

The Effect of Implementing Investigative Audits on Fraud Disclosure in Regional Financial Management (Study of BPKP Representatives of North Sumatra Province)

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ABSTRACT

This research aims to: Find out the effect of implementing investigative audits on fraud disclosure in regional financial management (study of BPKP representatives of North Sumatra Province). In this research the author took an associative approach. The data source is primary data. Data collection was carried out using a survey method by distributing questionnaires to auditors who work for BPKP representatives of North Sumatra Province. The sampling technique used in this research was using a purposive sampling formula so that a sample of 32 people was obtained. The data analysis technique used in the research used Partial Least Square Path Modeling (PLS-SEM). And using smart PLS software tools. The research results show that: The implementation of investigative audits has a significant effect on fraud disclosure in regional financial management.

Keywords: Implementation of Investigative Audits, Fraud Disclosure in Regional Financial Management

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INTRODUCTION

The development of the business world which is currently increasingly rapid has had an impact in various fields, one of which is in the economic field of accounting which is a source of the emergence of various frauds. Fraud is a phenomenon that is always interesting to discuss, "The Association of Certified Fraud Examiners" or called ACFE is an organization that carries out fraud examinations into three levels known as the Fraud Tree, as follows: namely corruption, asset irregularities and fraud in financial reports. The types of fraud that occur in each country are different because fraudulent behavior is greatly influenced by the legal conditions of the country concerned (Albrech, 2009).

In developed countries with well-functioning law enforcement, the overall economic situation of society is adequate or more than adequate, and thus there is less fraud (Soejono, 2000). Based on a fraud survey conducted by ACFE Indonesia in collaboration with P3K2P or the Center for Research and Prevention of White Collar Crime, the number of cases of fraud that occurred in Indonesia was 67% in corruption cases, 31% in cases of transfer of assets and 2% - Another problem is cases of fraud in financial reports (Satria, 2020). Corruption is found in almost every region of Indonesia, ranging from small cases to very complex ones. North Sumatra is the most corrupt province in Indonesia based on research by the Corruption Eradication Commission (KPK). North Sumatra is at the forefront of the five other provinces assessed by the Corruption Eradication Committee as the most corrupt (Tribun Medan/15 April 2019).

It is known that every year cases of fraud in government agencies in the North Sumatra region still occur frequently and will continue to increase. Moreover, the government as the bearer of public trust has an obligation to carry out its duties efficiently and effectively, one of which is ensuring that state financial management is well managed and accountable. However, in practice, there is a lot of fraud that causes losses to the state directly and indirectly which can harm society.

Another accounting fraud is Financial Statement Fraud. Fraud committed by management is in the form of material misstatement of financial reports which is detrimental to investors and creditors of a financial or non-financial nature. Another form of accounting fraud is Asset Misappropriation which can be classified into 'cash fraud' and fraud on inventory and other assets, as well as disbursement fraud.

This is where the importance of internal control in a company or government institution is where the role of an internal auditor, with the duties and authority he has, can play a role in detecting and preventing fraud in the institution or company. One of the government's efforts to identify, discover and overcome fraud that occurs in government agencies or the public sector is to carry out investigative audits in its inspections.

An investigative audit is an audit that uses elements such as investigators who must understand accounting (reviewing financial reports), auditing (proving irregularities), and law (litigation skills). Investigative audits are also called special audits which are carried out

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for signs of criminal acts such as corruption, abuse of power and development failures. This investigative audit is carried out by an auditor who is called an investigative auditor.

In practice in Indonesia, investigative audits are carried out by several government institutions that have Certified Fraud Examiners (CFE) certificates. One of them is that the BPKP is an institution that has the authority to supervise the financial affairs of the central and regional governments and is expected to be able to minimize and reveal all forms of fraud that occur. The following is a description of the potential for saving state finances carried out by the North Sumatra Province BPKP.

