

Investigation Audit

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ABSTRACT

Investigative audits play a very important role in identifying violations and fraud that can harm an organization. This study aims to analyze the role of investigative audits in the follow-up of audit reports related to corruption. The investigative audit process carried out using appropriate techniques, such as reserve proof and existence of fraud, allows auditors to collect valid evidence that can be used as initial evidence in investigating corruption. Investigative audit findings that indicate violations must be followed up immediately through applicable procedures, involving related parties, such as law enforcement and internal oversight agencies. The results of this study indicate that investigative audits not only help reveal hidden facts, but also have a significant impact on decision-making regarding sanctions that can be given, either in the form of administrative, civil, or criminal sanctions. Thus, investigative audits have an important contribution in controlling and preventing corruption and maintaining organizational integrity

INTRODUCTION

In recent years, the auditor profession has received increasing public attention, especially in relation to various events involving financial audit institutions, including state auditors. State auditors have a very vital task in conducting audits of government financial accountability. In Indonesia, there are several institutions responsible for state financial audits, such as the Financial and Development Supervisory Agency (BPKP), the Republic of Indonesia Audit Board (BPK RI), and the Tax Office. BPK RI and BPKP as independent institutions have an important role in monitoring and investigating the financial conditions of public and private institutions.

Investigative audits, as a more in-depth form of audit, aim to identify and reveal potential fraud or criminal acts that occur in financial management. This audit uses approaches, procedures, and techniques that are commonly applied in criminal investigations, which distinguishes it from other types of audits. The main purpose of an investigative audit is to detect and reveal fraudulent practices that can harm state finances. Therefore, auditors who conduct investigative audits must have expertise that includes not only auditing and accounting, but also law, in order to be able to handle various deviations or fraud that occur in the management of government funds.

In this context, it is important to distinguish between fraud and error. The main difference between the two lies in the intention behind the act. Fraud is an act done intentionally with the aim of harming another party, while an error is an act that occurs without bad intention. Therefore, investigative auditors must have the ability to detect indications of fraud that may be hidden in previously audited financial statements.

In addition, investigative auditors must follow procedures and techniques that comply with applicable laws and standards. The increasing frequency of fraud, which is often related to corruption, embezzlement, bribery, and money laundering, increasingly demands the role of competent investigative auditors. This kind of fraudulent act can harm the country in various aspects, both financially and reputationally. To uncover this fraud, investigative auditors need to conduct an in-depth investigation into who is involved, how the practice occurs, and other relevant information related to the case.

LITERATURE REVIEW

Investigation Audit

An investigative audit is a form of audit conducted with a specific scope and is not limited to a certain time. This audit focuses on areas or responsibilities that are suspected of containing inefficiencies or indications of abuse of authority. The results of the investigative audit serve as a follow-up that leads to recommendations based on the level of deviation detected. The purpose of the investigative audit is to increase knowledge from previous audit findings and to verify facts based on complaints or information received from the public.

Investigative audit can be viewed as a systematic and measurable activity to detect fraud. This process begins with the identification of an incident or event that can give rise to a strong enough belief and can be used as valid evidence in explaining previously suspected events. In this context, investigative audit functions as part of internal control management carried out in internal audits together with other reviews such as financial audits and compliance audits.

Investigative Audit Standards

Investigative audit standards serve as a measure of quality in the implementation of audits. With these standards, all parties involved, both auditees, parties using audit reports, and other related parties, can assess the quality of the auditor's work. Like Public Accountants who have Public Accountant Professional Standards (SPAP), investigative auditors are also required to follow certain standards in carrying out their duties, especially in examining fraud. Some of the standards that apply in investigative audits are as follows:

1. All investigations must be conducted in accordance with recognized audit practices and in accordance with applicable standards.
2. The collection of evidence, materials and instruments of evidence must be carried out with the principle of caution.
3. Documentation of all findings and evidence must be kept confidential, secured, protected and properly indexed to ensure an audit trail.
4. Investigative auditors must ensure that the rights of the individuals involved are respected, such as the presumption of innocence and individual liberty.
5. The burden of proof in an investigative audit must exceed reasonable doubt, with at least two convincing pieces of evidence.
6. The auditor must master the entire scope of the investigation substance within the specified time.
7. All stages in the investigation process, such as planning, evidence collection, interviews, and interactions with third parties, must be documented carefully and in accordance with applicable procedures.

Principles of Investigative Audit

The principles that must be applied in an investigative audit include:

1. Seeking the truth based on applicable laws and regulations.
2. Utilize sources of evidence that support the facts in question.
3. A quick response to an incident can increase the likelihood of disclosing major fraud.
4. The facts collected must be arranged in a way that allows the evidence to reveal the occurrence of fraud and identify the perpetrator.
5. Experts are used as assistance in carrying out investigative audits, but do not replace the role of investigative auditors.
6. The physical evidence found is real evidence and has consistent power in revealing the truth.
7. Witness statements must always be confirmed because interview results can be influenced by human subjective weaknesses.
8. Information gathered through observation and interviews is an important part of an investigative audit.
9. As the perpetrators of deviations are human, their reactions and responses need to be understood wisely in carrying out investigative audits.

