
APPLICATION OF MANAGEMENT AUDIT TO THE MARKETING FUNCTION AT PT. (PERSERO) CIPTA NIAGA BRANCH MANADO

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ABSTRACT

This study aims to determine the application of management audits to the company's marketing function. The data used in this research includes primary and secondary data, while the data collection method is carried out through field research and literature. To assess the effectiveness of the marketing function, analysis is used by comparing the marketing function according to the theory and practice applied by the company. The results of this study are conveyed regarding the analytical methods that must be carried out in the inspection, the work program that must be made by the examiner, the problems found in the examination, and the necessary recommendations for the preliminary survey, review, and testing of the management control system. Detailed testing and report development while the work program must be made involves evaluating the company's marketing activities and marketing function issues and formulating recommendations. The problems found and suggestions are that management needs to implement a practical marketing philosophy, marketing information used by management needs to be more adequate, marketing plans need to be strategically oriented, and marketing activities carried out by administration must reflect operational efficiency.

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1. INTRODUCTION

Company leaders, in carrying out their duties, need help monitoring the effectiveness of activities within the company. Such situations require company leaders to separate functions by forming departments or units under them. The division of units or parts must be accompanied by delegation of authority. The responsibility of each section for the power given must accompany the delegation of authority. Consequently, company leaders need control tools to control the system so that it continues to run according to established procedures. The control tool is the Internal Control Structure.

According to the Indonesian Accountants Association (PSA No. 23), the duties of internal auditors are "to investigate and assess internal control and the efficiency of implementing functions as an organizational unit." The purpose of an internal audit is to assist all members of management in carrying out their responsibilities by presenting analysis, assessments, recommendations, information, and essential comments related to their activities in company operations. The final results of this examination produce the required information about a company.

In general, information about a company can be obtained from the company's financial reports resulting from financial audits. Apart from financial statements, company management



needs broader non-financial information, namely understanding management. This information is a company operational report regarding the efficiency and effectiveness of a company obtained through management audits as an extension of financial audits. A management audit is a comprehensive examination covering the company's functional activities, such as marketing, purchasing, production, resources, etc.

One essential company function is the marketing function. This is because successful marketing is the lifeblood that determines the survival of a company's operational activities. To carry out good marketing, it is necessary to have a control system, namely a marketing management control system. Marketing is a human activity directed at satisfying needs and desires through an exchange process, while a market is a state that a person feels they want to obtain.

To assess the success of marketing, it is necessary to have a good and regular monitoring system for marketing. To evaluate marketing efficiency and effectiveness, it is essential to have a management audit of marketing, the title of this thesis, namely "Application of Management Audit to Marketing Functions," with the research object being one of the state-owned enterprises, namely PT. (Persero) Cipta Niaga Manado Branch, which markets technical goods and lamps.

PT. (Persero) Cipta Niaga Manado Branch, as one of the BUMNAs, as discussed at the beginning of this article, still needs to improve that need to be addressed to reduce unimportant marketing costs and eliminate activities that do not provide added value. To fix this problem, a management audit is needed as a tool at PT. (Persero) Cipta Niaga Manado Branch delivers accurate, timely, detailed, and reliable information regarding certain functions or units and assesses the extent to which existing procedures are by the specified standards.

2. LITERATURE REVIEWS

2.1 Management Audit

According to Irsan et al. (2016:1), "There are several" terms used to denote management audits, for example, management audits, audits of work results, effectiveness audits, program audits, and function audits. However, in everyday use, the term management audit is more popular because it has a broad meaning and is felt more relevant to the problems commonly faced by companies in achieving their goals. Management audit emphasizes examining and assessing management's financial and resource resources to accomplish the goals set for a program, activity, or function.

According to Tunggal (2017:4), quoted based on the publication of the Institute of Internal Audit (IIA), a Management Audit is "A systematic process of assessing an organization under management control and reporting to the appropriate people the results of the assessment along with recommendations for improvement."

