

THE EFFECT OF RED FLAGS AND THE INDEPENDENCE OF GOVERNMENT AUDITORS IN DETECTING FRAUD (FRAUD)

(Case Study at DKI Jakarta BPKP Auditor)

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***Abstrak-** This study aims to determine whether the effect of red flags and the independence of government auditors in detecting fraud. This research was conducted at the Jakarta Central BPKP Office.*

Sampling Census taking with the number of 77 auditors. The data used in this study are primary data. The research strategy used in this research is an associative research strategy with the research method used is a questionnaire survey method. In this study, the authors used quantitative data as measured by multiple linear regression-based methods, namely the IBM SPSS 25 t test.

The results prove that, (1) Red Flags have a positive and significant effect in detecting fraud (Fraud), (2) Independence of Government Auditors has a positive and significant effect in detecting fraud (Fraud).

Keywords: Red Flags, Government Auditor Independence, fraud detection, fraud.

1. Preliminary

Fraud in many types and modes has become a classic problem in business activities. Fraud can occur in the private sector as well as in the public sector from many years ago until now. All means have been done to prevent and overcome a series of cheating that occurred. Starting from increasing supervision, strengthening functions in each division, giving severe legal sanctions to the perpetrators, but that still does not reduce fraud. In the economic field, the increasing accounting scandals in various countries are a big challenge for the accounting profession in the world. One of the accounting scandals that have caught the world's attention is the Enron case, which motivated regulators in the United States to issue a Statement on Accounting Standards No. 99 to improve Auditor performance in detecting material misstatements due to fraud (Fraud) in the presentation of financial reporting (Hulsart et al. 2012). Apart from the United States, accounting fraud scandals also occurred in Indonesia, which was indicated by the liquidation that occurred in the banking sector, the involvement of management in White-collar crimes, tax manipulation, and the occurrence of corruption in election implementing agencies and the House of Representatives in various regions.

Measuring the level of corruption using the Corruption Perception Index in 2019 put Indonesia in position 85 out of 180 countries, and Indonesia's corruption perception index score is currently at 40 with the highest score of 100 (Transparency International 2019). Fraud is caused as the most serious and challenging problem in today's business environment so that it is necessary to take proactive steps from accountants, auditors, and the accounting profession to detect this fraud. Fraud is an intention or carelessness in doing something or not doing something that should be done so that the financial statements are materially misleading (Tuanakotta, 2010). The Association of Certified Fraud Examiners (ACFE) classifies that there are 3 (three) types of fraud in the financial statements, namely misuse of assets, corruption and fraud of statements. Fraud that often occurs and causes large losses is fraud on statements, often called financial statement fraud (Kartikasari and Irianto, 2010). ACFE uses The Fraud Triangle method as a model in various studies related to fraud. There are several factors that can cause fraud, such as weaknesses in internal control, conflicts of interest from company officials, dishonest employees and officials and so on. In carrying out their duties as an independent auditor, especially in detecting fraud in financial reporting, auditors need to know the red flags signal, have an attitude of skepticism, competence, independence and professionalism. Therefore, the auditor must have and maintain this attitude and expertise, this is very necessary for the auditor so that he can detect fraud in the financial statements that has occurred and perform his job as a professional auditor. As is well known, nowadays there are increasingly cases of fraud in financial reports by economic entities involved in these activities. What is still very much remembered is the fraud case involving one of the largest companies in the world, namely the Enron and World Com cases, each of which manipulated their profits to have a large operating profit to attract investors to keep investing in the company. There is also a case that occurred at the Bank of Credit and Commerce International (BCCI), this bank committed fraud of more than \$ 20 (twenty) Billion Dollars, and more than \$ 13 (thirteen) Billion Dollars Unaccounted funds and other allegations of bribery and supporting terrorism, money laundering, smuggling, sale of nuclear technology and others. These cases are only a small sample of the cases that have occurred in connection with fraudulent financial statements in the world. However, domestic cases in the public sector also occurred several years ago. For example, fraud which is still hotly discussed is the arrest of the mayor of Malang and several members of the DPRD some time ago. They were arrested in an alleged bribery case related to the discussion of the 2015 Malang City APBD-P where Mochamad Anton as the mayor of Malang provided lubricants to DPRD members so that the proposed budget draft could be accepted by the Malang City DPRD. The case of East Luwu district official suspected of corruption and inflating the budget for the construction of the Malili Stadium Official of the East Luwu Regency Government Spatial Planning (Distarkim) as a suspect for the 2011-2013 period. The inflated budget reached 44 billion so that in this case the state lost up to 1.6 billion. Based on data from Infokorupsi.com, the corruption case of funds from the East Luwu

