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Violation of the Code of Ethics of the Accountant Profession at PT Tiga Pilar of Prosperity Food Tbk

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Abstract. *This study aims to study the accounting profession and its role and analyze the code of ethics of public accountants by taking one of the cases of violation of the code of ethics of public accountants who conducted an audit at PT Tiga Pilar Sejahtera Food Tbk. Based on the results of the analysis of the case, KAP Ernt and Young found that there was an overstatement of receivables and income and the flow of funds was not disclosed to affiliated parties. As a result of this violation, the two former directors, Joko Mogoginto and Budhi Istanto, who were suspected of being involved in this case, were sentenced to 4 years in prison and each fined Rp 2 billion. This ethical violation has serious negative consequences for the integrity of financial statements and public trust.*

Keywords*: Accounting Profession, Code of Ethics of Public Accountants, Public Accountants*

1. INTRODUCTION

Starting from the 21st century, many companies are growing rapidly. Every The company certainly has an accountant who is responsible for preparation of the company's financial statements. Financial statements contain information the company's financial condition that influences decision making economy (Afriyadi et al., 2024).

As an accountant, you must be able to provide a report finances that are in line with established standards. Its function is to minimize the risks that occur due to unethical and manipulative attitudes. stakeholders also need honest and relevant financial reports to support accurate decision making (Syaharman, 2021).

Ethics have an important role in every profession which is reflected through code of ethics. The code of ethics serves as a guideline that must be followed by the professional. The goal is to be able to carry out their duties professionally. In addition, professional ethics are general and relevant to all types of professions. In In some situations, professional ethics can also be strengthened by special regulations. according to the characteristics of each profession. In this modern era, ethical issues professions are increasingly receiving greater attention from society (Mayasari and Trisnaningsih, 2023).

An accountant must have ethics in his profession. Adhered to in carrying out their duties. If there are no ethics, professional accountants will not meaningful because the role of accounting is to provide reports that support policy making by business implementers. These business implementers are required to have high competence and integrity. There

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are various ethical violations that are taking place in the present and that are carried out by one person accountants, for example the manipulation of accounting records to show positive and healthy financial performance of the company. This includes deviations in professional ethics because accountants already have a series of ethical standards specifically known as the code of moral conduct for the accounting profession in society (Widaryanti, 2007).

In an increasingly complex and competitive business context, integrity Financial reports are the main thing in maintaining stakeholder trust interests. The code of ethics for accountants plays a central role in ensuring that financial statements have been prepared with transparency and accuracy. The code of ethics does not only used as a reference for accountants in carrying out their duties, but also used as a tool to prevent unethical practices that can detrimental to the company and the wider community. This study takes a study the case of PT Tiga Pilar Sejahtera Food Tbk which provides a real picture about ethical violations that have a serious impact on the company's reputation and stakeholder trust.

2. LITERATURE REVIEW

Accountant Profession

Accounting as a profession is a scope of work that utilizes skills in the field of accounting. The profession of accounting includes various types jobs that use skills in the field of accounting, for example financial accountant, public accountant, or internal accountant (Aulia, 2016).

Accountants are emphasized to have strong characteristics in order to be able to manage their business finances properly. Some of the characteristics possessed by an accountant is:

a. Integrity

   An accountant must have integrity and professionalism when carrying out his duties.

b. Competence

   Accountants must have adequate understanding and knowledge regarding financial report management.

c. Analytical Skills

   Analytical skills are essential to identify and analyze a company's financial data.

d. Communication Skills

Communication skills are used to ensure that financial information is conveyed effectively, clearly and accurately.

e. Technology Skills

Technological skills play a role in integrating financial systems using sophisticated technology. Accountants are expected to be able to manage complex financial systems.

f. Time Management Skills

Time management skills serve to manage time well so that financial projects can be completed on time.

g. Teamwork Skills

Accountants are required to have teamwork skills to work with the finance team or teams involved in preparing financial statements. This is done to ensure that financial information is delivered effectively and efficiently.

h. Creativity

Creativity plays an important role in increasing effectiveness, efficiency, and finding innovative solutions in financial report management.

