ACKNOWLEDGEMENTS

All the glory and praise to Lord Jesus Christ as it is only with His love, blessings, and wisdom that I am capable of completing this final assignment well and on time.

This final assignment is entitled “Implementation of Risk-Based Audit of Deposit in PT Bank XYZ” is written to fulfill one of the academic requirements for achieving a Bachelor of Economics Degree in Accounting from the University of PelitaHarapan. I realize that this final assignment is far from perfection. For that reason, I welcome any supporting critiques and recommendations from readers. I also wish that this final assignment could be advantageous to every reader out there.

There is no way that this final assignment could have been written, let alone completed on time, without the participation of many parties. It is a pleasure to thank the many people who made this final assignment possible. For this reason, the writer would like to thank profusely to the following people who have assisted the reader in composing this final assignment.

1) Mr. Dr. KimSungSuk, B.A., Mhum., M.Sc., MBA, as Dean of Business School.
2) Mr. Ferdinand Butarbutar, S.E., MBA, as Head of Accounting.
3) Mr. Dr. TanggorSihombing, MBA, as my Final Assignment Supervisor. With his great efforts to explain things clearly and simply, he helped to make audit interesting to me. Throughout my final assignment-writing period, he provided encouragement, sound advice, good teaching, good company, and lots of good ideas.
4) Mr. MulyadiNoto, Ak., M.Com and Mr. SahatSimanjuntak and all lecturers in Accounting Department of the Faculty of Economics for sharing their knowledge and experience since I joined UPH.
5) Staff at Business School for helping the writer in administrative deeds.
6) Ferdiyanto, Christo, Novie, and Angeline as an audit team and good company during internship at Public Accountant Firm Siddharta&Widjaja. I would like to express my deepest thanks for all the knowledge, coaching time, support and understanding that make the writer could finish this Final Assignment and become professional auditor.

7) All the friends that took internship program at Public Accountant Firm Siddharta&Widjaja that could not be mentioned one by one, thank you for the partnership and company during internship.

8) My parents and brothers who always gave motivation and support for the writer to always give a best at what the writer do. Thank you for the loving environment and material support that was given during University.

9) My friends and colleague in University of PelitaHarapan especially Accounting A 2008 class for the time spend together at University. Aldo, William, Bayu, David, Kevin, Yenny, Karlina, Priska, Echa, Ariel, Chandra and all friends at UPH who always gave motivation, encouragement, and help. Thank you for all the support and teamwork during University.

10) All the parties that could not be mentioned one by one but always been remembered by the writer. All of your support is really meaningful for the writer.

Yours,

Andri Sugiarto
TABLE OF CONTENTS

TITLE PAGE i
STATEMENT OF ORIGINALITY ii
THESIS SUPERVISOR APPROVAL iii
THESIS EXAMINING LECTURERS APPROVAL iv
ABSTRACT v
ACKNOWLEDGEMENTS vi
TABLE OF CONTENTS viii
LIST OF PICTURES xii
LIST OF TABLES xiii
LIST OF FIGURES xiv
LIST OF APPENDIX xv

CHAPTER I INTRODUCTION
1.1 Background of Topic Selection ................................................................. 1
1.2 Scope of Internship .................................................................................. 2
1.3 Internship Location and Activities
   1.3.1 Internship Location ............................................................................. 3
   1.3.2 Internship Date and Location ............................................................. 5

