

The implementation of forensic accounting and investigative audit in the BPKP of East Nusa Tenggara Province

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ABSTRACT

This study aims to explore and analyze (1) the effect of the implementation of forensic accounting on fraud prevention; (2) the effect of the implementation of forensic accounting on fraud detection; and (3) the effect of the implementation of investigative audit on fraud disclosure in regional financial management. The research method used in this study is descriptive qualitative method that examines some information derived from informants through in-depth interview. The results of the research analysis show that there are some problems or weaknesses in the implementation of forensic accounting, such as uneven SPIP maturity level, employees of agencies that are resistant to FCP implementation, the implementation of SIMDA that is not maximal, the absence of EDP laboratories in the BPKP of East Nusa Tenggara, and discrepancies in budget estimates on the implementation of the probity audit. In addition, there are weaknesses in the implementation of investigative audits, where fraud disclosure in the BPKP is based solely on request.

ABSTRAK

Penelitian ini memiliki tujuan untuk melakukan eksplorasi dan menganalisis: (1) pengaruh pelaksanaan akuntansi forensic yang aplikatif dan efektif terhadap pencegahan fraud; (2) pengaruh pelaksanaan akuntansi forensic yang aplikatif dan efektif terhadap pendeteksian fraud; dan (3) pelaksanaan audit investigatif yang aplikatif dan efektif terhadap pengungkapan fraud dalam pengelolaan keuangan daerah. Metode penelitian yang digunakan dalam penelitian ini adalah metode kualitatif deskriptif. Hasil analisis penelitian menunjukkan bahwa terdapat beberapa masalah atau kelemahan dalam pelaksanaan akuntansi forensik, seperti tidak meratanya level maturitas SPIP, pegawai instansi yang resisten terhadap penerapan FCP, pelaksanaan SIMDA yang belum maksimal, tidak adanya laboratorium EDP di BPKP Nusa Tenggara Timur, dan ketidaksesuaian dalam estimasi anggaran pada pelaksanaan probity audit. Selain itu, terdapat kelemahan dalam pelaksanaan audit investigasi, dimana pengungkapan fraud di BPKP hanya didasarkan pada permintaan.

1. INTRODUCTION

Fraud is one of the most common cases faced by many countries. In Indonesia, it can occur in both the public sector and the private sector. In the public sector, one of the most common frauds is corruption. Corruption has become a phenomenal and interesting issue to discuss, including cases that are currently developing in the community (Lidyah, 2016). Auditors with their sufficient capability of investigation are required to disclose fraud. An investigative audit is a tool that can be used by auditors to determine how, who, what, and

other statements that might be relevant to help disclose fraud cases. In addition, it also requires a legal and accounting approach, called forensic accounting. Forensic accounting aims to help change complex financial transactions, consisting data or numbers, into a simple form. Information contained in the financial statements must be easily understood so that any irregularities can be detected as early as possible.

Due to the weaknesses, the government issued Law No. 1 of 2004 Article 58 in which the State Treasury requires the president to carry

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out Government Internal Control Systems (SPIP) that can be used in both regional and central government. The internal control systems cover all activities in government agencies, such as planning, implementation, supervision, and accountability. They must be carried out orderly, controllably, effectively and efficiently. Therefore, there should be systems that can provide assurance that the implementation of activities in government agencies can achieve its objectives effectively and efficiently, in which the financial statements can be relied on, state assets can be secured, and the compliance with laws and regulations is getting improved.

One of the institutions that have competence in forensic accounting and investigative audits is the **Indonesia's** National Government Internal Auditor (**BPKP**). BPKP is an institution that carries out government duties in the field of financial and development supervision as stipulated in Presidential Decree (KEPRES) Number 192 of 2014. The BPKP, which has the authority to conduct financial supervision for the central government as well as local governments, is expected to be able to minimize irregularities by making efforts to prevent, detect and disclose fraud practices. The BPKP needs to supervise the administration of the government to ensure that the implementation of government activities can run well to create a good governance and clean government.

One of the regions in Indonesia that need supervision in the regional financial management is East Nusa Tenggara (Indonesia: Nusa Tenggara Timur/ NTT) **province**. According to data released by Indonesia Corruption Watch (ICW) in 2017, NTT is the most corrupt province in Indonesia (<https://antikorupsi.org/>). Therefore, this study discusses the implementation of forensic accounting and investigative audits in the BPKP of East Nusa Tenggara, especially in regional financial management. In addition, this study also intends to find out how the BPKP prevent, detect and disclose fraud practices to minimize the occurrence of fraud.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Forensic Accounting Theory

Tuanakotta (2012) suggests that forensic accounting is the application of accounting disciplines in a broad sense, including auditing, to settle legal issues inside or outside

the court. Forensic accounting can be applied in the public and private sectors. Forensic accounting, according to Crumbley (2007 in Tuanakotta (2012), can simply be said to be accurate accounting for legal purposes, which can stand in the arena of feud during court proceedings, in the process of judicial review, or administrative review.