Table 1. Potential to Save State Finances in the North Sumatra Province Region in 2018-2020

No.	Description	Year		
		2018	2019	2020
1.	Investigative audit	11.604.692.261.00	1,824,234,438.00	296,973,976.62
2.	Audit of calculations of state financial losses	15,936,701,756.00	26,060,187,947.57	2,485,987,491.59
	Amount	27,541,394,017.00	27,884,442,385.57	2,782,961,468.21

The increase in the number of corruption cases is directly proportional to the increasing losses experienced by the state, especially in the North Sumatra region. The North Sumatra Province Financial and Development Supervisory Agency (BPKP) reported the results of its investigations during 2018-2020 regarding state losses due to the actions of corruptors. State losses in 2018-2020 due to corruption amounted to IDR 58.2 billion (<https://www.bpkp.go.id/sumut/konten/3958/Laporan-hasil-pengawasan.bpkp>).

Fraud cases described above, various investigation methods have been carried out to reveal fraud. Onodi, et. al. (2015) argue that investigative audits are the main solution to prevent fraud which causes losses to many parties with large nominal amounts (Sayyid, 2014).

In order for the implementation of investigative audit procedures to be effective, the investigating auditor must have sufficient capacity to prove the existence of fraud. This ability is accompanied by patience and analytical thinking, thinking intelligently and participating in investigations and reporting findings. Tuanakotta (2010:104) explains that adequate auditor capacity can support success, such as: Having basic knowledge, technical abilities and mental attitude.

LITERATURE REVIEW

Theory Auditing

Auditing is one of the services provided by public accountants, which is needed to examine financial reports so that financial reports produced by companies that have been audited can be more trusted by users of the report information.

Mulyadi (2014:9) states: "Audit is a process of obtaining and evaluating evidence objectively and systematically regarding statements about economic activities and events, to

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determine the level of compliance between established criteria and standards, as well as conveying the results to interested users."

Inspection or auditing in a broad sense means evaluation of an organization, system, process or product. This audit is carried out by a competent, objective and impartial party, called an auditor. To obtain and evaluate evidence objectively, this systematic process is aimed at obtaining the evidence that underlies statements made by individuals or business entities, as well as at evaluating this evidence without bias or prejudice.

From the definition of auditing above, it can be concluded that auditing is an investigative process carried out by a competent and independent person to obtain relevant evidence with the aim of determining the level of relevance between statements and obtaining criteria, then communicating it in the form of a report to interested users.

Theory Attribution

Attribution theory is a theory first put forward by Harold Kelley (1972-1973) in his theory, which explains how people draw conclusions about what "causes" what is underlying it. Attribution theory states that when individuals observe human behavior, they try to determine whether it is internally or externally generated (Robbins, 2017). Internally influenced behavior is behavior that is believed to be under the individual's own control, while externally influenced behavior is behavior that is influenced from outside, meaning that the individual is forced to behave because of the situation.

Attribution theory in this research is useful for identifying factors that influence auditor performance in achieving effective control procedures. There are many factors that can significantly influence an auditor's competency, and competency is the ability to apply knowledge and adapt it to the auditor's previous experience, which is the key to the effectiveness of implementing audit procedures in disclosing fraud.

Theory Effectiveness

Martani and Lubis (1987:55) state that effectiveness is an important factor in acting to achieve a certain goal. In other words, an organization is considered effective when it achieves its stated goals or objectives. Therefore, conceptual effectiveness is very important for an organization because it is a measure of success in achieving its goals.

The work effectiveness of an organization is very dependent on the work effectiveness of the people who work in the organization who are provided services by that organization (Siagian, 1987: 60). Based on the definition above, the effectiveness of implementing audit procedures to prevent and reveal fraud can be interpreted as achieving audit objectives through the use of existing resources, facilities and infrastructure. Among the resources possessed by auditors are the skills and experience they have acquired. Audit effectiveness is also defined as the achievement or completion of the audit in accordance with applicable laws and regulations so that the audit is effective and efficient.