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DPRD with allegations of corruption in the payment of salaries, allowances, official travel costs and honorarium for DPRD legislators conducted by the Secretary of the DPRD East Luwu DPRD and former members of the East Luwu DPRD from the Prosperous Justice Party faction (PKS) which caused state losses of 5 billion, the 2014 Fictional Legislative Election Fund (Pileg) accountability case which was carried out by the acting commitment maker (PPK) and the treasurer of the East Luwu KPU because it was deemed proven to have cut PPK funds in 11 districts that caused losses to the state amounting to 651 million.

Examples of these cases, it can be seen that cases of fraud are increasingly happening in our country. Based on several cases that have emerged in Indonesia, internal auditors are often unable to detect fraud and some are found to have collaborated or collusion with several clients who were involved in several cases of fraud committed but not reported. Until now, Indonesia is still in trouble with fraud or often referred to as the problem of corruption. Although the government already has 2 (two) internal audit agencies and the Corruption Eradication Commission in order to minimize and reveal all forms of fraud, these cases still occur and seem difficult to eliminate. Opportunities occur because of the result of transactions of an unreasonable size, using large amounts of accounting estimates, subjective or uncertain considerations, international operations, and differences in business culture. Opportunities occur if the company has bad governance. (Hariyanto, et. Al. 2012). Rationalization is the attitude of a person in justifying the actions he has committed. This is due to insufficient information and communication regarding ethical standards that must be applied and adhered to in their application, aggressive profit growth and failure to implement accounting systems and internal controls within the company (Hariyanto, et. Al. 2012). Detecting fraud is not an easy task, as it requires knowledge of the characteristics and ways of committing fraud. Fraud detection also does not always get a bright spot because there are many various underlying motivations and many methods of committing fraud (Kassem and Higson, 2012). The review above provides confirmation that the auditor really needs indicators or signs to focus on the performance of assessing the risk of fraud in his investigation. The occurrence of various acts of fraud certainly needs serious attention from various parties, one of which is the internal auditor who is the hope of the public to be able to reveal the fraud that occurred. This reason provides the basis that research on the Red Flags method is very important to be carried out on Internal and External auditors in detecting fraud.

It is hoped that this research will obtain empirical evidence on Red Flags and the Independence of Government Auditors in detecting fraud in companies in the Jakarta area. Based on what has been described above, the problem formulations in this study are:

1. Are Red Flags influential in detecting fraud (Fraud)?
2. Does the independence of government auditors affect fraud detection (Fraud)?

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Theoretical basis

2.1.1. Red Flags

The term Red Flags or red flags has often been used in various audit literature, its meaning is a red flag, a sign that something is not appropriate and needs attention. Tuanakotta (2013) in Ni Nyoman Ayu Suryandari, I Dewa Made Endiana (2019). That auditors and investigators use red flags as an indication or indication of fraud or fraud in a financial report. Red flags can also be said to be a condition that is odd or different from normal conditions.

2.1.2. Fraud

Fraud is a general term, and includes all kinds of ways that can be used with certain shrewdness, chosen by an individual, to get the benefit of the other party by misrepresentation.

Fraud auditing can be defined as a special audit intended to detect and prevent irregularities or fraud on financial transactions. Audit fraud is included in a special audit that is different from auditing in general, especially in terms of objectives, namely fraud auditing has a narrower purpose and tends to reveal a fraud that is suspected of occurring in asset / asset management.

2.1.3. Fraud Detection

Ni Nyoman Ayu Suryandari, I Dewa Made Endiana (2019) stated that fraud in financial reports can rarely be detected if you only analyze the financial statements. However, cheating on financial statements is usually detected when the information contained in the financial statements is compared with the real conditions of the company. Research suggests that fraud auditors, investors, regulators or examiners can take advantage of the use of non-financial performance measures to assess the possibility of fraud.

2.1.4. Independence

Independent means that public accountants are not easily influenced. Public accountants are not allowed to side with the interests of anyone. Meanwhile, based on the provisions contained in SPAP (2011) PSA No. 4 (SA section 220.1), This standard requires auditors to be independent, meaning that they are not easily influenced, because they carry out their work for the public interest, in this case they are distinguished from auditors who practice as interns.