Forensic accounting was originally the simplest blend of accounting and law. According to Tuannakota (2010), in a more complicated case, there is one additional field, namely audit so that the forensic accounting model is represented in three fields.

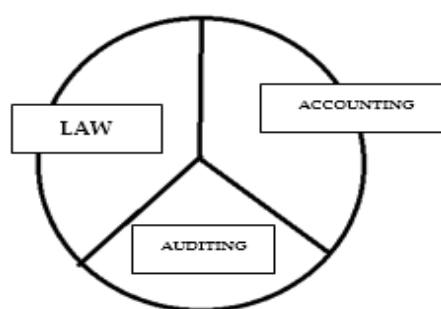


Figure 1
Forensic Accounting Diagram
Source: Tuannakota (2010)

Investigative Audit

Investigative audit is a way to detect and inspect the occurrence of fraud, especially in financial statements, by using certain expertise of an auditor (audit technique). According to the BPKP Training Center (2008), investigative audit is a systematic and measurable activity to reveal fraud since it is found, or the existence of an indication of an event or transaction that can provide sufficient confidence, and can be used as evidence that meets the proof of truth in explaining the event that has been assumed before in order to achieve justice.

Tuannakota (2009), argues that finding out who the corruptor is, how, when, where, and why the corruption is committed is included in audit area, especially the investigative audit.

Fraud

According to Karyono (2013), fraud is a deviant or illegal act done intentionally for specific purposes, such as deceiving or misleading to other parties. This illegal act is committed by people from both inside and outside the organization. The Association of Certified Fraud Examiners (ACFE) specifically

states that fraud is any attempt to deceive another party to gain a benefit (Priantara, 2013). So, based on this understanding, fraud is any attempt to deviate or act against the law carried out by the people from both inside and outside the organization and intentionally to deceive other parties to gain benefits.

Causes of Fraud

a. Fraud Triangle Theory

Based on Fraud Triangle Theory proposed by Cressey (1953) in Skousen, et al., (2009), there are three causes or triggers of fraud: pressure, opportunity, and rationalization.

b. GONE Theory

According to Bologna (1993) in Soepardi (2006), the factors that encourage the occurrence of fraud are as follows:

1. Greed. It is related to the existence of greedy behavior that potentially exists in everyone
2. Opportunity. It is related to the state of the organization or institution in such a way that there is an opportunity for someone to commit fraud.
3. Need. It is related to the factors needed by individual in supporting his life which he thinks is reasonable.
4. Exposure. It is related to actions or consequences that will be faced by perpetrators of fraud.

Fraud Diamond Theory

In the research conducted by Sihombing (2014), it is stated that Fraud Diamond Theory proposed by Wolfe & Hermanson (2004) is the improvement of Fraud Triangle Theory by Cressey (1953). This improvement can be seen from the addition of one element that is significant in influencing someone to commit fraud, namely capability.

According to Wolfe & Hermanson (2004), people who commit fraud must have the capability to realize that the open door is a golden opportunity and making use of it not only once but many times. Therefore, Wolfe & Hermanson (2004) explain that fraud triangle can be used to improve both prevention and detection of fraud by considering the fourth element, that is, capability

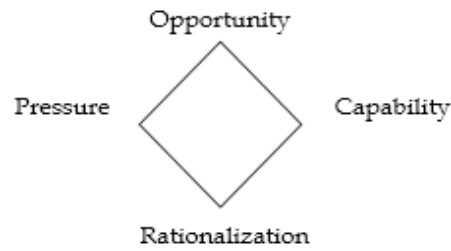


Figure 2
Fraud Diamond
Source: Sihombing, 2014

Fraud Pentagon Theory

Fraud Pentagon Theory proposed by Crowe (2011) is the improvement of Fraud Triangle Theory and Fraud Diamond Theory. This pentagon fraud theory adds two other fraud elements: competence and arrogance. Competence has similar meaning to capability as described in diamond fraud theory by (Wolfe & Hermanson, 2004).