Fraud

According to Auditing Standards (PSA) No. 70, fraud is defined as cheating, and errors and irregularities are defined as errors and irregularities due to the previous PSA, PSA No.32. According to the Association of Certified Fraud Examiners (ACFE), fraud includes any criminal activity carried out to gain profit from fraud as the primary act. More specifically, Black's Law Dictionary defines fraud as falsely telling the truth or concealing important facts to cause another person to take an adverse action.

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Therefore, from this definition, fraud is deliberate or conscious deception, cheating and illegal activity to obtain personal or certain group benefits, which results in losses for other parties. Therefore, if an action benefits oneself or a certain group, harms others, and is carried out unreasonably, against the law, or in a way that violates the law, the action can be classified as fraud (Tuanakotta, 2010).

Fraud Triangle Theory

Fraud triangle is a diagram that describes the motives or causes of fraudulent acts. Donald R. Kersey (1953) revealed the concept of fraud known as the fraud triangle. Kersey says that the reasons someone may commit fraud are:

1. Pressure, committing fraud depends greatly on individual circumstances, such as financial problems and dealing with bad human habits such as gambling and alcohol. Having selfish or unrealistic expectations/goals.
2. Opportunities, according to a survey conducted by the IIA Research Foundation in 1984, opportunities in order of the most common: overconfidence in members/subordinates. Poor management of authorization and approval procedures. Lack of personal financial information (bank fraud); there is no separation between delegation of power and protection of heritage. There is no independent performance evaluation. Lack of attention to detail; there is no separation between asset holders and records management functions. There is no separation of accounting obligations. Lack of clarity regarding granting permits. Departments/sections are rarely audited. A statement that there is no reason for conflict of interest, inadequate documentation and records.

Investigative Audit

Jack Bologna and Paul Shaw, quoted in Tunggal (2012), stated that investigative auditing is a skill that goes beyond the realm of embezzlement and fraud in company management or business bribery. In fact, forensic accounting skills go beyond the general realm of collared crimes.

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Carrying out an investigative audit aims to determine the truth of a matter through the process of examining, collecting and evaluating evidence relevant to the act of fraud and disclosing the facts of the fraud, including:

1. There is an act of fraud (subject)
2. Identifying fraud perpetrators (objects)
3. Explain the modus operandi of fraud (modus)
4. Quantifying the value of losses and the impact they cause.

An investigative audit is an effective way to reveal fraud that occurs because this investigative audit is carried out by an accounting and audit expert in disclosing the fraud (Dewi and Ramantha, 2016).

Regional Financial Management

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One of the most important elements in government administration and regional development is the regional financial management system. This is important and fundamental to correct various existing weaknesses and deficiencies. Minister of Home Affairs Regulation Number 21 of 2011 concerning Second Amendment to Minister of Home Affairs Regulation Number 13 of 2006 concerning Guidelines for Regional Financial Management which, among other things, explains: Regional Financial Management is all activities which include planning, implementation, administration, reporting, accountability and supervision of regional finances.

Based on Law No. 33 of 2004, article 66 paragraph 1, concerning general principles of regional financial management, it explains that regional finances must be managed in an orderly manner, in compliance with statutory regulations, economically efficient, effective, transparent and responsible by paying attention to the principles of justice. , compliance and benefits to society. Regional financial management is carried out in an integrated system which is realized in the regional income and expenditure budget (APBD).

The Effect of Implementing Investigative Audits on Fraud Disclosure in Regional Financial Management

In order to minimize losses due to fraud and improve the control system. If there are strong indications of fraud, then the appropriate step is to carry out an investigative audit to detect fraud.

By implementing investigative audits equipped with investigative audit knowledge and skills, such as supervision strategies, interviews and interrogation skills, it helps forensic accountants have other skills outside of skills related to auditing and can combine financial and legal aspects.

The results of previous research that form the basis of this research is research conducted by (Recky Vincent, et al., 2016) which revealed that the implementation of investigative audits on handling (repressive) fraud in regional financial management in North Sulawesi by the BPKP Representative of North Sulawesi Province functions effectively in handling fraud cases revealed in regional financial management,

Research (Ardiansyah, et al., 2016) reveals that investigative audits have a significant effect on fraud detection. Based on this explanation, this research uses the following hypothesis:

H: Implementation of Investigative Audits influences Fraud Disclosure in Regional Financial Management.



