



Management Audit on CV. X

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Abstract. This study aims to determine the implementation of Management Audit in all CV divisions. X and to report whether each management division has understood and performed its work in accordance with the SOP applicable to CV. X and has done its work effectively, efficiently and economically and followed up on improvements to future audit planning. The research method to be used is descriptive qualitative. The analysis technique used is data reduction which is a sensitive thinking process that requires intelligence, flexibility and depth of insight. Thus the data that has been reduced will provide a clearer picture, and make it easier for researchers to collect further data, and look for it if needed. The data collection techniques used are interviews, observation, and triangulation. The results of this study are management activities in the marketing, engineering, purchasing, and quality control divisions in CV. X has been running effectively, efficiently, and economically while the warehouse, PPIC, production, maintenance, and HRD divisions have not run effectively, efficiently, and economically because they still have not carried out their work in accordance with the company's standard operating procedures.

Keywords: Audit, Audit Management, Standard Operating Procedures (SOPs)

1 Introduction

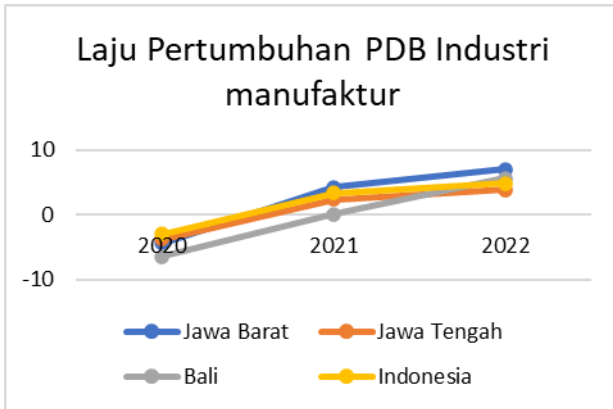
Economic growth is one of the most important indicators in measuring the success of economic development that occurs in a country. Economic growth can be seen through the growth rate of GDP value. According to research conducted by Cindy Augare Malouni Saragih, Haryadi, Emilia (2021), GDP is a measure of productivity and economic prospects in a country, so this is good in describing economic growth [1]. Thus, economic growth can be interpreted as an increase in the value of GDP (Gross Domestic Product) or GDP (Gross Domestic Product) regardless of whether the increase is greater or smaller than the increase in population or changes in economic patterns and structures occur or not. According to the Central Statistics Agency (BPS), the manufacturing industry sector is one of the largest contributors to Indonesia's GDP growth from 2020 – 2022. Table 1 represents the development of the GDP growth rate in Indonesia in the manufacturing industry sector in 2020–2022.

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Table 1. GDP Growth Rate of Manufacturing Industry in 2020 - 2022



Source : Central Bureau of Statistics

Based on Table 1, GDP sourced from the Central Bureau of Statistics Indonesia in 2020 – 2022 increased significantly. This shows that economic growth in Indonesia has continued to increase over the past 3 years quite well.

In Indonesia itself there are many manufacturing industries. Especially in Sukabumi City there are several manufacturing industries engaged in metal metals. One of them is CV. X which produces metal materials into finished goods such as water pumps, Kwh Meters along with electronic equipment components. CV. X has two factory locations as production facilities that employ a workforce of more than 200 people with the support of decades of experience in their fields and become the first company in Sukabumi City that has been established for more than 25 years and is a supplier to more than 10 large companies in Indonesia.

CV. X has a vision to meet customer satisfaction by producing quality products and timely delivery. To achieve this vision, the CV. X must have effective, efficient and economical management. The support of each quality division will have an impact on the creation of added value and the level of quality of decisions taken within the company.

However, there are some obstacles experienced by CV. X one of them, namely Quality Control which is less thorough in sorting and checking products. Here is a table of Quality Agreement (Quality Agreement) that has been agreed by CV. X with one of the customers.