According to "goes (2019:5), Management Audit is "an examination" of the operational activities of a company, including accounting policies and operational policies that have been discovered by management to find out whether these operational activities have been carried out effectively, efficiently and economically",

According to "Jusuf (2019: 4), the definition of Management Audit is: "A review or of every part of an organization's organization and methods to assess its efficiency and effectiveness"

Almost all definitions above regarding management audits emphasize the efficiency and effectiveness of the company's operations and state that management audits are a comprehensive audit activity that includes collecting and evaluating evidence independently and systematically on a program, function, procedure, and activities. As an assessment of management's management of the organization and company resources in terms of efficiency

and effectiveness, management activities provide suggestions or recommendations for improvements to the objects being examined so that they can carry out their duties better.

2.2. Management Audit Objectives

The objectives of implementing a management audit, according to Mulyadi (2017:31), are as follows:

- 1) Assessing achievements
- 2) Identify opportunities for improvement
- 3) Make recommendations for improvements or further action.

According to Tunggal (2017: 5), the purpose of management audits is "to help management and the organization being audited, improve effectiveness and economize operations".

From various expert opinions regarding the purpose of management audits, it can be concluded that the implementation of management audits can help all levels of management in increasing efficiency, effectiveness, and economy of all company operational activities and activities, help plan and improve company strategy, and encourage and raise employee motivation. To implement company strategies and comply with policies that have been implemented, and can be used as a tool in assessing employee performance and identifying and finding solutions to problems faced by the company.

2.3. Benefits of Management Audit

According to Soemardjo (2015: 135), management audits are expected to:

- 1) Reduce costs
- 2) Increase income
- 3) Creating policies where there is a vacuum that hurts the company
- 4) Changing policies that do require changes because the policies no longer meet the company's needs
- 5) Review the objectives of the unit or part of the company if they are outside the company's long-term objectives as a whole.
- 6) Another opinion regarding the benefits of management audits was also expressed by Supriyono (2016: 22) as follows:
- 7) Identify goals, policies, targets, regulations, procedures, and organizational structures that have yet to be previously determined.
- 8) Determine whether the organization complies with previously determined goals, policies, targets, regulations, procedures, and organizational structures.
- 9) Determine the organizational problems that arise and, if possible, determine the cause.

2.4. Management Audit Procedures

Examinations are carried out on companies comprehensively or sampling of existing functions by focusing on weaknesses in management policies. This examination is carried out through several stages. According to Sukrisno Agoes (2019: 6), there are four scopes, namely:

1) Preliminary Survey

The preliminary survey is intended to get an overview of the company's business and is carried out through questions and answers with company management and staff and questionnaires.

2) Review and Testing of Management Control System (Review and Testing of Management Control System)

To evaluate and test the effectiveness of existing management controls in the company.

3) Detailed Testing (Detail Examination)

Carrying out checks on company transactions to find out whether the processes are according to the policies set by management. In this case, the auditor must make observations on the activities and functions contained in the company.

4) Report Development (Report Development)

The report is similar to a management letter because it contains examination findings regarding deviations against applicable criteria, resulting in inefficiency, ineffectiveness, waste, and weaknesses in the company's management control system.

2.5. Management Control System

According to Supriyono (2016:3), managers use a system to direct organization members to carry out activities efficiently and effectively per the primary strategy determined to achieve goals. This means that the desired state or condition must be determined in advance before control is carried out.

In maintaining the company's survival, several things are the goals and objectives of the company that must be achieved. One of the company's general goals is to obtain high profits with certain sacrifices to achieve efficiency and effectiveness. Achieving these goals requires a long time, so companies must try to reach them by establishing short-term programs that can support the success of these long-term goals.

To achieve this goal, a particular method or method is needed so that the company can obtain and utilize the resources that will be used to achieve this goal. Regarding this objective, management control is a process where the management of companies ensures that the company they lead has implemented its strategy to manage and utilize resources effectively and efficiently.

2.6. Relationship Management Control System and Management Audit

Management audits focus on assessing certain activities and evaluating organizational management methods in terms of efficiency and effectiveness in managing the company's resources and providing recommendations for improvements to weaknesses found.

The achievement of efficiency and effectiveness is greatly influenced by:

1. Establishment of existing control systems.

Management control structures and processes will create conditions where managers and their subordinates are encouraged to work well.