Arens et.al (2015), independence in auditing is a member who in public practice must be independent in providing professional services as required by the standards announced by the body appointed by the board.

2.1.5. Audit

The definition of audit was put forward by several accounting experts, including Arens, Elder, and Beasley (2015), an audit is a process for collecting and evaluating evidence relating to information to determine and report the degree of conformity between existing information and predetermined criteria. Meanwhile, Soekrisno Agoes (2015), Auditing is an examination that is carried out critically and systematically, by an independent party, of financial reports that have been prepared by management, with the aim of being able to provide an opinion on the fairness of the financial statements.

2.2. Hypothesis Development

2.2.1 Effect of Red Flags in Detecting Fraud

The existence of Red Flags makes it easier for an auditor to detect fraud and can immediately take preventive action. This is in line with research conducted by I Gusti Ayu Putu Della Sabrina Purwanti and Ida Bagus Putra Astika (2017), which explains that red flags have a positive effect on the ability of auditors to detect fraud.

This shows that increasing awareness about the emergence of red flags will make auditors carry out more in-depth searches or investigations of audit evidence, this can increase the ability of auditors to detect fraud. Based on this description, the hypothesis is formulated as follows:

H₁: Red Flags affect the ability of auditors to detect fraud (Fraud)

2.2.2. The Effect of Government Auditor Independence in Detecting Fraud

Accountants' code of ethics states that independence is an attitude expected of a public accountant not to have a personal interest in carrying out his duties, which is against the principles of integrity and objectivity. The higher the auditor's independence, the higher the auditor's ability to detect fraud. An auditor who has an independent attitude in his assignment, the auditor is free to issue an audit opinion without pressure from any party so as to facilitate the process of detecting fraud.

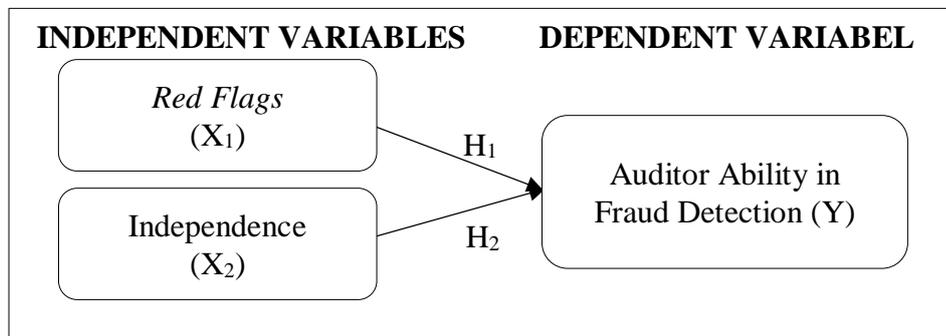
This can make the auditor's ability to detect fraud even higher. Based on this description,

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the hypothesis is formulated as follows:

H2: The attitude of government auditor independence affects the ability of auditors to detect fraud.

2.3. Research Conceptual Framework



3. RESEARCH METHOD

3.1. Research Strategy

The research strategy used by researchers is an associative strategy, namely, research that aims to determine the relationship between two or more variables, Sugiyono (2016). The relationship used in this study is a causal relationship, namely a causal relationship, which consists of the Independent variable (variable that affects) and the dependent variable (variable that is influenced) Sugiyono (2016). The strategy in this study uses quantitative research, which is a process of finding knowledge that uses data in the form of numbers as a tool to analyze information about what is known.

3.2. Population and Sample

3.2.1. Population

Sugiyono (2016) population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are determined by researchers to be studied and then draw conclusions.

In this study, the Government Auditor data needed is the Government Auditor who is technically in charge of examining Regional Government financial reports. While the population in this study was determined based on a preliminary survey in the Human Resources (HR) Section or better known as the DKI Jakarta Central Financial and Development Supervisory Agency (BPKP) Personnel Section in June 2020 showing the data as in table 3.1 below.

Table 3.1.

No.	Functional	Frekuensi
1.	Intermediate Auditor	18
2.	Young Auditor	21
3.	First Auditor	29
4.	Supervisory Auditor	3
5.	Advanced Executive Auditor	1
6.	Managing Auditor	5
		77

Source: BPKP Central DKI Jakarta's HR Department in 2020

Based on the table above, the population in this study was 77 (seventy-seven) Government Auditors, Investigation Division (BPKP) Central DKI Jakarta.