Nama Produk	Target %	Target %	Target %	Target %
	Q1 - 3	Q4 - 6	Q7 - 9	Q10 - 12
Base Plate X dan Y	0.05%	0.05%	0.05%	0.05%

In the table above, there are Q1 – 3 which means the level of visual type reject, Q4 – 6 which means the level of functional type reject, Q7 – 9 which means the critical reject rate, and Q10 – 12 which means the level of stop production (Line Stop) at the

customer. These customers use PPM (Part Per Million) as a target for their company. The PPM (Part Per Million) target in the quality agreement for rejected Base Plate products must not exceed 0.05% of total production. The following is the table of Monthly PPM CV. X provided by the customer.

Nama Produk	Jenis Re-ject	Mei 2023		PPM	Juni 2023		PPM
		Produksi	Cacat		Produksi	Cacat	
Base Plate X	Tidak ada ulir	31820	40	2168	38610	76	2435
	Ulir Longgar		0			9	
	Plating karat		26			3	
	Pengait bengkok		0			3	
	Cacat bentuk		3			3	
Base Plate Y	Tidak ada ulir	42060	23	1593	17100	5	5088
	Ulir Longgar		12			19	
	Plating karat		0			0	
	Pengait bengkok		4			7	
	Cacat bentuk		28			56	

In the PPM table above, it can be concluded that CV X's PPM has exceeded the quality agreement. Where $1\% = 10,000$ PPM. CV. X has reached 2,168 PPM in May 2023 which means 0.21% and 2,435 PPM in June 2023 which means 0.24% for Base Plate X. Then, 1,593 PPM in May 2023 which means 0.15% and 5,088 PPM in June 2023 which means 0.5% for Base Plate Y. So, the total PPM for Base Plate X and Y is 1.1%. Then the customer has determined that, CV. X has committed a violation of Q4 – 6 which means the rejection rate of functional types because the majority of products found have no threads and deformities that will affect the function of the product. So that CV. X was given a fine in the form of Rp. 4,000,000.00. Sanctions in the form of fines are imposed because of repeated mistakes and no improvements made by CV X. The type of sanction depends on each policy and initial agreement between the supplier and its customer. This is very detrimental to CV. X and also the customer.

Another obstacle experienced by CV. X is the mismatch in quantity in product packing sent to customers with predetermined packing standards. So that there are com-

plaints from the customer. However, unlike the previous obstacle, for this case the customer does not impose a fine in the form of money but only a warning against mistakes made by CV X. It is hoped that improvements will be made.

Then, another obstacle is the lack of insight and training for employees because one example, the warehouse admin on CV. X often makes mistakes in the form of writing on stock cards, how to calculate stock, and lack of understanding of SOPs that apply to the company. So often this makes the work of other divisions hampered due to invalid or incorrect data.

Based on this phenomenon, the author is interested in conducting a management audit of CV. X in all divisions to assess and report whether each management division has understood and carried out its work in accordance with the SOP applicable to CV. X and has done its work effectively, efficiently and economically and followed up on improvements to audit planning in the future.

2 Literature Review

2.1 Audit

According to the Report of the Committee on Basic Auditing Concepts of the American Accounting Association (Boynton, Johnson, Kell, 2002: 6), auditing is defined as a systematic process of obtaining and objectively evaluating evidence regarding assertions of economic activities and events with The purpose of determining the degree of conformity between these assertions and predetermined criteria and the delivery of the results to interested parties. Meanwhile, according to Arens and Loebbecke (2000: 2) gives an understanding of audit as an activity to collect and evaluate from evidence about the information needed to determine and report The degree of conformity between the information and the criteria that have been determined [2].

According to experts, it can be concluded that audit is an activity that has a systematic process to evaluate evidence objectively and report the level of conformity between information with predefined criteria. Audit can be divided into 3 (three) types, namely financial statement audits, compliance audits, and operational/management audits.