The parties concerned will receive appropriate, objective duties and responsibilities and a control system. Objectivity in the appraisal system is one of the motivations for managers and their subordinates to operate optimally.

2. Implementation of the management control system

Achieving efficiency and effectiveness in managing resources is determined by whether the management control system is sound and how the system is implemented and implemented in the company's operations in a non-temporary time.

For this reason, the elements of the marketing management control system that need to be tested are as follows:

1. Planning

- a. Are the elements of each exhibition activity planned?
- b. Have the most profitable alternatives for the organization been selected in making the plan, and have the applicable regulations been considered?
- c. Has the marketing plan carefully considered implementing the project considering local conditions?
- d. Is there any review by the direct superior regarding the marketing work plan submitted to him and whether the project has been prepared and approved and used to control the implementation of activities?
- e. Has the marketing plan been appropriately communicated?

2. Organization

- a. Is the marketing organization by the activities that must be carried out?
 - b. Are the personnel requirements by the defined marketing duties and responsibilities?
 - c. Is there a division of duties and responsibilities so that no one person is allowed to carry out an activity or transaction from start to finish without interference from other people?
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- d. Is there a requirement for everyone to be accountable to their superiors regarding implementing marketing tasks?
3. Policy
 - a. Is the marketing policy stated clearly in written and systematic form and communicated to all functionaries and implementers systematically and timely?
 - b. Do existing policies comply with higher regulations from the head office, and are they evaluated periodically?
 - c. Policies are made to carry out outlined activities economically, efficiently, and effectively.
4. Personnel
 - a. Have marketing duties and responsibilities been assigned to employees according to their expertise?
 - b. Is the appointment of employees according to the required qualifications?
 - c. Is there an adequate supervision and oversight system for each executor?
 - d. Is there a coaching and training program for executors on an ongoing basis?
5. Procedure

Procedures must be implemented to carry out technical and administrative activities to guarantee the implementation of the determined policies economically and efficiently.

 - a. Are the marketing procedures made by the established policies?
 - b. Are procedures made in a written and systematic form to ensure the efficient and effective implementation of activities?
 - c. Are marketing procedures made by considering the elements of checks and balances so that another person automatically checks the results of one person's work?
 - d. Are the marketing procedures made to ensure smooth service or activity implementation?
6. Reporting
 - a. Can the marketing report provide up-to-date information for the benefit of management actions?
 - b. Have any work results/activities by the executor been made a written report?
 - c. Are the reports made informative and timely?

3. RESEARCH METHOD

3.1. Research Approach

This study uses a qualitative approach to find out about applying management audits to the marketing function at PT. (Persero) Cipta Niaga Manado Branch

3.2. Data and Data Sources

The type of data used in this research is qualitative data about applying management audits to the marketing function at PT. (Persero) Cipta Niaga Manado Branch. The source of data used in this study is primary data, namely data directly obtained from observations and interviews within the company

3.3. Method of collecting data

In this study used data collection methods as follows:

1. Field Research, which is carried out by:
 - a. Conduct interviews with leaders and several employees who are related to research.
 - b. Observation of the company's location to see firsthand the reality that exists in the company.
 - c. Ask questions in the form of a questionnaire
2. Library Research, namely the method of collecting data by reading books and literature as a reference in discussing the problem under study.

3.4. Data Analysis Methods and Processes

To conduct a management audit of the marketing function at PT. (Persero) Cipta Niaga Manado Branch, the method of analysis used is a descriptive method, which describes, collects, processes, and analyzes qualitative data and evidence collected from the company.

In this writing, the author uses the following research analysis techniques:

1. Preliminary survey

In this stage, the examiner collects general information covering all aspects and organizational units or company activities being examined and specific information relating to the company's marketing.

2. Review and testing of the company's marketing management control system.

At this stage, the examiner collects evidence related to the marketing management control system, analyzes it, and draws conclusions for a detailed examination.

3. Detailed testing

In this stage, the examiner makes an overall observation of the marketing function within the company, examining, analyzing, and further disclosing weaknesses or deviations that exist when evaluating the management control system.