Competence or capability is the ability of employees to ignore internal controls, develop concealment strategies, and control social situations for their personal benefits (Crowe, 2011). Furthermore, Crowe (2011) states that arrogance is one's superiority attitude over rights owned and the perception that internal controls or company policies do not apply to him. The following is a picture of the Pentagon Fraud Theory proposed by Crowe (2011).

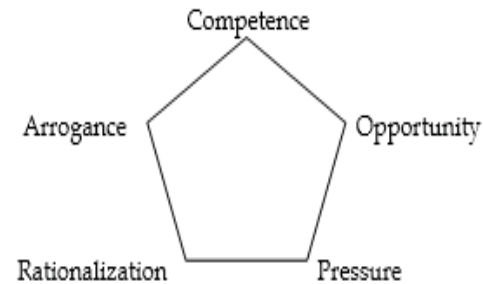


Figure 3
Fraud Pentagon Theory
Source: Crowe, 2011

The Effect of Forensic Accounting on Fraud Prevention

Preventive control is a control effort to prevent the occurrence of irregularities and is an anticipatory effort of the management before something unexpected happens. This strategy needs to be created and directed towards the causes of corruption. Every cause

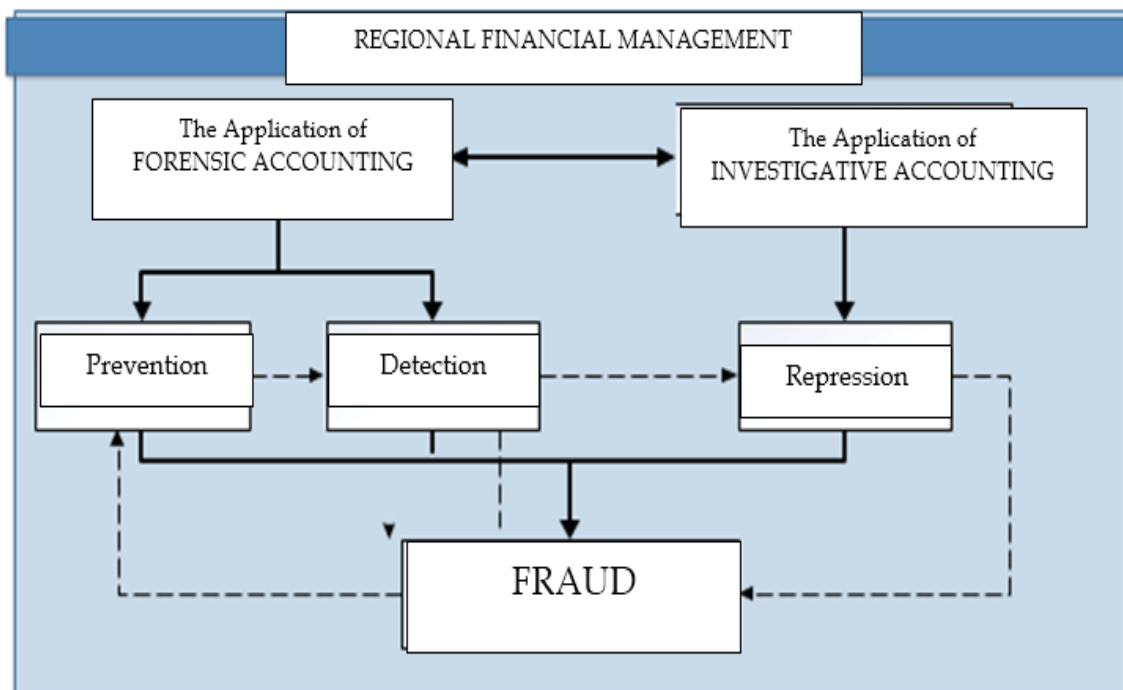


Figure 4
Theoretical Framework
 Source: Processed, 2014

of corruption identified must be prevented, so as to minimize its causes (Arles & Anita, 2013). According to Amrizal (2004), there are three ways to prevent fraud: building a good control structure, streamlining control activities, and streamlining the internal audit function. Effective control activities include performance reviews, information processing, and physical control. It is expected that the existence of an effective forensic accounting approach can hamper the confidence of the perpetrators or potential perpetrators of corruption.

P1: The implementation of forensic accounting has an effect on fraud prevention in regional financial management

The Effect of Forensic Accounting on Fraud Detection

A forensic accountant must understand how to detect fraud early. The detection cannot be generalized to all incidents of fraud because each type of fraud has its own characteristics. To detect the fraud, it is necessary to have a good understanding of the types of fraud that might occur in the company (BPKP, 2008). Detective controls prioritize finding errors that might occur. Early detection of an act of corruption can accelerate appropriate follow-up to avoid greater losses (Arles & Anita, 2013). A detection strategy needs to be created and

implemented effectively with the aim that any act of corruption can be recognized as early as possible.