Code of Ethics in the Accounting Profession

The Code of Ethics in the scope of professional accountants regulates the ethics of accountants, namely how they carry out their duties and roles professionally. The code of ethics of the accounting profession in carrying out the accounting process must be fair, efficient, and reliable. According to the Indonesian Institute of Accountants (2021), the basic principles contained in the code of ethics include:

a. Integrity

Integrity means being open and honest in every business or professional interaction. Accountants must be transparent in disclosing the facts that actually occurred.

b. Objectivity

Not sacrificing business judgment due to bias, conflict of interest, and inappropriate impact. An accountant is prohibited from carrying out activities where relationships and conditions could affect his or her performance assessment of those activities.

c. Professional Competence and Due Care

Professional competence and due care play a role in achieving the level of understanding and ability required to confirm that an organization or client has received expert services in accordance with applicable technical and professional guidelines and legislation.

d. Confidentiality

Confidentiality refers to keeping confidential information obtained from business interactions. This includes, among other things : be aware of the possibility of unintentional disclosure of information, especially in social settings, between business partners or family members, protecting confidential information within the organization, protecting confidential information submitted by clients or institutions, not use information originating from professional and business interactions for personal or third party benefit, not utilizing information in various forms obtained from business or professional interactions.

e. Professional Behavior

Professional behavior means implementing established statutory provisions and avoiding any actions that could harm the reputation of the accounting profession.

Accountants are prohibited from participating in activities that may impact integrity, objectivity and reputation, both within the scope of the profession and which will result in behavior that is not in line with basic ethical principles.

Actions that include lowering the reputation of the profession are actions that comply with a third party that are logical and have sufficient data that can be concluded if the action has a negative impact on the good name of the profession.

Accountants who carry out promotional and marketing activities must not damage their reputation. An accountant must be transparent and convey current facts and not make exaggerated statements about the professional services offered, the experience gained, and the qualifications they have. An accountant must also not make statements that are derogatory and compare without basis.

Code of Ethics for Accountants in Public Practice

Public accountants are defined as a profession within the scope of a public accounting office that offers a variety of services based on accounting professional standards, namely insurance, bookkeeping, audits, and reviews, as well as consultants. A public accountant carries out his role based on a code of ethics (Sugandi, 2024).

The code of ethics for public accountants serves to establish professional standards that must be adhered to by all members and can be used as a reference by various parties in regulating ethical standards in various jurisdictions. The code of ethics applies a conceptual framework of ethics and regulates various aspects encountered by members both in business practice or public service. The implementation of the code of ethics aims to provide guidelines for members in understanding the objectives and intent of the provisions appropriately to meet high standards of professional behavior (Sugandi, 2024).

Public accountants are required to prioritize all ethical principles so that public accountants can be held accountable for their actions in the interests of society and stakeholders. According to the Indonesian Institute of Accountants (IAI), public accountants are required to comply with 5 basic ethical principles. The ethical principles for public accountants are objectivity, competence and prudence, integrity, confidentiality, and professional behavior (Syafira, 2022).

If there is a violation of accounting ethics guidelines, the public accountant must carry out an evaluation and the impact of the violation. After that, the public accountant must act quickly to address the impact of the violation that occurred and make a decision whether to submit a report of the violation to the competent authority or not, such as a professional association, supervisory authority, or regulator (Syafira, 2022).

Code of Ethics for Accountants in the Business Sector

Accounting is also needed in every business circle, both for business managers, stakeholders, and the general public to be able to analyze the condition of a business. Accounting in the business sector refers to professionals who are responsible for managing, analyzing, and reporting financial information in the context of a company or business organization such as financial accountants, management accountants, or tax accountants. In a business context, accountants not only focus on recording transactions but also on providing information that can help management in planning and controlling business activities. Accountants who work in the business sector have an obligation to optimally manage finances and provide expert advice on business issues (Harisah & Ahmad, 2021).

Accountants in the business sector also have business ethics that need to be applied. Business ethics in accounting practices play an important role in forming the basis for action and decision making in the business world. Ethical accounting practices ensure that the financial information presented in financial data accurately reflects the financial position and performance of the company (Afriyadi et al, 2024).

A business that considers the interests of all stakeholders in every decision is a good practice. For this reason, regulations are needed so that business operations remain in accordance with accepted ethical guidelines. Business ethics also serve as a supervisor to ensure that management is responsible for the needs of shareholders and other stakeholders (CH Pingkan and Trisnaningsih, 2024).

In the business world, business ethics are widely known. Many parties agree that business ethics are indeed needed in every business. Ethics in business refer to the moral basis used as a guide in running a business. All aspects related to business or business must run in accordance with norms, values, justice, health, fair behavior, professionalism, both for everyone in the company, shareholders, partners and the wider community. (Saridawati et all, 2024)

3. METHODS

This article applies a case analysis approach. Case study is an approach that emphasizes in-depth exploration of a limited system in one particular case or several cases with detailed analysis. Various sources of information are used for data mining. Sources of data collection are through scientific journals Google Scholar, news sites, and other reliable websites. (Ananda, 2017).

4. RESULTS AND DISCUSSION

PT Tiga Pilar Sejahtera Food Tbk was established on January 26, 1990 and operates in the industrial sector, trade sector, and electricity supply. The case of this company began with its subsidiaries, namely PT Jati Sari Rezeki and PT Indo Beras Unggul (IBU), where it was found that subsidized rice was reprocessed into superior rice. The incident occurred in 2017 and caused PT Tiga Pilar Sejahtera Food Tbk shares to fall significantly, so the company tried to improve its financial report for 2017 (Fiqri et al., 2024).