3.2.2. Sample

The sample is part of the population (part or representative of the population studied). The sample of this research is part of the population taken as a data source and can represent the entire population. The determination of the number of samples used in this study is to use the Census Method.

3.3. Data and Research Data Methods

This study uses primary data collected to achieve the research objectives. Primary data is data obtained from the first source, either from individuals or individuals such as data from interviews or from questionnaires that have been filled in by respondents (Sugiyono, 2016). Primary data in this study were obtained from the results of respondents' answers to the questionnaire that had been filled out by auditors at the Central BPKP, Deputy of Investigation, DKI Jakarta.

3.4. Operational Variables

Table 3.1.

Operationalization of Research Variables

Variable	Operational definition	Indicator	Measurement Scale
Red Flags (X ₁)	Auditors and investigators use red flags as an indication or indication of fraud or fraud in a financial report. Ni Nyoman Ayu Suryandari, I Dewa Made Endiana (2019).	a. Understand the characteristics of the pressure b. Audit Information c. Management Oversight d. Unusual transactions e. Information and Accounting Systems	Scale <i>Likert</i>

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Government Auditor Independence (X ₂)	Independence in auditing means that a person in public practice must be independent in providing services professional as required by the Standards promulgated by the body appointed by the board. Arens et.al (2015).	<ul style="list-style-type: none"> a. Family relationships with clients b. Business and financial relationships with clients c. Providing facilities and gifts d. Involvement in inappropriate business e. Be honest in doing audit work 	Scale <i>Likert</i>
Fraud Detection (Y)	Fraud in financial statements can rarely be detected if only analyzing the report finances only. Ni Nyoman Ayu Suryandari, I Dewa Made Endiana (2019).	<ul style="list-style-type: none"> a. Internal control b. Cheating detection training c. Use of investigative audit techniques to reveal fraud in procurement of goods d. Use of Computer forensics e. Use of interrogation techniques f. The use of an undercover operation g. Utilization of the wishtleblower 	Scale <i>Likert</i>

3.5. Data analysis method

The method used in this research is quantitative data analysis method. This quantitative data analysis method uses data in the form of numbers and emphasizes the research process of measuring objective results using descriptive statistical analysis.

4. DISCUSSION

4.1. Description of Research Object

4.1.1. Research Object Profile

The BPKP is a government internal supervisory apparatus that is directly responsible to the President. As mandated in Government Regulation Number 60 of 2008 concerning Government Internal Control System (SPIP), BPKP carries out internal supervision of state financial accountability for certain activities which include:

- a). cross-sectoral activities;
- b). activities of the state general treasury based on the stipulation by the Minister of Finance as State General Treasurer;
- c). Other activities based on assignments from the President.

4.1.2. Place and time of research

This research was conducted on auditors who work at the Central Financial and Development Supervisory Agency (BPKP) having their address at Jl. Scout No. 33 Rt.10 Rw. 08 Utan Kayu Village, Matraman District, East Jakarta 13120. Data collection through a questionnaire to the Investigative Auditor has received permission from the Head of the Legal and Communication Bureau of the Financial and Development Supervisory Agency (BPKP) Number: S-647 / SU04 / 3/2020 dated June 24, 2020 Regarding: Request for Permit to Submit a Questionnaire which is addressed to the Deputy Head of the BPKP Investigation Sector in Jakarta. While the research time starts from 24 June 2020 to 22 July 2020.

4.2. Description of Research Respondents

The research sample data is based on the Functional Auditor Position obtained from the Human Resources (HR) Division of the DKI Jakarta Central BPKP Deputy of Investigation in 2020 shows that the Government Auditor Functional Position Deputy of Investigation at the Central Jakarta Financial and Development Supervisory Agency (BPKP) consists of (1) 18 (eighteen) Intermediate Auditors, (2) 21 (twenty one) Young Auditors, (3) 29 (twenty nine) First Auditors, (4) 3 (three) Supervisory Auditors, (5) 1 (one) Advanced Executing Auditor, and (6) 5 (five) Implementing Auditors.

4.3. Descriptive Statistical Analysis Results

The variables used in this research include Red Flags, Independence of Government Auditors, Deputy of Investigation of the Central BPKP DKI Jakarta and Fraud will be tested using descriptive statistics.

