

ABSTRACT

The objective of the research is to evaluate the investigative audit implemented by the Finance and Development Supervisory Board (BPKP), the East Java Representative. This qualitative research employed the multiple case studies by taking cases in the investigative audit implementation at BUMN X and of investigative audit at Regency Y.

The analytical units used in the research were: (1) Knowing how we carried out the investigative audit preplanning and planning activities, (2) knowing how we performed investigative audit and quality assurance and (3) seeing how we prepared audit results report.

The results showed that there was significantly different effectivity in each stage of the two cases of investigative audit implementation studied here. The evaluation results showed that the preplanning activity was regarded as effective. However, the planning activity, implementation, quality assurance and reporting of the audit results significantly differed between the two cases.

The research gave the following recommendations in associated with each investigative audit: (1) in the planning stage, we should carefully consider capability and composition of the human resources existing in the audit teams, proper fraud hypothesis determination and audit program development which was mainly focused on fraud hypothesis test; (2) in the implementation stage, additional audit procedures should be applied to corroborate a conclusion in the audit results, and the audit teams must be supervised intensively and periodically; and (3) in the audit reporting stage, the supervisor must take immediate and accurate corrective measures when the audit teams engage in protracted and lengthy processes in implementing the investigative audit.

Key words: investigative audit, fraud hypothesis, evidences collection, evidences evaluation