2.2 Management Audit

Management audit is an evaluation of the effectiveness and efficiency of an enterprise's operations. Management audits are systematically designed to audit activities, programs organized, or portions of auditable entities to assess and notify resources and costs have been used efficiently, and whether the objectives of the planned programs and activities can be achieved and do not violate existing regulations and policies set by the company.

Management audit aims to identify activities, programs, and activities that still require improvement, so that with the advice or recommendations given, improvements can be achieved over management of various programs and activities in the company. Then, this audit also prevents the possibility of various losses.

There are 3 main elements in the audit objectives: Criteria, Cause, and Effect. Criteria are standards within the company in carrying out activities. The cause is an activity carried out and can be positive (walking activities with a higher level of efficiency and effectiveness) or negative (walking activities with a level of efficiency and effectiveness that is lower than the established standards). Effect is a comparison between the cause and the criteria related to the cause.

This management audit consists of 2 types of functions, namely managerial functions and business functions. Managerial functions consist of :

- **Planning**
Planning is an activity that will be carried out. Planning is decision making (Usman, 2015: 77) [3]. Planning is the basic process used to select goals and determine the scope of their achievement.
- **Organizing**
Organizing is a process of distributing work and tasks and coordinating them to achieve organizational goals. Manullang argues that organizing is a grouping of activities to be carried out or distributing tasks and functions to each individual in the organization (Torang, 2015: 170) [3].
- **Briefing (Actuating)**
The briefing is concerned with the implementation of the plan, supported by organizational tools and adequate resources. Actuating is a management function directly trying to realize the wishes of the organization, so that in its activities it is always related to methods and wisdom in regulating and encourage people to be willing to take the actions desired by the organization (Amin, 2016: 233) [3].
- **Controlling**
Control is one of the management functions in the form of conducting assessments and at the same time if necessary making corrections so that what is being done by subordinates can be directed to the right path with the intention of achieving the goals that have been outlined again.

3 Research Methodology

3.1 Types of Research

This study used qualitative research methods. according to Prof. Dr. Sugiyono in the book "Quantitative, Qualitative, and R&D RESEARCH METHODOLOGY", qualitative research methods are methods based on the philosophy of postpositivism, used to research on conditions natural object, (as opposed to experiment) where research is the key instrument, Data collection techniques are triangulated, data analysis It is inductive / qualitative and the results of the study emphasize the meaning of generalization. Qualitative research methods are often referred to as naturalistic research, because the research is carried out in natural conditions; Also called the ethnographic

method, because at first this method was more widely used for research in the field of cultural anthropology.

Qualitative research methods are carried out by directly entering the object / field even though in conducting qualitative research this does not have clear problems or desires. After entering the object / field to be studied, qualitative research can see everything that is in the place of the object / field and is still general.

This qualitative research method is used if a problem / phenomenon is found that is not yet clear. To find out the clarity of a problem / phenomenon, exploration of the object of the problem / phenomenon found. This is done in order to understand the meaning of a problem / phenomenon found.

3.2 Location and Time of Research

This research was conducted at the location of CV. X as a manufacturing industry company engaged in metal. Researchers begin the study in July 2023.

3.3 Data Collection Techniques

Data collection techniques are the most strategic step in research, because the main purpose of research is to obtain data. Without knowing the data collection technique, the research will not get data that meets the standards set. In this study using the following data collection techniques:

- Interview

Interviews are used as a technique of data collection if researchers want to conduct preliminary studies to find problems that must be researched and these interviews can be used if researchers want to know things from respondents more deeply. This interview is based on the knowledge or information known to the respondent. In this study using semi-structured interview techniques. This interview technique is included in the category of in dept interview, which in its implementation is freer when compared to structured interviews. The purpose of this semi-structured interview is to find problems more openly, where the interviewee is asked for their opinions, and ideas.
- Observation

Observation is a way of collecting data by visiting directly the object under study so that an overview and information about the circumstances and problems faced by a company are obtained [4].