Table 4.1.
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
RedFlags	77	16	25	23,19	2,090
Independensi	77	15	25	22,32	2,731
Fraud	77	21	35	30,13	3,338
Valid N (listwise)	77				

Source: SPSS output (data processed, 2020)

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4.4. Data Quality Test Results

4.3.1. Validity Test Results

Validity test is used to measure whether a questionnaire is valid or not. A questionnaire is said to be valid or valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire. The validity test is done by looking at the correlation score

question items with a total variable score through the SPSS program by looking at the Corrected Item - Total Correlation column (Ghozali, 2016).

4.3.2. Reliability Test

The tool used to measure the questionnaire which is an indicator of the variables. A questionnaire is said to be reliable or reliable if a person's answer to a question is consistent or stable over time (Ghozali, 2016). So, to test the reliability of respondents' answers can use statistical tests by looking at the value of Cronbach Alpha (α). Nunnally Cronbach Alpha > 0.70 . If not, then the data is considered unreliable (Ghozali, 2016). Table 4.2 shows the results of the reliability test for the four research variables used in this study.

Table 4.2.

Variabel	<i>Cronbach Alpha</i>	Keterangan
Red Flags	0,811	Reliabel
Independensi Auditor	0,882	Reliabel
Kecurangan	0,785	Reliabel

Source: SPSS output (data processed, 2020)

4.4. Classical Assumption Test Results

4.4.1. Normality Test Results

This normality test is used to be able to test whether the regression model, the independent variable and the dependent variable have a normal distribution or not. As it is known, the t test and f test explain that the residual value follows the normal value. If this assumption is violated, the statistical test will be invalid for a small sample size (Ghozali, 2016).

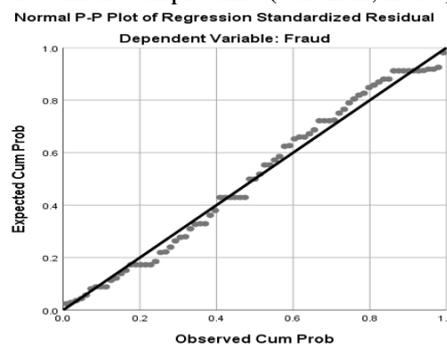


Figure 4.1. P-P Plot or Regression Normality Test Results

Source: SPSS output (data processed, 2020)

In the normal P-Plot chart above, it explains that the data distribution is around the diagonal line and follows the direction of the diagonal line, so the regression model fulfills the normalistic assumptions.

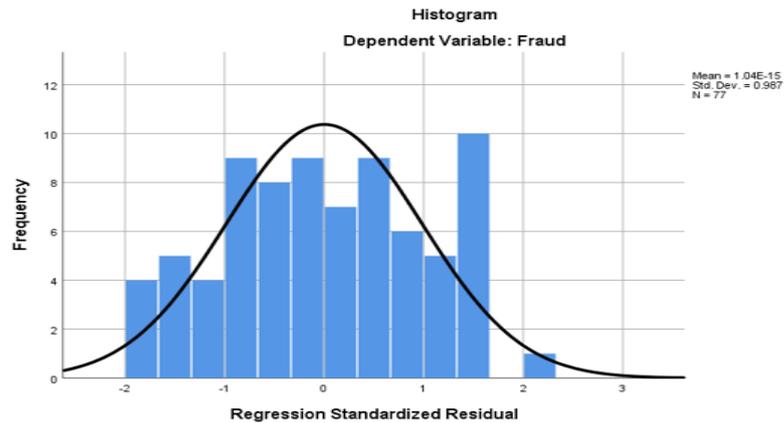


Figure 4.2. Histogram Graph Normality Test Results
Source: SPSS output (data processed, 2020)

The image of the normality test of the histogram graph shows the distribution of data around the diagonal line. This shows that the regression model has met the normality assumption.

Tabel 4.3. Results of the Kolmogorov-Smirnov One Sample Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		77
Normal Parameters a,b	Mean	.0000000
	Std. Deviation	128.895.324
Most Extreme Differences	Absolute	.065
	Positive	.065
	Negative	-.062
Test Statistic		.065
Asymp. Sig. (2-tailed)		.200c,d

- a. Test distribution is Normal.
 - b. Calculated from data.
 - c. Lilliefors Significance Correction.
 - d. This is a lower bound of the true significance.
- Sumber: Output SPSS (data diolah, 2020)

In table 4.3 above, it can be concluded that the value of all variables from Kolmogrov-Smirnov > 0.05 is seen in Asymp. The Sig is 0.200. Thus it can be said that the data is normally distributed.

