exchange differences (see Figure 4).

A.3		**Saldo Per Klien per 31 Desember 2022**	Sesuai R/K	Selisih	Sesuai Konfirmasi	Selisih
BCA A/C		116.902.779	116.902.779	-	116.902.779	-
BCA A/C		1.470.000	1.470.000	-	1.470.000	-
BCA A/C		116.314.295	116.314.295	-	116.314.295	-
BCA A/C		55.177.150	55.177.150		55.177.150	-
BCA A/C		32.275.950	32.275.950	-	32.275.950	-
Jumlah Bank (Rupiah)		**322.140.174,47**	**322.140.174,47**	-	**322.140.174,47**	
OCBC RTF US ($0,75)		-	11.798,25	(11.798,25)		-
BNI Giro A/C		1.302.005	1.302.005,00	-	1.302.005,00	-
BNI Escrow A/C		1.035.100.000	1.035.100.000,00		1.035.100.000,00	
BNI Bunga TL A/C		536.653	536.653,00	-	536.653,00	-
Jumlah Bank (Valas)		**1.036.938.658,00**	**1.036.950.456,25**	**(11.798,25)**	**1.036.938.658,00**	
Jumlah Bank		**1.359.078.832,47**	**1.359.090.630,72**	**(11.798,25)**	**1.359.078.832,47**	-
	Tahun 2022					
Kurs Jual	15.809,66					
Kurs Beli	15.652,34					
Kurs Tengah	**15.731,00**					
Penyesuaian terhadap kurs tengah BI 31 Desember 2021						
Adj 1						
Bank OCBC RTF US	(11.798,25)					
Pendapatan lain-lain		(11.798,25)				
(selisih kurs)						

Figure 4. Adjustment
Source: Auditor Documentation

The implications of this research extend to both auditing practice and organizational governance. For auditors, the study emphasizes the necessity of balancing procedural completeness with operational practicality, ensuring that efficiency does not compromise accuracy. For PT OPQ, the findings suggest that internal control systems should be periodically reviewed to support more comprehensive audit coverage. The research also implies that audit firms must reinforce training related to PSAK 10 and foreign currency handling to minimize reporting inconsistencies. Academically, the study contributes to understanding how theoretical audit procedures are adapted in practice within Indonesian contexts. It further implies that regulators and professional bodies should encourage stricter adherence to standards through updated audit guidelines. The results also highlight the importance of communication between auditors and management to clarify documentation reliability. Overall, these implications advocate for a more integrated approach between theory, practice, and policy in audit implementation.

5. CONCLUSION

This study concludes that the audit procedures for cash and cash equivalents implemented by Public Accounting Firm XYZ at PT OPQ generally align with theoretical standards, though certain stages—such as bank reconciliation and restriction review—were not fully executed. The findings indicate that the firm prioritizes efficiency and documentation reliability over exhaustive verification, reflecting practical adjustments to time and resource constraints. Despite these omissions, the overall audit process remains systematic and capable of ensuring reasonable assurance of cash balance accuracy. The research highlights the importance of maintaining consistency between theoretical frameworks and real-world practices to uphold audit quality. It also demonstrates that partial compliance with PSAK 10 (IAI, 2016) can lead to minor discrepancies in foreign exchange reporting. In essence, the study reinforces the need for continuous improvement in audit procedures to strengthen transparency and accountability. The conclusion underscores that effective auditing depends not only on adherence to standards but also on professional judgment and contextual adaptation.

5.1. Limitations

This research is limited by its focus on a single company and one public accounting firm, which restricts the generalizability of findings. The qualitative descriptive method, while rich in detail, relies heavily on document analysis and interviews, which may introduce subjective interpretation. Time constraints during the audit process also limited the depth of observation regarding unperformed procedures. Additionally, the study did not include comparative analysis with other firms that might apply different audit approaches. The reliance on management-provided documentation could affect the objectivity of certain findings. Another limitation lies in the absence of quantitative measurement of audit effectiveness, which could have strengthened the empirical validity. Despite these constraints, the study provides valuable insights into the practical realities of audit implementation and serves as a foundation for broader future research.

Future research should expand the scope by including multiple audit firms and companies across different industries to enhance comparative understanding. It is recommended that subsequent studies integrate quantitative analysis to measure audit effectiveness and compliance levels. Audit practitioners should consider developing standardized checklists to ensure that all theoretical procedures are consistently applied. Training programs focusing on PSAK 10 and foreign currency audit should be intensified to improve auditor competence. Researchers may also explore the impact of digital audit tools on the efficiency and accuracy of cash audits. Collaboration between academia and professional bodies could yield more practical frameworks for bridging theory and practice. Lastly, continuous evaluation of audit methodologies will help maintain relevance amid evolving financial reporting standards.

5.2. Contributions

Theoretical Contribution

The research enriches the theoretical discourse on audit procedure implementation by demonstrating how theoretical frameworks, such as those proposed by Agoes (2019), are adapted in real-world contexts. It bridges the gap between normative standards and applied auditing, contributing to the literature on audit methodology in emerging economies.

Practical Contribution

This study provides practical insights for auditors and companies by identifying procedural gaps and offering recommendations for improving audit efficiency and compliance. It serves as a reference for audit firms seeking to refine their approach to cash and cash equivalent verification, particularly in managing foreign exchange differences.

Policy Contribution

From a policy perspective, the study supports the need for regulatory bodies to strengthen audit standard enforcement and provide clearer guidelines on PSAK 10 application. It encourages policymakers to promote continuous professional education and establish monitoring mechanisms that ensure consistent audit quality across firms.

This study reveals that the audit procedures for cash and cash equivalents at PT OPQ conducted by Public Accounting Firm XYZ largely conform to theoretical standards, though certain stages such as bank reconciliation and restriction review were not fully implemented. The findings demonstrate that auditors balance procedural thoroughness with practical efficiency, relying on documentation and professional judgment to maintain audit reliability. These results imply that continuous improvement in audit practices is essential to strengthen transparency and compliance with PSAK 10, particularly in handling foreign currency transactions. Despite limitations in scope and methodology, the research provides valuable insights into how theoretical frameworks are adapted in real audit contexts. It suggests that future studies should broaden their coverage and integrate quantitative measures to assess audit effectiveness. Practically, the study offers guidance for auditors and firms to refine procedures; theoretically, it enriches understanding of audit implementation in emerging economies;

and from a policy perspective, it encourages regulators to reinforce audit standard enforcement and professional training to ensure consistent quality across firms.

Generative AI Statement
The authors declared that Generative AI was used in the creation of this manuscript. The authors affirm that, while generative AI (Copilot) was used to support the drafting process, all intellectual contributions, data interpretation, and final revisions were undertaken by the authors. Responsibility for the accuracy, originality, and integrity of the content rests solely with the authors.

Abbreviations
FAS – Financial Accounting Standards
SAK – Standar Akuntansi Keuangan
KAP – Kantor Akuntan Publik (Public Accounting Firm)

Authors' Contribution
All authors equally contribute to the research and writing the manuscript, with DS as the supervisor during this study.

Conflict of Interest
The authors declare no conflicting interest in this study.

Funding
This research received no external funding.

Availability of data and materials
Data can be requested via email to the corresponding author, stating the reason for the data request.

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