P2: The implementation of forensic accounting has an effect on fraud detection in regional financial management

The Effect of Investigative Audit on Fraud Disclosure

Repressive control is an effort to control as early as possible so that fraud cannot occur. Repressive strategies are created and implemented effectively with the aim of providing appropriate legal sanctions quickly to the parties involved in committing fraud so that the process of overcoming fraud or corruption, starting from the investigation, prosecution up to the judiciary, can be assessed for improvement in all aspects quickly and appropriately (Afkar, 2016). Repressive controls also give a deterrent effect to fraud perpetrators because the controls and severe sanctions have been implemented properly.

P3: The implementation of investigative audit has an effect on fraud disclosure in regional financial management

3. RESEARCH METHOD

This study uses a qualitative research design with a descriptive approach. Qualitative research is a method of exploring and interpreting a problem which is considered by a group of people as a social or humanitarian problem. In addition, qualitative research aims to build prepositions and explain the meaning behind social reality that occurs. Whereas qualitative research with a descriptive approach is a study that carries out a description and interpretation of existing conditions or relationships, opinions, ongoing processes, and consequences that will arise from the problem. Descriptive research method is one research method that is widely used in research with the aim to explain an event. Data collection technique used in this study is through the stages of documentation, observation, and in-depth interviews. Data validity test in qualitative research includes credibility, transferability, dependability, and confirmability.

The types of data in this study are both quantitative and qualitative data. Quantitative data is the data expressed in numerical quantities while qualitative data is the data that is classified according to certain categories. The qualitative data used is the results of the description of interviews between researchers and participants. The results of interviews obtained from participants are about the implementation of forensic accounting and investigative audit to set preventive, detective and repressive strategies. The setting of this study is the Indonesia's National Government Internal Auditor (BPKP) of East Nusa Tenggara Province. The participants are auditors working at the BPKP office of East Nusa Tenggara Province. This is because auditors are parties who experience and are directly related to the implementation of forensic accounting and investigative audit to prevent, detect and disclose fraud in the financial management of

East Nusa Tenggara provincial government.

4. DATA ANALYSIS AND DISCUSSION
The implementation of Forensic Accounting as Fraud Prevention System

As the Government Internal Supervisory Apparatus (APIP), BPKP has several efforts to conduct preventive action with the aim of minimizing and eliminating motivation and/or opportunities to commit fraud. Therefore, it is necessary to formulate APIP supervision policies and strategies directed at fraud prevention activities, especially in managing state finances

Uneven Level of Maturity of Government Internal Control Systems (SPIP)

Government Regulation Number 60 of 2008 concerning the Government Internal Control Systems (SPIP) states that SPIP is an internal control system that is carried out thoroughly within the central government and regional government. One measure to see the quality of SPIP in an agency is the level of its maturity. SPIP maturity is a level used to view the implementation of SPIP in achieving the objectives of internal control, which is characterized by the existence of a control design consisting of hard control (system, method, and infrastructure) and soft control (integrity, commitment). The SPIP quality of government agencies in East Nusa Tenggara seen through the maturity level is explained in Table 1:

The maturity level 3 shows the ability to assess the efficiency, effectiveness, and economics of an activity and to provide consultation on governance, risk management and internal control. This is in line with the expectations of the government. In addition, it is also expected to be able to contribute as an institution built from individuals who have adequate competence, experience, insights, objectivity, and assurances to provide

Table 1
Indicators of SPIP Maturity

Program Target	Performance Indicator	Target	Realization	Achievement	Number of Users
An increase in the quality of the implementation of Regional / Corporate SPIP	Maturity of Regency / City Government SPIP (Level 3)	23%	23%	100%	5 Regencies
	Maturity of Regency / City Government SPIP (Level 2)	54%	64%	118.5%	14 Regencies
	Maturity of Provincial Government SPIP (Level 1)	100%	100%	100%	3 Regencies

Source: BPKP, 2017

recommendations for solutions for better quality development.

Furthermore, level 2 indicates that government agencies have implemented internal controls, but are not well-documented. The implementation of SPIP is very dependent on certain actors or individuals, and has not involved all organizational units. The BPKP has not evaluated the effectiveness of internal controls, so there are still many weaknesses that have not been adequately addressed.