4.4.2. Heteroscedasticity Test Results

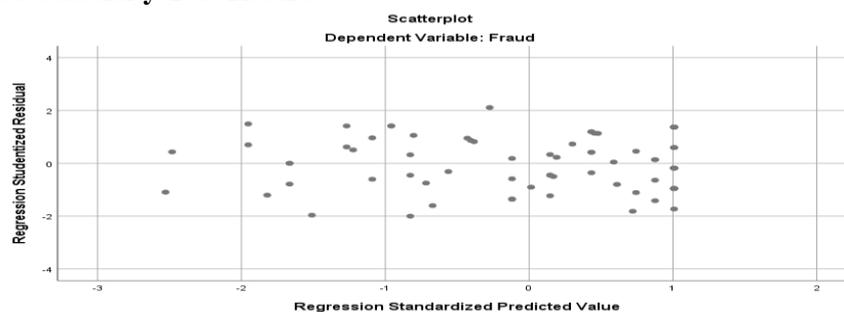


Figure 4.3. Heteroscedasticity Test Results with Scatterplot Graph
Source: SPSS output (data processed, 2020)

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In Figure 4.3 above, it shows that the data is spread above and below the number 0 (zero) on the Y axis and there is no clear pattern in the distribution of the data. This explains that there is no heteroscedasticity in the regression model, so that the regression model is appropriate to be used to predict fraud (Fraud) based on influencing variables, namely Red Flags and Auditor Independence of the Central BPKP Government of DKI Jakarta.

4.4.3. Multicollinearity Test Results

Tabel 4.4. Multicollinearity Test Results

Model 1	(Constant) RedFlags Independensi	coefficient ^a	
		Collinearity Statistics	
		Tolerance	VIF
		.499	2.004
		.499	2.004

a. Dependent Variable: *Fraud*

Source: SPSS output (data processed, 2020)

Based on the results of the Multicollinearity Test as in the table above, it shows that the Red Flags variable has a VIF value of 2.004 and the BPKP Central DKI Jakarta Government Auditor Independence variable of 2.004. So the table above also shows that the two variables have a tolerance value above 0.10. So it can be said that all the variables used in this study do not have multicollinearity problems.

4.5. Multiple Linear Regression Analysis Test Results

Multiple linear regression analysis used in this study aims to determine the significant effect of Red Flags (X1) and Government Auditor Independence (X2) on fraud (Y), whether each variable has a positive or negative effect. Table 4:19 shows the Test Results of Multiple Linear Regression Analysis as follows.

Tabel 4.5. Multiple Linear Regression Analysis Test Results

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.926	1.671		.554	.581
RedFlags	.407	.101	.255	4.014	.000
Independensi	.885	.078	.724	11.393	.000

a Dependent Variable: *Fraud*

Source: SPSS output (data processed, 2020)

Based on the above, it shows the results obtained from the regression coefficient above, so that a regression equation can be made as follows:

$$Y = 0,926 + 0,407X1 + 0,885X2 + e$$

4.6. Hypothesis Test Results

4.6.1. Result of Determination Coefficient Test (R²)

Table 4.6. Determination Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.922 ^a	.851	.847	1.306

a Predictors: (Constant), Independensi, *RedFlags*

b Dependent Variable: Fraud

Source: SPSS output (data processed, 2020)

Based on the results of the analysis in the table above, the R value is 0.922 or 92.2%, thus it can be said that the relationship or correlation between the factors affecting Fraud Detection is greater than 0.50. The value of the coefficient of determination (adjusted R-Square) in this study has a number of 0.847 or 84.7%, which means that the Red Flags variable and the Auditor Independence of the Central Jakarta BPKP Government can only explain 84.7% of Detecting Fraud. And the remaining 15.3% (100% -84.7%) is explained by other variables not contained in the research variables. Standard error of estimation (SEE) is 1.306. The smaller the SEE value will make the regression model more precise in predicting the dependent variable.

4.6.2. Partial Test Results for Regression Coefficients (t Statistical Test)

H1: Red Flags have a positive and significant effect in detecting Fraud

The results of the calculation of the partial test of the effect of Red Flags (X1) on Detecting fraud (Y) obtained a tcount of 4.014 and a t table of 1.993, this indicates that the value of tcount > ttable and the significance obtained is less than 0.05 (0.000 <0.05.). Thus, the Red Flags variable has a significant effect on Detecting Fraud.