4. Report development stage

This stage aims to communicate the inspection results, including recommendations, to management to convince management of the value, significance, and validity of the inspection results and encourage management to make improvements.

4. RESULTS AND DISCUSSIONS

4.1. Results

The marketing planning carried out by marketing management is for one year, called the Annual Plan. The Marketing Planning Process carried out by the company is in the form of:

1. Analysis of Results of Previous Marketing Activities

In this analysis, a review of previous marketing results is carried out, and the results are outlined in a marketing development report, which contains the reasons for the increase or decrease in sales results.

2. Preparation of Marketing Plans

The preparation of this marketing plan is based on an analysis of the results of previous marketing activities. The company's marketing plan contains:

- a. Sales target, expected profit level, and market share
- b. The target market is divided into large, medium, and small-scale
- c. Price levels, discount limits, and payment terms.

3. Preparation of Marketing Budget

This marketing budget is prepared based on a predetermined marketing plan. The Marketing Budget is determined by considering the facilities/parasana that will be used, the funds that will be achieved, and the human resources that will be used.

The marketing organization is led by a head called the Head of Commerce. The division of duties of each official and employee in marketing is clear and firm, so there is no spillover or duplication of duties and responsibilities. All policies have been communicated to all functionalists and implementers systematically and on time.

The marketing implementation is carried out based on the marketing plan that was made beforehand. The marketing implementation is supported by using 9 (nine) units of four-wheeled motorized vehicles. The goods marketed by the company consist of pharmaceutical goods, medical devices/engineering and chemical building goods, and general trade goods. These items, among others, consist of all three wheels, concrete iron, lighting, irons, and Philips brand mixers. The company sells These goods to retailers such as Toko Bintang Mas, Toko

Pelangi, Toko Palapa, and Toko Cendrawasih by cash or credit.

The purpose of marketing control by the company is to maximize the achievement of the objectives of the target funds that have been set. In the company control system, all marketing officers are given the authority to make decisions by instructions or submissions from their superiors. Thus, it is expected to be able to overcome the problem individually before it is reported to supervisors.

4.2. Discussion

In this management audit, evidence has been collected in the form of company records, information from company staff/employees, and direct observations made. From the evidence and the results of these observations. In-depth analyses were carried out to obtain the following conclusions:

1. Customer philosophy

Judging from the planning process made by the company, it is known that:

- a. Management still needs to gain the awareness to design an organization to serve the needs and wants of a particular chosen market.
- b. Management does not develop different offers and marketing plans for market segments.
- c. Management needs to thoroughly review the marketing system (suppliers, channels, competitors, buyers, and the environment) in planning its business.

The marketing planning process should be directed to meet the needs and wants of the market by first conducting a review of the market and environment that will affect the company's marketing.

This condition occurs because:

- a. Philosophical error that assumes that the success of marketing is only seen from the ability to achieve targets.
- b. There needs to be a provision from the branch head office to make plans based on market review or monitoring in advance to examine consumer needs and wants.
- c. The consequences of this problem are:
 1. Management made a big sale to any buyer.
From field reports, it is known that there is a buildup of goods at several retailers due to excessive purchases.
 2. It is also known that several retailers who made excessive purchases have yet to pay off their overdue debts.

2. Marketing Organization

The company has established an excellent marketing organization. A head leads the organization, called the Head of Trade, with sufficient authority and responsibility. The division of duties among officials in marketing is clear and firm. This way, there is no overlap or duplication of duties and responsibilities. It is also known that the Head of Trading has coordinated with managers outside marketing.

3. Adequate Marketing Information

Judging from the planning process made by company management, marketing plans are not based on adequate market information. This is because the data used is only from the previous year's data, not from reviews or marketing research studies. The marketing plan should be based on market information obtained through reviews or marketing research studies covering customers, distribution channels, competitors, sales potential, and product profitability.

Marketing management problems in not conducting market reviews or marketing research are caused by:

1. There needs to be a provision from the head office to branches to make plans based on market reviews or monitoring in advance to examine consumer needs and wants, which

will be followed up with efforts to fulfill these needs or desires through integrated marketing activities.