Level 1 confirms that there are internal control practices, but the risk approach and internal control of government agencies needed are still ad-hoc (not fixed). The weakness of the organization also cannot be identified because internal controls are not well organized and there is no good communication and monitoring.

The problem that can be seen is the uneven distribution of maturity level for the implementation of SPIP in the BPKP of East Nusa Tenggara Province. In its implementation, each Regional Work Unit (SKPD) or government agency is required to implement SPIP at a minimum at level 3 (three). Based on the SPIP maturity level indicators that have been made in the 2015–2019 National Medium-Term Development Plan (RPJMN), that is, at least at level 3 in 2019. Based on Table 1, it can be seen that, in general, SKPD in East Nusa Tenggara was still at maturity level 2 up to 2017, while in order to support increased performance, transparency, and accountability of state / regional financial management within the government, each SKPD must have been at level 3. It can be concluded that the implementation of SPIP in SKPD of East Nusa Tenggara Province has not been effective because it is still at level 2, or at developing stage.

Employees of Government Agencies Resist to Implement Fraud Control Plan (FCP)

FCP is the development of controls that are specifically designed to prevent fraud and facilitate the disclosure of fraud. This program is designed to protect organizations or government agencies from opportunities for fraud and as part of the implementation of SPIP to prevent fraud. Based on Government Regulation Number 60 of 2008, SPIP is an important part that must be owned by government agencies and the responsibilities that need to be fulfilled by all state / regional financial managers. The FCP is an effort that is

in line with SPIP as a whole and as an effort made to build a good control environment.

It will be difficult for BPKP to prevent fraud if it only relies on hard control, such as making Standard Operating Procedures (SOPs), Government Regulations, or other regulations. Government agencies often overlook soft controls, such as commitment and integrity (determination to uphold values). There is no honesty and even the leaders are not able to show commitment to prevent fraud in the organization. The leaders of government agencies tend to choose to reject fraud prevention by implementing FCP. This certainly will give rise to opportunities for fraud.

The Implementation of SIMDA (Regional Management Information System) in the BPKP of East Nusa Tenggara Province is not yet maximal. BPKP developed the Regional Management Information System (SIMDA) application which is one of the information system technology devices used by regional government agencies in Indonesia in managing the regional finances. This is a positive response to Law Number 17 of 2003 which requires regional governments to prepare regional financial reports as the accountability for regional financial management. In preparing this financial report, there should be a reliable system to process the data (input) and produce information (output) that can be used by management to make decision. The SIMDA implementation is also complied with the Minister of Home Affairs Regulation No. 13 of 2006 concerning Regional Financial Management Guidelines that the regional financial cycle starts from the stages of planning, budgeting, administration, accounting, to regional financial accountability.

In 2018, the BPKP of East Nusa Tenggara Province held a coaching clinic to detect the problems early and accelerate the submission of 2018 Local Government Financial Reports (LKPD) and the acquisition of Unqualified Opinion on the LKPD. The target of Unqualified Opinion stipulated in the National Medium-Term Development Plan (RPJMN) for 2015 to 2019 is for the regency and provincial governments at 60% and 85%, while the municipal government is 65%. However, there are only 3 (three) regional governments that received Unqualified Opinion in East Nusa Tenggara Province. This is a difficult task for the BPKP of East Nusa Tenggara to oversee

regional finance, especially in order to improve the quality of Local Government Financial Reports (LKPD) to win Unqualified Opinion.

The SIMDA implementation has not been effective because several government agencies have not implemented the five SIMDA programs that have been initiated by the BPKP, namely SIMDA Finance, SIMDA BMD (Regional Property), SIMDA Salary, SIMDA Revenue, and SIMDA Planning. The lack of maximum implementation of SIMDA programs in the BPKP of East Nusa Tenggara by the SKPD has not been able to help to achieve the goals of the regional government to the fullest. SIMDA users in East Nusa Tenggara government are described in Table 1 as follows:

Table 2
SIMDA Users in East Nusa Tenggara Government

No	Types of Application	February 2018
1	SIMDA Finance	20
2	SIMDA BMD	16
3	SIMDA Revenue	4
4	SIMDA Salary	0
5	SIMDA Planning	10

Source: BPKP, 2018

The Human Resources (HR) existing in government agencies are not ready to accept and use SIMDA software in conducting accounting procedure even though socialization and technical guidance have been carried out. In addition, the ability to operate SIMDA is not evenly distributed in every SKPD, because its operation requires competence and fluency in accounting and operating computers. Employees of regional government agencies in East Nusa Tenggara have not mastered the use of computers and SIMDA applications. This is caused by the recording system which initially used manual paperwork with data input in Microsoft Excel by employees. Many government agencies are still reluctant to switch to using SIMDA, thus causing the financial reports making not maximum.