METHODOLOGY

This study uses a qualitative approach with a literature review method. The study aims to conduct a systematic review of investigative audits by analyzing theories and variables in books, journals, and online sources, including Google Scholar. Literature searches were conducted through electronic databases to find previous studies related to investigative audits. The research process begins with observation and assessment of data related to the topic. Furthermore, relevant literature such as scientific journals and research papers were collected to combine the results of previous studies with current research. Variables related to the research problem were identified to build a theoretical framework that uses findings from previous studies. The final stage of the study was to develop a relevant framework based on variables and hypotheses from previous studies, which were applied to the population studied. This process aims to produce more in-depth information and insights regarding investigative audits.

RESULT AND DISCUSSION

Investigative audit is the main foundation of audit science as a whole. When an auditor is equipped with the right investigative audit techniques, it can be a powerful tool in helping companies solve various problems they face. Many auditors argue that in order to conduct an effective investigative audit and produce valuable findings, an auditor needs to understand the basic principles of investigation, such as reserve proof and the existence of fraud. Investigative audit techniques are the key to success in finding evidence that can be accounted for. The findings resulting from this audit can have a positive or negative impact on the department or company, depending on the validity and analysis techniques used to analyze them.

In the context of follow-up of investigative audit reports as preliminary evidence for corruption, audit results indicating suspected corruption must be followed up immediately. Investigative auditors, who act as experts, play a role in helping investigators identify corruption, so that the report can be used as preliminary evidence for further investigation. This follow-up must be carried out in accordance with applicable legal provisions, so that the case meets the formal and substantive requirements as a corruption crime. One form of follow-up is an explanation by investigators that can clarify a person's position as a suspect in the case.

In some cases, if the investigative audit findings indicate violations involving elements of Corruption Crimes (TPK), the information in the investigative audit report will be presented to relevant officials, including the law firm. This presentation is carried out in a consultation meeting aimed at exploring the auditor's conclusions and determining whether the findings meet the criteria for corruption. If the internal report shows that there is no indication of a crime, the findings will be corrected and follow-up will be carried out in accordance with applicable procedures. Conversely, if indications of corruption are found, the report will be used as a basis for further steps, including protection of state assets and administration of sanctions in accordance with applicable laws and regulations.

Several previous studies have shown that investigative audits have an important role in revealing fraud and violations of the law. For example, research by Putri and Wahyundaru (2020) states that properly conducted investigative audits can produce valid evidence in court and assist the decision-making process in corruption cases. Achyarsyah and Rani (2018) also highlight the importance of applying the basic principles of investigative audits in detecting fraud in financial reporting. The findings revealed by investigative audits can have a positive impact by helping to identify fraudulent acts before they develop into more serious cases.

From the results of the literature analysis, it can be concluded that investigative audits have a very vital role in identifying and disclosing violations or unethical actions in an organization. Investigative auditors must plan and carry out audits carefully, and collect relevant evidence through various techniques, such as interviews, document examinations, and data analysis. After the evidence is collected, the auditor conducts an in-depth analysis to determine the cause of the violation and its impact on the organization. The investigative audit report is then prepared with reference to applicable audit standards, and if necessary, the report can be submitted to the prosecutor's office as evidence in the legal process.

Investigative audits can also have various legal consequences, depending on the findings and results of the audit. Sanctions that may arise from investigative audit findings include administrative, civil, criminal law, and reputation sanctions. Administrative sanctions such as reprimands or dismissals, civil sanctions such as compensation payments, and criminal law sanctions such as prosecution or imprisonment can be imposed based on the audit findings revealed. Thus, the implementation of investigative audits must be carried out with high professionalism, in order to minimize the legal and financial risks that may arise.

Overall, investigative audits play a very important role in detecting and exposing fraudulent or illegal activities in an organization. This allows management to take appropriate steps to stop detrimental activities and maintain the integrity of the organization. Investigative auditors, with adequate skills and expertise, are expected to carry out their duties properly in accordance with applicable standards, as well as overcome various challenges in the investigative audit process.

CONCLUSION AND RECOMMENDATION

Investigative audits serve as a very important instrument in identifying and exposing corruption and other violations in an organization. Audit techniques applied in investigative audits, such as reserve proof and existence of fraud, are very influential in producing evidence that can be legally accounted for. Investigative audit reports that indicate indications of violations must be followed up immediately by involving the authorities to conduct further investigations. This follow-up has the potential to reveal deviations that are detrimental to the state and the organization and provide a basis for stricter law enforcement. Audit results can provide various sanctions, ranging from administrative sanctions to criminal sanctions, depending on the level of violations found. Therefore, investigative audits have a very strategic role in maintaining transparency and accountability within the organization and contributing to the prevention of corruption.

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