2. The erroneous philosophy adopted by the company's management considers that marketing's success is only seen from the ability to achieve targets.
3. The consequence of these problems is that companies must refrain from using a system that can produce up-to-date information so that they can react quickly if there is a change in the market.

a. Strategic Orientation

The marketing plan created by the company is only intended for the short term, namely one year. The marketing plan made by company management should be for short-term and long-term goals. Short-term plans, namely annual plans, are detailed, and long-term plans must be made carefully and updated yearly.

It is also known that the company's management makes the marketing strategy. However, it is only a continuation of the previous system, which is not based on market observations. The company should pay attention to unexpected things that might happen to the company. The marketing strategy made by company management should be clear, innovative, based on accurate data, full of consideration, and formally considering unexpected possibilities.

The problems that arise in this strategic orientation are caused by the absence of a policy from the head office to make plans based on market reviews in advance and for long-term goals. The head office policy that applies is that planning is based on the previous year's data made only for short-term goals, namely a year.

The consequences resulting from this problem:

1. The company's long-term success rate, for example, three to five years, cannot be measured.
2. There are very few errors in determining the company's plans and targets. From the comparison between the project and the actual sales volume in 2006, there was a substantial deviation, either excess deviation or deviation. This can result in inefficiency and effectiveness in achievement.

b. Operational Efficiency

From the implementation of activities, it is known:

1. Top management's thoughts have yet to be communicated and implemented well by lower administration. There are still marketing areas that are less clear between one salesman and another.
2. Management needs to use marketing resources objectively; some operational vehicles are not used optimally, and some salesmen waste much time at the office.
3. Management has yet to use a system that produces up-to-date information to react quickly if a change occurs.

Should top management's marketing thinking be well communicated to lower management, management effectively uses marketing resources and employs a system that generates up-to-date information to react to changes.

The above conditions occur due to:

- a. Marketing area boundaries for salespeople have yet to be regulated.
- b. Lack of supervision and action taken by the Head of Trade.
- c. The marketing plan created is not based on market review.

The consequences are as follows:

- a. Two salesmen visited a customer because the area boundaries for the salespeople had yet to be set.
- b. The company suffers losses due to suboptimal use of vehicles and salespeople.
- c. Some changes that may arise in the market will be too late for management to follow.

5. CLOSING

5.1. Conclusion

Based on the research results on the application of management to the marketing function of PT. (Persero) Cipta Niaga Manado Branch can be drawn as follows:

1. The company has established an excellent marketing organization; a head leads the organization, the Head of Commerce, with sufficient authority and responsibility.
2. Management still needs to gain the awareness to design an organization to serve the needs and desires of specific selected markets.
3. Management does not develop differentiated offers and marketing plans for market segments.
4. Management needs to comprehensively review the marketing system (suppliers, channels, competitors, buyers, and environment) in planning its business.
5. Marketing plans are based on more than adequate market information.

5.2. Suggestion

Based on the conclusions stated previously, the following suggestions can be given:

1. Management audits to increase the marketing function's effectiveness must be carried out periodically at PT. (Persero) Cipta Niaga Manado Branch.
2. For the effectiveness of PT's marketing function. (Persero) Cipta Niaga Manado Branch is as follows:
 - a. Regarding problems related to management not yet implementing the marketing philosophy of serving consumer needs and desires, the following are recommended:
 - b. Head office management makes provisions for branch office management to make plans based on a market review or monitoring first, researching consumer needs and desires, which will then be followed by efforts to fulfill these needs and desires.
 - c. Apart from the provisions on sales targets that must be achieved in one year, which management uses for control, branch office management must make provisions regarding sales conditions that can be carried out to avoid the accumulation of goods by retailers.
 - d. Branch office management has increased collections from retailers who still need to pay their overdue debts.
 - e. Regarding the problem that the marketing information used by management needs to be improved, it is recommended that the head office make provisions for branch offices in the marketing context to carry out a market review first for consumer satisfaction.
 - f. For marketing plans made by management that still need to be strategically oriented, it is recommended that the head office make provisions for branch offices in the context of marketing to make plans based on market review first and for long-term needs of three to five years.

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