Figure 1. conceptual framework The Effect of Implementing Investigative Audits on Fraud Disclosure in Regional Financial Management.

METHOD

Types of research

This research is quantitative research. Quantitative research can be defined as a research method based on a positivist philosophy that examines several populations or

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samples, uses research tools to collect data, and carries out statistical data analysis to test existing hypotheses. This research method is called quantitative because the data is used in numerical form and analyzed using statistics. (Sugiba Ye, 2014:11)

Population and Sample

Judging from the opinion above, the population in this study is all auditors registered and working at the North Sumatra Province Representative BPKP, totaling 143 people. Sampling in this research used a purposive sampling technique, namely taking samples based on certain criteria. The criteria in question are:

1. BPKP Auditor Representative of North Sumatra Province who has carried out investigative audits.
2. BPKP Auditor Representative of North Sumatra Province who has experience in the field of investigative auditing for at least 1 year.

From the criteria above, the sample in this study was 32 people.

Method of Collecting Data

The data collection method used in this research is in the form of a questionnaire, in the form of a written list of questions that have been arranged in a structured manner and refer to the research variables that the respondent will answer, where the aim is to obtain data that is relevant, trustworthy, objective and can be used as a basis for the analysis process.

Before collecting data, all questionnaires must be tested for validity and reliability. This test was carried out on internal auditors of the North Sumatra Province BPKP who had conducted investigative audits for at least 1 year.

1. Validity Test

The validity test is used to test the extent of accuracy or proficiency of a question instrument as a tool for measuring research variables (Juliandi et al., 2015). The following formula for testing validity is as follows:

$$r_{xy} = \frac{n \sum xy - (\sum x)(\sum y)}{\sqrt{\{n \sum x^2 - (\sum x)^2\} \{n \sum y^2 - (\sum y)^2\}}}$$

Information :

r_{xy} = Variable Instrument Items with their totals

x = Number of questions

y = Total question score

n = Number of samples

With criteria:

- a. If sig 2 tailed $< \alpha$ 0.05, then the instrument item is valid.
- b. If sig 2 tailed $> \alpha$ 0.05, then the instrument item is invalid and must be removed.

Table 2. Validity Test Results of the Implementation of Investigative Audit

Time Pressure			
Statement Items	R _{count}	R _{table}	Test results
Item 1	0.845	0.444	Valid
Item 2	0.760	0.444	Valid
Item 3	0.596	0.444	Valid

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Item 4	0.871	0.444	Valid
Item 5	0.633	0.444	Valid
Item 6	0.832	0.444	Valid
Item 7	0.905	0.444	Valid
Item 8	0.896	0.444	Valid
Item 9	0.808	0.444	Valid
Item 10	0.871	0.444	Valid
Item 11	0.768	0.444	Valid
Item 12	0.488	0.444	Valid
Item 13	0.565	0.444	Valid
Item 14	0.759	0.444	Valid

Source: SPSS Output Processed by the Author, 2022

The table above shows that of the 14 variable statement items for implementing investigative audits, all are declared valid with a calculated r value > r table. Of the 14 statement items, it is said to be valid so that all valid items can be included to explain the variables of implementing investigative audits

Table 3. Validity Test Results Internal Fraud Disclosure Management Finance Area

Time Pressure			
Statement Items	R_{count}	R_{table}	Test results
Item 1	0.678	0.444	Valid
Item 2	0.693	0.444	Valid
Item 3	0.681	0.444	Valid
Item 4	0.918	0.444	Valid
Item 5	0.821	0.444	Valid
Item 6	0.693	0.444	Valid
Item 7	0.532	0.444	Valid
Item 8	0.978	0.444	Valid
Item 9	0.650	0.444	Valid
Item 10	0.543	0.444	Valid

Source: SPSS Output Processed by the Author, 2022

The table above shows that of the 10 items in the statement of fraud disclosure variables in regional financial management, all are declared valid with a calculated r value > r table. Of the 10 statement items, it is said to be valid so that all valid items can be included to explain the fraud disclosure variable in regional financial management.