At the Extraordinary General Meeting of Shareholders (RUSLB) held in 2018. The shareholders urged for an investigation into the 2017 financial statements and appointed KAP Ernst and Young Indonesia to conduct a re-examination of the 2017 financial statements. Previously, the financial statements of PT Tiga Pilar Sejahtera Food Tbk had been audited by KAP Mawar and Aryanto Amir Jusuf, and partners affiliated with RSM Internasional. KAP Mawar, Aryanto, Abadi Jusuf, Amir, and partners have audited PT Tiga Pilar Sejahtera since 2004. During the investigation by KAP Ernst and Young, Rp4 trillion was found for the inflation of funds (overstatement) on fixed assets, inventory, and receivables in the 2017 financial year as well as inflation of sales of Rp662 billion and EBITDA of the food entity of Rp329 billion (Kontan, 2019).

Furthermore, there was a flow of funds of IDR 1.78 trillion with various unclear schemes to parties connected to the old management. This was done by utilizing company loans from several banks, disbursement of time deposits, transfer of funds in bank accounts, and financing of expenses for affiliated parties by the company. Regarding transactions with affiliated parties, no disclosure was found to relevant stakeholders. This situation violates the Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency No. KEP-412/BL/2009 concerning Conflict of Interest in Certain Transactions and Affiliated Transactions (Kontan, 2019).

Profit management, including President Director Joko Mogoginto and Budhi Istanto were named suspects for financial report manipulation to boost stock prices. They recorded fictitious income and acknowledged transactions that never happened. In 2022, the South Jakarta District Court decided to sentence Joko Mogoginto and Budhi Istanto to 4 years in prison and each was fined Rp2 billion, a three-month subsidy, because they were found guilty of financial report fraud. After that, the old management was replaced with a new, more transparent management (Dewi, 2022).

In the context of PT Tiga Pilar Sejahtera Food Tbk, several key aspects of the accountant's code of ethics have been violated, including:

a) Integrity

The code of ethics has emphasized the importance of maintaining integrity in presenting financial statements. However, the actions of the old management in changing financial statement information for personal interests have shown a lack of integrity in PT Tiga Pilar Sejahtera's financial reporting.

b) Objectivity

Objectivity is a code of ethics that regulates the basic principles in accounting that requires accountants not to be influenced by personal interests or pressure from other parties. The manipulation that occurred at PT Tiga Pilar Sejahtera Food Tbk shows that the audit failed to maintain its objectivity because it was involved and did not report the actual condition of the financial statements.

c) Professional competence and due care

Professional competence and due care is a code of ethics that must be carried out by auditors or public accountants. However, the auditors involved in the case of PT Tiga Pilar Sejahtera Food Tbk did not demonstrate adequate competence in identifying financial statement irregularities that occurred. There was also a failure to apply the necessary caution when conducting an audit. An auditor should be able to detect indications of financial statement manipulation. This violation includes the auditor's inability to disclose questionable findings that should be his responsibility.

d) Confidentiality

The code of ethics for accountants states that it is important to maintain the confidentiality of client and company information. However, in the case of PT Tiga Pilar Sejahtera Food Tbk, it shows that the old management has used confidential information for personal gain, with allegations of funds flowing to certain parties.

e) Professional Behavior

This code of ethics emphasizes that accountants must comply with all applicable regulations and standards. Manipulation of financial statements is a violation of the law that results in legal sanctions for individuals and companies.

From the case of PT Tiga Pilar Sejahtera Food Tbk, it can be seen that ethical violations in accounting have a serious impact on the integrity of financial statements. The former directors of the company are considered to have damaged the reputation of individuals and public trust in the accounting profession. Therefore, understanding and implementing the code of ethics is very important for accounting students and professionals in maintaining the stability of the financial system. Ethics education must be an integral part of the curriculum so that future generations can avoid similar mistakes and maintain the integrity of the profession.

5. CONCLUSION

From the results of the presentation related to the case of PT Tiga Pilar Sejahtera Food Tbk, it shows that the implementation of a weak code of ethics can lead to serious violations of accounting practices. This violation of the code of ethics reflects a lack of integrity and professionalism among the auditors involved who are unable to detect or report deviations in the financial statements. This will negatively affect financial integrity, stakeholder trust, and public trust in the accounting industry as a whole. To prevent such violations, companies are required to strengthen the implementation of the code of ethics and improve employee understanding of the importance of ethics in accounting. A strict understanding and implementation of the code of ethics by accountants to ensure the integrity and trust of financial information and restore public trust in the accounting profession.

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