CHAPTER II COMPANY PROFILE
2.1 KPMG International
   2.1.1 KPMG Global History ....................................................................... 5
   2.1.2 Siddharta&Widjaja Brief History ...................................................... 6
   2.1.3 Service Provided by Siddharta&Widjaja ............................................. 8
   2.1.4 Industry Focus .................................................................................. 10
   2.1.5 Siddharta&Widjaja Values and Culture .............................................. 11
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.6 Career Path at Siddharta&amp;Widjaja</td>
<td>14</td>
</tr>
<tr>
<td>2.2 PT Bank XYZ</td>
<td></td>
</tr>
<tr>
<td>2.2.1 PT Bank XYZ Brief History</td>
<td>15</td>
</tr>
<tr>
<td>2.2.2 Products and Services</td>
<td>16</td>
</tr>
<tr>
<td>2.2.3 Vision and Mission</td>
<td>29</td>
</tr>
<tr>
<td>2.2.4 Human Resources</td>
<td>30</td>
</tr>
<tr>
<td>2.2.4.1 Recruitment</td>
<td>31</td>
</tr>
<tr>
<td>2.2.4.2 Training Program and Human Resources Activities</td>
<td>31</td>
</tr>
<tr>
<td>2.2.4.3 Performance Appraisal</td>
<td>32</td>
</tr>
<tr>
<td>2.2.5 Financial Performance</td>
<td>33</td>
</tr>
<tr>
<td>2.2.5.1 Financial Statement Analysis of PT Bank XYZ</td>
<td>33</td>
</tr>
<tr>
<td>2.2.6 Corporate Social Responsibility</td>
<td>38</td>
</tr>
<tr>
<td>CHAPTER III DESCRIPTION OF THE ACTIVITIES</td>
<td></td>
</tr>
<tr>
<td>3.1 Internship Location</td>
<td>42</td>
</tr>
<tr>
<td>3.2 Internship Activities</td>
<td></td>
</tr>
<tr>
<td>3.2.1 Internship Activities During 1 July 2011 – 12 August 2011</td>
<td>43</td>
</tr>
<tr>
<td>3.2.2 Internship Activities During 13 August 2011 – 20 October 2011</td>
<td>57</td>
</tr>
<tr>
<td>3.2.3 Internship Activities During 21 October 2011 – 28 October 2011</td>
<td>58</td>
</tr>
<tr>
<td>CHAPTER IV EVALUATION DURING INTERNSHIP</td>
<td></td>
</tr>
<tr>
<td>4.1 Learning of Banking and Auditing</td>
<td>61</td>
</tr>
<tr>
<td>4.2 Challenging Aspect During Internship</td>
<td>66</td>
</tr>
<tr>
<td>4.3 Experiences in Siddharta&amp;Widjaja</td>
<td></td>
</tr>
<tr>
<td>4.3.1 Organizational Culture at Siddharta&amp;Widjaja</td>
<td>67</td>
</tr>
<tr>
<td>4.3.2 Learning Experience as an Auditor</td>
<td>68</td>
</tr>
<tr>
<td>4.4 Experiences in PT Bank XYZ</td>
<td></td>
</tr>
<tr>
<td>4.4.1 Organizational Culture at PT Bank XYZ</td>
<td>69</td>
</tr>
<tr>
<td>CHAPTER V ANALYSIS OF OBSERVATION AND LEARNING EXPERIENCE</td>
<td></td>
</tr>
<tr>
<td>5.1 Scope of Analysis</td>
<td>71</td>
</tr>
</tbody>
</table>
5.2 Audit Theory

5.2.1 Audit Definition ...................................................................................... 72
5.2.2 Audit Objective ....................................................................................... 74
5.2.3 Type of Audit ........................................................................................ 75
5.2.4 Audit Standard ...................................................................................... 77
5.2.5 Audit Responsibility ........................................................................... 79
5.2.6 Audit Phase ......................................................................................... 80
5.2.7 Types of Audit Opinion ....................................................................... 81
5.2.8 Audit Risk ......................................................................................... 82
5.2.9 Materiality ............................................................................................ 83
5.2.10 Non-statistical Sampling Method ....................................................... 84
5.2.11 Types of Audit Testing ...................................................................... 85
5.2.12 Management Assertion .................................................................... 87

5.3 Banking Theory

5.3.1 Bank Definition ..................................................................................... 88
5.3.2 Type of Banks ...................................................................................... 88
5.3.3 Industry Risk ....................................................................................... 90
5.3.4 Bank Function ..................................................................................... 92
5.3.5 Deposit .................................................................................................. 92
5.3.6 Deposit Risk ......................................................................................... 94

5.4 Audit Procedure

5.4.1 Test of Control .................................................................................... 96
5.4.2 Substantive Procedures ...................................................................... 99

5.5 Analysis of Learning in Internship

5.5.1 General Audit Procedure Siddharta&Widjaja for PT Bank XYZ ........... 100
5.5.1.1 Audit Planning ............................................................................... 101
5.5.1.2 Audit Fieldwork .......................................................................... 101
5.5.1.3 Completion and Reporting ......................................................... 102
5.5.2 Analysis on Audit Procedure on Deposit ........................................... 103
5.5.2.1 Test of Control on Deposit ......................................................... 103
5.5.2.2 Substantive Procedure on Deposit ............................................ 111

5.6 Analysis on Correlation of Theory and Practice
5.6.1 Analysis on General Audit Procedures ................................................... 114
5.6.2 Analysis on Audit Procedure for Deposit Account
   5.6.2.1 Analysis on Test of Control of Deposit Account ......................... 116
   5.6.2.2 Analysis on Substantive Test of Deposit Account .................... 117

BAB VI RECOMMENDATION FOR IMPROVEMENT

6.1 Recommendation Related to Topic
   6.1.1 Recommendation for PT Bank XYZ ............................................... 118

6.2 Recommendation Non-Related to Topic
   6.2.1 Recommendation for PT Bank XYZ ............................................... 120
   6.2.2 Recommendation for Siddharta&Widjaja ........................................ 121
   6.2.3 Recommendation for University of PelitaHarapan ......................... 122

BIBLIOGRAPHY

APPENDIX
LIST OF PICTURES

Picture 2.1 KPMG Way .................................................................................................................. 14
Picture 2.2 Siddharta & Widjaja Career Path ............................................................................. 15
Picture 2.3 PT Bank XYZ Organizational Structure ................................................................. 32
Picture 5.1 Process for Understanding Internal Control ............................................................ 97
LIST OF TABLES

Table 2.1 PT Bank XYZ Trade Finance Product .......................................................... 27
Table 3.1 Internship Location .................................................................................. 42
Table 5.1 Audit Assertion for Deposit ..................................................................... 112