2. Reliability Test

According to (A Juliandi et al., 2015) the purpose of reliability testing is to assess whether the research instrument is a reliable and trustworthy instrument. If the research variables use reliable and trustworthy instruments, the research results can also have a high level of trust. Reliability testing is carried out after testing the validity of valid statements. Reliability testing can use the Cronbach Alpha technique with the formula:

$$r = \left[\frac{k}{(k-1)} \right] \left[\frac{\sum \sigma b^2}{\sigma^2} \right]$$

Information:

r = Instrument reliability (Cronbach alpha)

k = Number of question items

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$\Sigma \alpha^2$ = Total Item Variance

σ^2 = Total Variance

With Criteria:

The reliability coefficient (Cronbach Alpha) value is > 0.6 , so the conclusion is that the instrument tested is real (reliable) (Juliandi, 2015).

Table 4. Reliability Test Results Variable

Variable	Cronbach's Alpha	Information
Implementation of Investigative Audit	$0.943 > 0.6$	Reliable
Internal Fraud Disclosure Management Finance Area	$0.861 > 0.6$	Reliable

Thus, based on the table above, it can be concluded that the statements in this questionnaire are reliable because they have a Cornbach's Alpha value > 0.6 . This shows that each statement item used will be able to obtain consistent data.

Operational Definition and Variable Measurement

1. Independent Variable (Independent Variable)

Independent variables are variables that influence or cause the influence or emergence of the dependent variable. The independent variable (X) used in this research is Investigative Audit (X1).

2. Dependent Variable (Dependent Variabel)

The dependent variable is a variable that is influenced, dependent, dependent on another variable, namely the independent variable. The dependent variable (Y) used in this research is Fraud Disclosure in Regional Financial Management (Y).

Data analysis method

In this research, researchers used quantitative analysis. Quantitative analysis is a form of analysis designed to work with large data that is grouped numerically into categories.

1. Partial Least Square Test

This research uses partial regression analysis (Partial Least Square/PLS) to test the three hypotheses proposed in this research. Each hypothesis will be analyzed using SmartPLS 3.0 software to test the relationship between variables. The reason for using PLS-SEM in this research is that the number of samples in this research is relatively small, namely 32 respondents (Pertiwi & Sharif, 2019).

2. Outer Model Analysis (Measurement Model)

According to Hussein (2015: 18) outer model analysis is carried out to ensure that the measurements used are suitable for measurement (valid and reliable). There are several calculations in this analysis: Convergent validity, Discriminant validity, Composite reliability, Average Variance Extracted (AVE), Cronbach alpha

3. Inner Model Analysis

This model analysis is to test the relationship between latent constructs. There are several calculations in this analysis: R Square, Effect Size (F Square), Prediction relevance (Q square)

4. Hypothesis test

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Next, the research results will be tested using a T-test using the bootstrapping method. The aim is to enable freely distributed data, does not require normal distribution assumptions and does not require large samples (minimum 30 samples).

RESULT AND DISCUSSION**1. Analisis Outer Model****Validity Item**

Average Variance Extracted (AVE) menggambarkan besaran variance yang mampu dijelaskan oleh item-item dibandingkan dengan varian yang disebabkan oleh error pengukuran. Standarnya adalah bila nilai AVE diatas 0,5 maka dapat dikatakan bahwa konstruk memiliki convergent validity yang baik. Artinya variabel laten dapat menjelaskan rata-rata lebih dari setengah variance dari indikator-indikatornya.