H2: The independence of government auditors has a positive and significant effect in detecting fraud (fraud)

The results of the calculation of the partial test of the effect of the Government Auditor Independence (X2) on Detecting fraud (Y), the tcount value is 11,393 and the t-table is 1.993, this shows that the value of tcount > ttable and the significance obtained is less than 0.05 (0.000 <0, 05). Thus, for the variable of Auditor Independence of the Government of the BPKP Pusat DKI Jakarta, it has a significant effect in Detecting Fraud.

5. CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS

5.1. Conclusion

This study aims to determine and find empirical evidence of the influence of Red Flags and the Independence of Government Auditors in detecting fraud in the Jakarta area. The research respondents were 77 auditors of the Central BPKP Deputy Investigation. Based on the data that has been collected and tests that have been carried out on the problem using multiple linear regression models, it can be concluded as follows:

1. Red Flags have a positive and significant effect in detecting fraud (Fraud). An auditor must be able to recognize Red Flags which are an odd condition or different from normal conditions. This proves that the Red Flags method in the form of surveillance is the initial indication or indication of something that is not biased and is a sign that fraud has occurred. This was discussed in the Workshop on Strengthening Integrity in the

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Procurement and Contract Implementation of Government Projects organized by the World Bank in collaboration with the Financial and Development Supervisory Agency (BPKP) on March 11, 2016. This workshop explained that corruption or fraud can occur at the planning stage, procurement of goods / services (Planning and Design), the process of procurement of goods / services (Procurement), and the implementation stage of the procurement of goods / services (Implementation). Some examples of corruption / fraud in Planning and Design raised by the speakers are political interference, adding unnecessary items, making biased specifications, and corruption in land acquisition.

In the procurement process, fraudulent bids, collusion, bid rigging, and conflict of interest may occur. For the implementation stage, forms of fraud / corruption can be in the form of substandard work, theft and personal use of assets, payroll fraud, and falsified implementation reports and audits. Government auditors must be able to identify these red flags which are the beginning of a fraud / corruption. The workshop also discussed two cases related to the process of procuring goods / services which are commonly held with funding from world banks.

2. Independence of the Auditor of the Central Jakarta BPKP Government has a positive and significant effect in detecting fraud (Fraud). This means that in carrying out their duties, auditors maintain the perception of independence from all interested parties and auditors are only obliged to be honest in their audits. As attached in the BPKP RI Regulation Number 3 of 2019 concerning Internal Control of the procurement of government goods / services. This is also supported by Supervisors who only need to be honest and transparent with the existing conditions as described in the 2019 BPKP performance report, Clean and Effective Governance and Corporate Governance, BPKP internal supervision activities are directed to ensure that the governance process in government administration and development has been running in a participatory, accountable, transparent and effective manner.

5.2. suggestion

Based on this research and for further research, some suggestions that can be given include:

- 1). Red Flags, for BPKP / KAP Auditors, Internal, External throughout Indonesia are expected to be able to recognize Red Flags which are conditions that are odd or different from normal conditions in the form of supervision as the initial indication or indication of something that is not biased and is a sign -a sign that fraud occurred. This is in order to create Clean and Effective Governance and Corporations. Supervision activities are directed to ensure that the governance process in governance and development has been carried out in a participatory, accountable, transparent and effective manner to eradicate fraud (fraud) in implementation for the smooth running of ongoing activities. run.
- 2). Auditor Independence, for BPKP / KAP, Internal and External Auditors throughout Indonesia, it is hoped that they can maintain the Principle of Independence in providing real assessments with real conditions to carry out their supervisory responsibilities objectively.

5.3. Limitations of Problems and Further Research Development

This study has limitations in this research so that it can be used as material for consideration for further researchers, namely:

- 1). Researchers experienced difficulties when distributing and collecting questionnaire data, this was due to the Covid-19 Pandemic which resulted in some auditor respondents not

being in their work environment. So that many respondents in this study were very difficult to receive questionnaires via offline and online quickly and accurately.

- 2). Researchers have difficulty asking for opinions from respondents regarding statements and profiles in the form of Personal or Confidential data in the interest of succeeding and adding to the evidence of this research, for example, an Independence Letter that is signed by the Auditor before carrying out his work.



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