In this study using participatory observation techniques. With this participatory observation, the data obtained will be more complete, sharp, and up to knowing at the level of meaning of each behavior that appears.
- Triangulation

Triangulation can be interpreted as a data collection technique that combines various data collection techniques and existing data sources. This data triangulation is carried out to check the credibility of the data with various data collection techniques and various data sources.

In terms of triangulation, Susan Stainback (1988) states that the purpose of triangulation is not to seek truth about some phenomenon, but rather to increase the researcher's understanding of what that has been found. Bogdan also states that the goal of qualitative researchers is not merely the search for truth, but rather the subject's understanding of the surrounding world. In understanding the surrounding world, perhaps what the informant put forward is wrong, because it does not correspond to theory, does not conform to the law.

3.4 Data Analysis

Data analysis on this qualitative method is inductive. Because data analysis is carried out based on the data obtained which is then continued into a hypothesis. Susan Stainback suggests that data analysis is critical in the qualitative research process. Analysis is used to understand relationships and concepts in data so that hypotheses can be developed and evaluated. Spradley (1980) states that analysis in any type of research, is a way of thinking. It deals with systematically testing something to determine parts, the relationship between parts, and their relationship to the whole. Analysis is to look for patterns. Thus data analysis can be interpreted as the activity of processing data obtained from the process of interviews, documentation, observation, and triangulation to obtain a relationship between parts or wholes in finding a pattern to be developed and evaluated.

- **Data Reduction**

In this study using data reduction as a data analysis technique. Reducing data means summarizing, choosing the main things, focusing on the things that matter, looking for themes and patterns. Thus the data that has been reduced will provide a clearer picture, and make it easier for researchers to collect further data, and look for it if needed. Data reduction itself is a sensitive thinking process that requires intelligence and discretion and a high depth of insight. For researchers who are still new, in reducing data can discuss it with friends or other people who are considered experts.

4 Results and Discussion

Management audit on CV. X is used to assess effectiveness, efficiency, and economy. This section discusses the implementation of management audits on CVs. X starts from the preliminary survey stage, review & testing management controls, reporting audit findings and providing suggestions or recommendations. One of the reasons regarding the discussion of management audit activities on CV. X is that management receives complaints about product quality and lack of insight and employee training. Therefore, the author assumes that management audits need to be carried out to assist companies in improving the economy, efficiency, and effectiveness of company activities.

The following are the objectives of a management audit on a CV. X.

- To find out whether the company's procedures have been implemented in accordance with what has been established.

- Identify and evaluate weaknesses that occur in the company.
- Provide advice or recommendations to the company to correct weaknesses or deficiencies found during audit management.

4.1 Management Audit Activity Planning

Before conducting a management audit on CV. X, the author makes a planning of audit activities. The activity planning audit is as follows:

- Preliminary Audit, Preliminary audit is an activity carried out to obtain information about the background of the object of research, namely CV. X. This stage of audit activities is carried out by understanding the policies and procedures set by the company and analyzing various existing information obtained to identify It is possible that these things contain weaknesses or shortcomings in the company that is the object of audit research and is used as a first step to conduct an examination.
- Evaluating and testing management control systems is carried out by conduction interviews and observations. This stage is carried out to identify weaknesses and assess the effectiveness of system management control in carrying out its duties that are beneficial to achieve company goals.
- Detailed Audit, At this stage the author will analyze the evidence collected and process it to assess the level of effectiveness and efficiency within the company. Furthermore, the documents obtained will be processed to find the analyzed findings and determine the elements of the findings, for example such as conditions, criteria, causes, effects, and recommendations for companies.
- Reporting, Communicating audit results based on analysis conducted in the company, including conditions, criteria, causes, effects, and recommendations given to various parties who concerned. This is important to convince the management (audit object) of the validity of the audit results and encourage the competent authorities to correct the weaknesses found. Then, the report is completed (presenting significant audit findings to support the audit conclusions and recommendations).