Table 5. AVE (Average Variant Extracted) Results

Variabel / Construct	AVE	Test Result
Implementation of Investigative Audits (X)	0.537	Valid
Fraud Disclosure in Regional Financial Management (Y)	0.563	Valid

Based on table 5 above, it shows that the AVE value for implementing investigative audits is 0.537 and the AVE value for disclosing fraud in regional financial management is 0.563. Both variables have an AVE that is above 0.5 so the construct has good convergent validity where the latent variable can explain on average more than half of the variance of the indicators.

Convergent Validity

To test Convergent Validity, the Outer Loading or factor loading value is used. An indicator is declared to meet convergent validity in the good category if the outer loading value is > 0.5 . The following are the results of testing the outer loading values for each indicator on the research variables which can be seen below:

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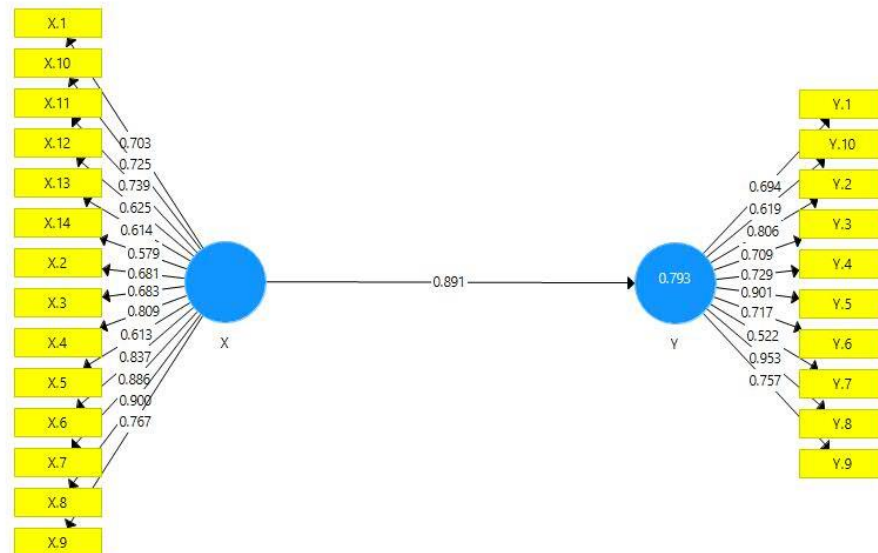


Figure 2. Standardized Loading Factor Inner and Outer Model

Based on figure 2 above, it can be seen that the entire loading is worth more than 0.5 so there is no need to set it aside. Thus, each indicator is valid to explain each latent variable, namely the implementation of investigative audits as variable independence and disclosure fraud in management finance area as variable dependent

Composite Reliability

Reliability test to measure the internal consistency of measuring instruments. Reliability shows the accuracy, consistency and precision of a measuring instrument in making measurements. Reliability testing in PLS can use two methods, namely Cronbach's alpha and composite reliability. Cronbach's alpha measures the lower limit of the reliability value of a construct, while composite reliability measures the actual value of the reliability of a construct. The rule of thumb used for composite reliability values is greater than 0.6 and Cronbach's alpha values are greater than 0.6. With this measurement, if the value achieved is > 0.60 , it can be said that the construct has high reliability. The results of the reliability tests for both methods can be seen in the following table:

Table 6. Reliability Test Results

Variables / Constructs	Cronbach's Alpha	Composite Reliability	Test results
Implementation of Investigative Audit (X)	0.9 31	0.9 41	Reliable
Disclosure Fraud In Management Finance Region (Y)	0.90 9	0.92 6	Reliable

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Based on table 6 above, it shows that the Cronbach alpha value for implementing investigative audits is 0.931 and disclosure of fraud in regional financial management is 0.909. Both variables obtained Cronbach's alpha values above 0.6, so it can be said that all factors have good reliability as measuring instruments.