Increasing the Role of External Parties through Anti-Corruption Learner Society (MPAK)

Referring to the Presidential Regulation of the Republic of Indonesia Number 192 of 2014 concerning the BPKP, one of the tasks of the BPKP is to carry out the dissemination and technical guidance of anti-corruption

programs to the community, business world, government officials and other agencies. This is one way to prevent corruption, that is, by building public awareness to become a community that concerns more about fraud, especially in regional financial management.

The MPAK socialization can be considered effective but its benefits cannot yet be seen now or in a short time. It takes a long time to instill anti-corruption values to everyone. So, the benefits of this socialization can be seen in the future. This socialization is also applicable because through this socialization, the BPKP wants to inform all levels of society about the dangers or adverse effects of corruption on the condition of a country or region and also provides understanding to the community regarding efforts that can be taken to eradicate corruption. The community needs to support the government to implement good governance. In addition, the community is one of the government supervisors in implementing regional financial management.

The Implementation of Forensic Accounting as Fraud Detection System

Detection effort is an effort used by the BPKP in detecting the occurrence of corruption cases quickly, precisely, and at affordable costs, so that the cases can be immediately followed up. Preventive actions taken by the BPKP must also be supported by the auditor's understanding of how to detect the occurrence of fraud early. The following are some facts and problems found in the implementation of forensic accounting as a fraud detection system.

The Absence of (EDP) in the BPKP of East Nusa Tenggara for the Implementation of Computer Forensic

BPKP needs to have auditors who have ability in forensic auditing to evaluate and collect electronic documents / evidence. An auditor is required to be able to adjust to auditing using his knowledge in computer forensic. The benefits of computer forensic in the detection and disclosure of fraud will be considered very necessary as a tool in conducting audits, specifically in investigative audits.

The computer forensic has not been implemented because it requires a laboratory that is used to analyze electronic data or facts that indicate fraud. From the information obtained, it is known that computer forensic

laboratory currently only exists in the Central BPKP and no regional government in Indonesia has such laboratory. This is because of the high costs and the need for the ability of Human Resources to operate it. If there is a case related to information technology, the regional BPKP will work together with the Central BPKP through the Electronic Data Processing (EDP) Auditor, who is under the auspices of the Central BPKP Deputy State Accountants to help solve the problem. To date, the BPKP of East Nusa Tenggara Province has only once faced computer forensic-related case, that is, in 2015. And the BPKP immediately held socialization by inviting representatives from the Central BPKP to provide computer forensic material.

The topics discussed in the dissemination of computer forensic were e-Tender audit workshops and Introduction to computer forensic. The knowledge of electronic-based auction must be owned by all BPKP auditors, especially investigative auditors, because almost the entire auction process in the procurement of goods and services by the government and SOEs / Regional Owned Enterprises has been carried out electronically through the application of the Electronic Procurement System (SPSE). The purpose of the implementation is to provide the auditor with an understanding (especially in the field of investigation) regarding audit techniques for the implementation of electronic tenders and provide basic knowledge of computer forensic to obtain electronic evidence needed in conducting audits. It is expected that this socialization/ workshop make auditors' representatives in the regions able to apply in daily audit activities.

BPKP is still unable to Estimate the Budget in the Probity Audit Implementation. Regulation of the Head of BPKP (2009) states that probity audits are valuation activities to ensure that the process of procurement of goods / services has been carried out consistently in accordance with the principles of integrity, truth, and honesty, and comply with applicable legislation so that it is expected to increase accountability for the use of public sector funds.

The probability audit implementation consists of 2 (two) ways, namely self assessment or assigning an external probity audit. Self assessment is a probity audit carried out by the government itself on a public project implemented. This audit can be carried out

by government internal supervision officers or BPKP auditors appointed by the person in charge of the project who has the ability and competence in conducting probity audits. The implementation can be carried out by using auditors from public accounting offices or from individuals (experts) who usually serve audits/ consultants on a commercial basis. The consequence of this is that it is necessary to provide a budget to pay for audit services that have been received from them, while the advantage is that the community believes more because of guaranteed independence.