4.2 Implementation of Management Audit

- Preliminary Audit

The steps taken in conducting a preliminary audit are as follows:

1. Collect data and information regarding the background of company establishment, organizational structure, job description, procedures and supporting documents.
 2. Conduct interviews whose questions refer to the company's Standard Operating Procedures to obtain the necessary information and explain its general purpose.
 3. Make direct observations to learn and better understand the company's activities.
- Management Control Review and Test
- The advantages that CV. X has :
1. Have a fast response in customer requests

2. The price of the products offered can compete with other companies
3. Delivery to customers is always on time
4. Have human resources who are experts in their fields

In addition to the above advantages, based on the results of the interview, there are still several weaknesses in the management control system, namely:

1. There are procedures that are not performed by employees
2. Section Heads who are less responsible in their duties
3. No further training for HR
4. Frequent misunderstandings between individuals

- Detailed audit of all divisions CV. X

1. Marketing Division Audit

Audit objectives:

- a) To find out whether the marketing division has carried out work in accordance with the SOP.
- b) Plan for necessary repairs.

Audit procedure :

- a) Examine the company's procedures for the marketing division.
- b) Check the completeness of the document.
- c) Check whether the work done is in accordance with company procedures

Audit Results :

Based on the results of the examination of procedures for the marketing division, the division has carried out its work in accordance with the company's procedures. Roles and responsibilities for the marketing division, namely managing corporate communications both internal and external and supervising customers in terms of order requests, customer satisfaction and customer complaints, then marketing is also tasked with finding new customers to increase the number of company transactions. If there is a customer complaint, the marketing admin will provide a Corrective Action form and handle the problem quickly, then will notify the repair. Every 1 year, the marketing admin will also conduct a customer satisfaction survey to pay attention to the company's image remains consistent.

2. Warehouse Division Audit

Audit objectives:

- a) To find out whether the warehouse division has carried out work in accordance with the SOP.
- b) Plan for necessary repairs

Audit procedure :

- a) Checking the company's procedures for warehouse divisions.
- b) Check whether the work done is in accordance with company procedures

Audit Results :

Based on the results of the inspection procedures for the warehouse division, the division has not been appropriate in carrying out its work with the company's procedures. The division often makes mistakes in writing stock on stock cards, then the amount of stock that does not match the actual, should be notified to the section head and A search will be performed. If the search is

unsuccessful, a minutes will be made and will be given to the head of the factory. However, in fact, warehouse admins often change the stock directly by writing it in the credit column on the stock card. Warehouse admins are also not given direction or guidance to correct their mistakes or to improve their skills. In addition, the warehouse admin did not comply with the company's regulations regarding dress procedures in the factory area, namely the company's procedures requiring wearing shoes, while Warehouse admins are still often seen using sandals. Communication between warehouse divisions and other divisions is also still ineffective because there are often misunderstandings, for example errors in product preparation for delivery to the customer.

3. Engineering Division Audit

Audit objectives:

- a) To find out whether the engineering division has carried out work in accordance with the SOP.
- b) Plan for necessary repairs

Audit Procedure :

- a) Examine company procedures for the engineering division.
- b) Check whether the work done is in accordance with company procedures.

Audit Results :

Based on the results of the procedure examination for the engineering division, the division has carried out its work in accordance with the company's procedures. For sample products, they have been labeled to facilitate the identification process. Then, in the engineering room there are also no unused samples, the engineering admin has separated unused samples in a special room so that they are not mixed with samples that are still used. For new product planning, the head of engineering has also supervised until mass production is carried out. However, unfortunately there is no further training to improve these engineering capabilities and there is still a document in the form of 1 package of PPAP (Production Part Approval Process) Documents whose contents consist of Item Data, Flow Chart, Check Sheet, Work Instructions, FMEA, Standard Packing and Approval from customers, whose arrangement is not neat or the document is scattered so that it is difficult to collect data. In addition, there are still some documents such as Price Quote Estimation Documents that are different from actual, for example such as the size of the material cut for a product. This happens because of the lack of communication between divisions.