2. Inner Model Analysis

R-square is a measure of the proportion of variations in values that are influenced (endogenous) that can be explained by the variables that influence them (exogenous). This is useful for predicting whether the model is good/bad. The r-square result for the endogenous latent variable of 0.75 indicates that the model is substantial (good); 0.50 indicates that the model is moderate (medium) and 0.25 indicates that the model is weak (bad) (Juliandi, 2018). Based on data processing that has been carried out using the smartPLS 3.0 program, the R-Square value is obtained which can be seen in the following figure and table

Table 7. R-Square Value

Variable	R-Square
Disclosure Fraud In Management Finance Area (Y)	0.891

From table 7 above, it is known that the effect of implementing investigative audits on fraud disclosure in regional financial management with an r-square value of 0.891 indicates that variations in the Y value can be explained by variations in the X value of 89.1% or in other words that the model is substantial (good), and the remaining 10.9% is influenced by other variables not used in this research.

3. Testing Hypothesis

The aim of this test is to test the significance of all relationships or test hypotheses. Based on data processing that has been carried out using the smartPLS 3.0 program, the image of the results of the influence hypothesis test can be seen in the following path coefficient image:

Table 8. Statistics value

Exogenous	-- >	Endogenous	Path Analysis	T Statistics	Values	Conclusion
Implementation of Investigative Audit (X)	- ->	Disclosure Fraud In Management Finance Region (Y)	0.891	10,051	0 ,000	Accepted

Source: Author's Processed Data Output, 2022

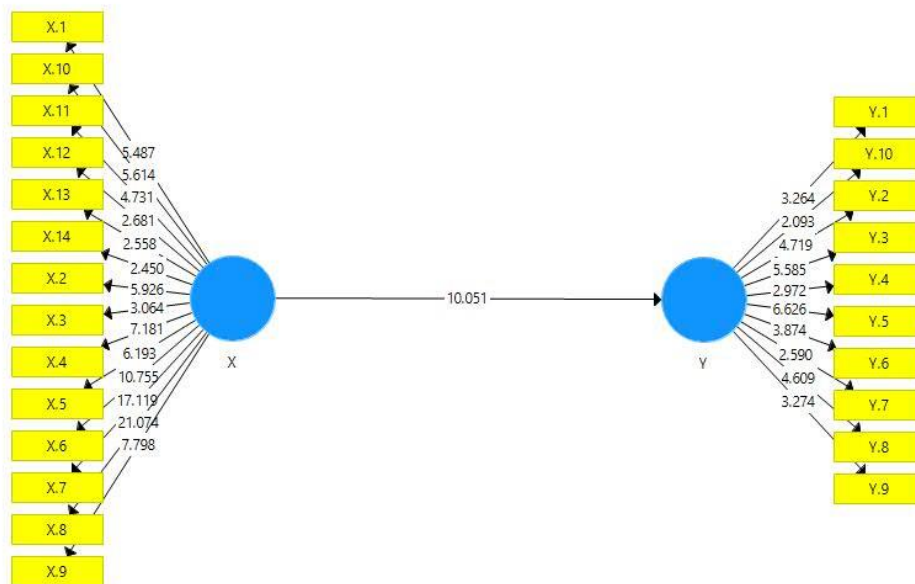


Figure 3. Path Coefficient

The effect of implementing investigative audits on fraud disclosure in regional financial management has a coefficient of 0.891. This shows that the better the implementation of investigative audits, the higher the fraud disclosure in regional financial management. This influence has a probability value (p-values) of $0.000 < 0.05$, meaning that the implementation of investigative audits has a significant effect on the disclosure of fraud in regional financial management.

The Effect of Implementing Investigative Audits on Fraud Disclosure in Regional Financial Management

Based on the research obtained regarding the effect of implementing investigative audits on the disclosure of fraud in regional financial management, the results of hypothesis testing show that the t-statistics value is 10.051 which is greater than t table 2.040 and the p-value of implementing investigative audits is $0.000 < 0.05$, meaning From these results, it can be concluded that the hypothesis can be accepted, namely that the implementation of investigative audits has an effect on the disclosure of fraud in regional financial management.

The effect of implementing investigative audits on fraud disclosure in regional financial management has a coefficient of 0.891. This shows that the better the implementation of investigative audits, the higher the fraud disclosure in regional financial management.