The BPKP auditors of East Nusa Tenggara, in carrying out the probity audit activities, utilized non-Annual Supervision Work Program (non-PKPT) funds which were the budget slots to carry out activities and had not been previously designed in PKPT. According to the Regulation of the *Head of BPKP (2009)*, PKPT is all BPKP supervision activities that are carried out directly in the field.

Based on the above understanding, one of the activities that use non PKPT funds is the assignment of auditors from public accounting firms and individuals (experts) who usually serve audits/ consultants on a commercial basis. This supports the increasing independence of BPKP auditors in implementing the probity audit. Independence is needed to gain trust from the public. Furthermore, the fact in the field shows that at the preparation stage of the audit, the scope of the budget allocation has not been identified, so that budget allocation is limited to estimates only and the proposed budget does not describe the needs of the auditor team. The process of proposing funds by the team of auditors is filed through the submission of the cost sheet. So, it can be said that at first BPKP did not prepare a budget for the implementation of probity audits because the BPKP felt they were able to implement it. But in the process, the BPKP instead used external probity audits because many people still thought that government agencies still had low independence.

Whistle-blowing System: Community Involvement in the Supervision of Regional Financial Management

This system requires an active role from both internal and external agencies (the general public) to submit complaints about alleged fraud occurring both from internal parties of the BPKP or from external government organizations. The Whistle-blowing system

created by the BPKP can be used as an entrance to conduct a special inspection or investigation of alleged fraud occurring in regional financial management. BPKP provides space for reporters (whistleblowers) to report, provide information or disclose facts of fraud indication that can cause state/regional financial losses, including violations of rules and regulations in the context of law enforcement and improvement of government management systems.

The BPKP whistle-blowing system was formed with the existence of bureaucratic reform in 2012-2014. One of the objectives to be achieved in a supervisory strengthening program is to reduce the level of abuse of authority. These objectives are contained in the implementation of a work plan for the preparation of whistle-blowing system operation standard in order to increase the efforts of the Government Internal Supervisory Apparatus (APIP) in reducing the level of abuse of authority.

The BPKP of East Nusa Tenggara has fulfilled the quality aspects needed in implementing the whistle-blowing system, such as the existence of a system of protection for victims and witnesses as well as periodic monitoring and evaluation. In addition, the BPKP has provided the media to make complaints, such as through hotlines, SMS, complaint boxes and through a website created by the Presidential Staff Office called Online People's Aspiration and Complaint Service (*Indonesia: Layanan Aspirasi dan Pengaduan Online Rakyat / LAPOR*). The provision of facilities stipulated in the guidelines is also a form of system implementation.

Fraud Disclosure System as the Implementation of Forensic Accounting

The government and the public want clean public sector organizations, which are free from corruption, collusion and nepotism, and run by improving services to the community. The BPKP investigative auditor is one of the parties that are needed to support clean and effective government and corporate governance, including preventing fraud.

In disclosing fraud, the BPKP of East Nusa Tenggara has a limited authority and is not proactive. This is because the BPKP can only wait for disclosure requests from Law Enforcement Officials such as the police and prosecutors in accordance with the Memorandum of Understanding (MOU).

After being audited by the BPKP of East Nusa Tenggara, the results of the report that should have been given to the East Nusa Tenggara police or high prosecutor's office were in fact handed over to the Central BPKP first, so the follow-up process on a fraud case was slower. In addition, there were constraints regarding the evidence and data needed in the conduct of investigative audits and audits of state loss calculations prepared by agencies requesting audit assistance to the BPKP so that the audit report creation process was then hampered.

The authority held by the BPKP is only to carry out checks and supervision based on the request of Law Enforcement Officials because it overlaps with the BPK regarding the external supervision of the government and the inspectorate as an internal government supervisory institution. Law Number 15 of 2006 concerning the Supreme Audit Board (BPK) Chapter III Part Two describes the authority of the BPK in conducting audits and the freedom to determine the object of its examination, including in planning and conducting audits. This shows that the BPKP cannot detect any irregularities in government agencies earlier because this institution supervises based on requests from Law Enforcement Officials. The Government Regulation Number 60 of 2008 concerning SPIP Article 1 (4) concerning General Provisions supports the role of BPKP in maintaining its existence through its role in conducting financial and development supervision, that is, assisting the region in managing regional finances. It is expected that the BPKP is able to oversee regional government specifically in order to improve the quality of Local Government Financial Reports (LKPD) to win Unqualified Opinion.