4. Maintenance Division Audit

Audit objectives:

- a) To find out whether maintenance has done its work in accordance with the SOP
- b) To find out whether each machine / dies has been carried out periodic maintenance to avoid damage during the production process
- c) To ensure the availability of spare parts is always available
- d) Ensure that maintenance of the machine/dies has been carried out regularly

Audit procedure :

- a) Check the daily, monthly, yearly preventive schedule document of the machine/dies
- b) Check if each machine has a machine protector used
- c) Check whether maintenance personnel already have expertise in their fields
- d) Check whether the preventive schedule includes all machines / dies in the CV. X

Audit results :

Based on the results of the audit procedure examination for the maintenance division, this division has procedures for carrying out machine maintenance that is carried out every day, month, and year by filling out the specified machine maintenance schedule documents. And for dies maintenance is carried out every month by filling out the dies maintenance schedule document that has been determined. This division also has the task to immediately repair if there is a machine damage / dies so that the production process is not delayed or interrupted and if there are problems in the process of repairing machines / dies, maintenance must notify the production department. For personnel/maintenance teams already have expertise in their respective fields. But in fact the existing machine maintenance schedule is only carried out every month and year, for daily charged to existing operator employees. In addition, engine repairs / dies if there is damage do not get a fast response and also slow repairs due to the stock of replacement parts available are not thorough and in the end the production process becomes disrupted. And also the personnel / team owned by this division does have expertise in their respective fields but their abilities are limited. And also of the 35 machines owned by CV. X, there are only two machines that use machine protection in the form of hand sensors to prevent work accidents during the production process.

5. Production Division Audit

Audit objectives:

- a) to find out whether the production division has carried out its work in accordance with applicable SOPs.
- b) To ensure operators are well trained and understand the production process
- c) Plan repairs if needed

Audit Procedure :

- a) Checking the procedure for the production division
- b) Check documents that control production on a daily basis
- c) Check whether the work has been done with the appropriate procedures
- d) Check whether the applicable occupational safety and health meet the standards

Audit results :

Based on the results of the audit procedure examination for the production division, this division has a procedure where the head of the production section will receive a weekly production schedule from the PPIC section which is then continued to production admin section to prepare materials and make work instruction documents and daily Operator Cards (KOH) for work to be carried

out according to the production schedule has been created. Furthermore, the production admin will give directions / orders to the head of the squad to give the job tasks that will be carried out by operator employees by providing operator card documents daily (KOH) that has been prepared. And also the head of the team in the production division has the task of supervising and controlling every ongoing production activity. When the production process is in progress, there is a Qc section in the process that will control and inspect every item that is being produced in accordance with the standards that has been set. After being audited, this division has carried out its work in accordance with applicable procedures, production operators have understood and trained for the process of production activities. The head of the team also always supervises and controls existing production activities and has understood the correct reporting procedures when a safety and quality problem occurs, goods, and damage to machinery. But the problem is that when there is a problem with damage to the engine or dies, the maintenance department cannot handle the problem and the operator employees at CV. X are currently doing their work is not equipped with personal protective equipment (PPE) which will endanger the safety and health of the operator's employees.