In this research, the implementation of investigative audits is measured by seven indicators, namely communication, accounting and auditing knowledge background, investigation and fraud knowledge, audit procedures, relevant and competent evidence, maintaining confidentiality of information sources and complying with regulations. Based on the results of the outer loading of each indicator, it is known that the outer loading of the audit procedure indicator produces the highest value, namely 0.900. This shows that if an

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auditor, in carrying out his duties, always carries out audit procedures well, the disclosure of fraud in examining regional financial management will be better.

Where there are several indicators of an investigative audit, the first is communication. Communication is the process of identifying, disclosing and exchanging information to all company personnel so that they can carry out their responsibilities. Communication includes providing an understanding of individual roles and responsibilities relating to internal control over financial reporting. With effective internal control, you can reduce the tendency for fraud to occur.

In an investigative audit, various pieces of evidence will be systematically collected to reveal whether there are indications of fraud so that further legal action can be taken. This makes carrying out investigative audits more difficult than carrying out general audits, where auditors, apart from understanding accounting and auditing, must also understand the applicable laws and regulations. An auditor who applies investigative audit knowledge will find it easier to uncover fraud. North Sumatra Representative BPKP office auditors have the ability to apply excellent audit procedures and audit techniques in disclosing fraud.

If the auditor can apply investigative audit techniques well and precisely, the fraud disclosure process will be faster and the audit will run smoothly. Apart from having capabilities in the field of investigative auditing, North Sumatra Province BPKP must also pay attention to other factors that can support fraud disclosure, including the auditor's competency.

Auditors are expected to have adequate competence, especially in the fields of auditing and accounting. The competencies possessed by auditors cannot be separated from the auditor's experience and skills in carrying out their duties. Because auditor competency is related to the auditor's knowledge, expertise, experience and skill in carrying out his work, the higher the competency an auditor has, the easier it is for the auditor to uncover or detect cases of fraud that occur carefully, carefully and objectively.

Regional finance according to PP no. 58 of 2005 are all regional rights and obligations in the context of implementing regional government which can be valued in money, including all forms of wealth related to the regional rights and obligations. For this reason, every agency related to regional financial management, in carrying out its duties must comply with regional regulations which are prepared based on the vision and mission of the region.

Fraud disclosure where investigative audits are carried out as a regressive action to deal with fraud that occurs in regional financial management. Carrying out an investigative audit is aimed at determining the truth of the problem through the process of testing, collecting and evaluating evidence relevant to the act of fraud and to reveal the facts of fraud which include the existence of the act of fraud (subject), identifying the perpetrator of the fraud (object), explaining the mode of fraud (mode), and quantifying the value of losses and the impacts they cause (Wuysang et al, 2015).

The results of this research are in line with research conducted by Rahmayani et al (2014) which states that investigative audit techniques have a positive and significant effect on fraud disclosure. The results of this research are also supported by research by Mulyati et al (2015) who in this research stated that investigative audits have a significant positive effect on the effectiveness of implementing audit procedures in disclosing fraud.

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CONCLUSION

Based on the results of data analysis and discussion in the previous chapter, it can be concluded that the implementation of investigative audits has a significant effect on the disclosure of fraud in regional financial management at the North Sumatra Representative BPKP. This influence has a probability value (p-values) of $0.000 < 0.05$, meaning that the implementation of investigative audits has a positive and significant effect on the disclosure of fraud in regional financial management.

SUGGESTION

This research also still has many limitations both in terms of results and in the process. With these limitations, it is hoped that improvements can be made for future research. Based on the conclusions obtained in this research, the suggestions that can be proposed and given by researchers are:

1. It is recommended to collect data through direct interviews with related auditors, so that the existing questionnaire is answered clearly and there are no misunderstandings.
2. It is recommended to add independent variables to further clarify the fraud disclosure variable.
3. It is recommended to increase the number of respondents and increase the scope of the auditor's area so that the research results can be generalized.

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