5. CONCLUSION,IMPLICATION,SUGGESTION,AND LIMITATIONS

BPKP has the authority to conduct supervision in the state/regional administration. Based on Government Regulation Number 60 of 2008 concerning the Government's Internal Control System (SPIP), it shows that BPKP is as a party that has a duty in internal supervision of state financial accountability and fostering the implementation of Government's Internal Control System (SPIP). Therefore, BPKP is expected to be able to suppress or minimize any frauds by making efforts to prevent, detect and disclose fraud practices. The BPKP of East Nusa Tenggara Province, in preventing fraud,

especially in regional financial management, has 4 (four) tools: the Government's Internal Control System (SPIP), the Fraud Control Plan (FCP), the Regional Management Information System (SIMDA), and the Anti-corruption Learning Society (MPAK). However, there are some weaknesses, such as in the implementation of SPIP where there are still many regions that have not reached the SPIP maturity target that has been determined by the government, in which there are still many regions that are at maturity level 2. Meanwhile, to be able to support the improvement of performance, transparency, and accountability of the state / regional financial management within the government, each SKPD must be at maturity level 3. In addition, the obstacle in implementing FCP is the rejection of government agencies in implementing this tool because of the low commitment among organizational employees. Leaders of government agencies tend to choose to reject fraud prevention using FCP. Furthermore, the activities carried out by the BPKP are at the detection phase only.

The fact in the field shows that there are several problems in the detection phase carried out by the BPKP of East Nusa Tenggara. First, there is no EDP laboratory in the BPKP of East Nusa Tenggara for the implementation of computer forensic. EDP is required by the BPKP as a tool in detecting irregularities and violations of an electronic data or fact that can result in state losses. Furthermore, there is a mismatch of estimates in the implementation of probity audits by auditors from public accounting firms or from individuals (experts) resulting in the need to provide a budget to pay for audit services. The BPKP Auditors of East Nusa Tenggara, in carrying out the probity audit activities, utilize non-Annual Supervisory Work Program (NON-PKPT) funds as a budget slot to load activities and has not been previously designed in PKPT.

The next task of the BPKP is to disclose fraud. In its implementation, there are several weaknesses in fraud disclosure: 1) the length of the investigation process carried out by the two agencies causes the slow disclosure of fraud and the BPKP can only wait for requests regarding fraud disclosure from the police and prosecutors. In addition, there are obstacles in the provision of evidence and data needed in the implementation of investigative audit and audits of state loss calculations prepared by agencies requesting audit assistance to the

BPKP so that the audit report making process is hampered.

There are some obstacles in implementing disclosure due to the limited authority possessed. This is because the BPKP has submitted the authority it has as the institution that serves as the supervisor to the BPK as an external supervisory institution and the inspectorate as an internal government supervisory institution. This change has caused the BPKP to have the authority to carry out checks and supervision based on request only.

Implication

Forensic accounting and investigative audit are important in fraud prevention, detection, and disclosure. BPKP, as one of the government internal supervisory apparatus (APIP), has a variety of tools that are quite effective and applicable to prevent, detect, and disclose fraud. Therefore, this can be a consideration for Law Enforcement Apparatus (APH) such as the Police and the Attorney General's Office in detecting and revealing ongoing fraud. The implementation of investigative audit is not only as a law enforcement tool, but also as a means of enforcing justice, economics, and social.

The corruption eradication has not been optimal due to the weak quality of government governance. BPKP supports the government's priority agenda in accordance with its duties and functions, that is, conducting supervision to support clean and effective government and corporate governance by creating several tools that function to prevent fraud in government agencies, so that the administration of government and development runs accountably, transparently, and effectively. The BPKP also needs to conduct an evaluation of the implementation of forensic accounting to support the accountability of Local Government Financial Statements (LKPD) in order to obtain an Unqualified Opinion. The BPKP must demonstrate its integrity as an organization capable of disclosing fraud and cooperating with the State Law Apparatus. Based on the applicable regulations, BPKP must maintain its existence to supervise the regional government agencies and account for its work to the President.

Limitation

The limitation experienced by the researchers in this study was in obtaining and processing the research data. The access

to conduct interview with the BPKP auditors of East Nusa Tenggara was also limited due to time constraints. In addition, it was very difficult to meet the auditors as the sources of information because they were not in the office every day.

Suggestion

It is recommended for further research that it be done at the Central BPKP because there is one of the tools, such as Electronic Data Processing that has not been implemented in every region in Indonesia and it is only owned by Central BPKP which has a forensic laboratory so that auditors at the Central BPKP understand the implementation. It is expected that further research to describe the effective tools and improve the implementation of prevention, detection and disclosure of fraud.

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