6. Audit Division Plan Production Internal Control (PPIC)

Audit objectives:

- a) To find out whether the PPIC division has done their work in accordance with the SOP
- b) Plan repairs if needed

Audit procedure :

- a) Checking PPIC division procedures
- b) Check if every document used is always well controlled
- c) Ensure that every material arrival, production planning, and delivery is always scheduled on time according to customer requests

Audit results :

Based on the results of the audit procedure examination for the PPIC division, this division has a procedure when there is an order message (PO) from the customer, the marketing department will issue a Work Order (SPK) and given to the PPIC section. After that, the PPIC department will immediately make a Material Arrival Schedule (JKM) to prepare material needs and auxiliary materials according to material demand needs. Furthermore, the SPK will be processed by the PPIC department by making a production plan by filling out weekly production schedule documents in accordance with the Work Order (SPK). Furthermore, the PPIC Section will calculate the production capacity owned whether it needs to add new employees or not, the company already has a written policy on managing needs production if the available production capacity exceeds the ability to work on it. The PPIC Division must always control the Weekly Production Schedule to prevent delays in delivery. Actually, this division has carried out its work in accordance with applicable procedures but the weekly production schedule (JPM) made has not been able to minimize inventory costs, machine set-up, overtime pay, and idle resource time. The

PPIC department also does not control the weekly production schedule (JPM) every week so that sometimes there are delays in delivery to customers. In the Material Arrival Schedule (JKM) document, there is no written document when there is a delay in the arrival of materials. And the requested data in the form of material stock, goods in process and finished goods takes up to 1 full day even after being given to the marketing admin the data is incomplete and incorrect so that it greatly hampers work

7. Quality Control Division Audit

Audit objectives:

- a) To find out whether product quality procedures are carried out in accordance with SOPs
- b) To find out whether every documentation in the quality process is recapped, properly

Audit procedure :

- a) Check the company's SOP procedures and see what quality processes the SOPs have been carried out.
- b) Checking quality control documents both the quality process of materials, finished goods, and damaged goods.

Audit results :

In this quality control procedure, monitoring of raw materials, goods in production and damaged goods (NG) is carried out every day in the production process.

a) Quality checking

The quality control process of raw materials / materials carried out begins when the raw materials / materials come and quality checks are carried out in accordance with the checking procedures in the purchasing procedure, namely PR16 which contains checks for incoming goods.

In quality checking is carried out using Aql 1% level 2 where the international Japanese checking system is carried out which uses a random sample system. For the material itself, a random sample of several sheets of material in 1 lot is checked. Checking carried out in terms of the smoothness of the surface of the material, the thickness of the material.

Quality checking standards that exist in CV. X companies applies to all raw materials /materials. Both materials purchased from suppliers and materials sent by customers are all required to go through a checking process so that the quality of the products produced is in accordance with the standards of the products that has been determined.

Production checks are carried out so that the product complies with the standard. This check is carried out in the incoming area. If product non-conformity is found, inappropriate product control procedures will be carried out. In controlling this product, repairs are carried out on goods in accordance with the repair procedures stated in the SOP. This repair can also be done by the customer or within the company depending on the product.

The checking that has been carried out by quality in the incoming area is continued by labeling by quality which states the material / material, production goods are OK and NG. If the goods have been declared OK, it will proceed to the next process, but if it is declared NG, the handling process will be carried out in accordance with the statement above.

The quality of products produced in This CV. X refers to the product standard determined by the customer directly. So that the product assessment carried out must be in accordance with customer quality standards from visual (size and shape), and product function.

8. HRD Division Audit

Audit objectives:

- a) To find out whether HRD performs its duties in accordance with SOP
- b) To find out how the admission and training system is carried out and whether it is in accordance with applicable SOPs

Audit procedure :

- a) Check the SOP procedures for employee recruitment and training.
- b) Check documents related to employee recruitment and training

Audit results :

a. Employee recruitment procedure

In the process of recruiting employees, it begins with the submission of adding new employees to the top management. If the request for additional employees is approved, employee recruitment will be carried out. This recruitment is not done by opening job vacancies on social media , remaining offline by accommodating several applicants directly to the company and HRD will make a selection from Incoming job application letter. After making the selection, the selected employee will be directly directed to fill out the application form containing : personal data, home address, family dependents, education and work experience. Then new employees will be directed to fill out the employment agreement contract and HRD will hand over new employees to divisions that lack labor and new employees Entering the orientation period is not complex. Where new employees will immediately go into the field in accordance with the work section that has been set. Employee training

b. Employee training

In employee training in CV. X conducts training at the time of the new product. This training is carried out to the quality, production and engineering departments. However, for old products, only employee competency improvement training is carried out. It is expected that employees have skills that increase every 25% then to 50% - 75% - 100%. However, the training is only to improve the competence of employees to assess products, there is no training related to work safety for employees. So that employees do not understand very well about the importance of safety at work.

9. Purchasing Division Audit

Audit Objectives :

- a) To find out whether the purchasing process is in accordance with the company's SOP procedures.
- b) To find out if the buying process is well documented.

Audit procedure :

- a) Check whether the purchase process is in accordance with the SOP applicable to the purchase procedure.
- b) Check whether the documents for purchase are recorded properly.

Audit results :

In this purchase process has a policy that is limited by certain levels. This level is given depending on the case, if the purchase does not exceed the limit then there is a policy that can be done. However, if the purchase exceeds the budget limit, then the budget will be handed over to top management to take care of the budget policy to be carried out.

The purchase process is carried out in accordance with the budget of funds that have been set by top management so that purchases have no obligation to set limits on the budget. Thus, purchasing is only in charge of making purchases for production activities. In making purchases must be based on material arrival schedule documents obtained from PPIC regarding raw materials that must be provided for production. In making purchases on the needs of the purchasing department must obtain prior approval from top management and this approval is carried out in layers to prevent fraud in making purchases. Purchasing always evaluates suppliers every month regarding the quality and quantity of raw materials, and the schedule of arrival of raw materials.

- Reporting

At this stage the goal is to communicate the audit results and recommendations to CV. X from the audit that the author has done through the audit stages as previously explained. The author will report the results of the audit to CV. X and recommendations from audit findings, the author hopes CV. X can accept suggestions and recommendations given. The author discusses the management activities in CV. X.

5 Conclusion and Advice

5.1 Conclusion

Based on the results of research and discussion that has been stated in the previous chapter, the conclusion of this study is management activities in the marketing, engineering, purchasing, and Quality Control divisions in CV. X has been running effectively, efficiently, and economically while the warehouse, PPIC, production, maintenance, and HRD divisions have not run effectively, efficiently, and economically because they still have not carried out their work in accordance with the company's standard operating procedures.

5.2 Suggestion

The researcher suggested to the company as follows :

- It is better to conduct employee training in all divisions to improve the ability of employees in their respective fields.
- For the warehouse division, it is better to evaluate their performance often, then provide direction to any problems that occur so that warehouse admins can understand and correct their mistakes.
- For the engineering division , you should provide a schedule for the arrangement of documents that are not neat, as well as re-evaluate the data of goods between the engineering division and other divisions concerned, such as the production division for data Actual events occur in the production and marketing divisions for data provided to customers for price quotes.
- For the Maintenance division, the daily machine maintenance schedule should be carried out by the maintenance department not charged to the operator, the stock of replacement parts should be in stock as a whole, not only those who have Custom size so that engine repairs / dies can be done quickly. In addition, personnel / maintenance teams should add personnel again so that urgent machine repair processes / dies can be handled immediately with more adequate team / personnel capabilities
- For the production division , employees of company operators should use personal protective equipment (PPE) to prevent work accidents in order to minimize the occurrence of work accidents.
- For the PPIC division, it is better to always control the weekly production schedule made and the weekly production schedule is remade so that inventory costs, machine set-ups, overtime pay, and idle resource time can be planned too. And for material arrival schedule documents (JKM), written documents are made if there is a delay in material arrival so that it can be better controlled.
- For the HRD division, it should pay more attention to the work safety of its employees and must provide training on work safety for its employees. And HRD must be firm in enforcing rules that have an impact on work safety.

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