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Revealing and Building the COSO Concept and Khalifatullah Fill Ard Philosophy to Prevent and Detect the Occurrence of Fraud Through Forensic Accounting

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Abstract

The objective of this research was to reveal the occurrence of Disclaimer financial statements opinion phenomenon, explore and analyze the function of Internal Control Unit (SPI) to perform its role in preventing and detecting fraud. This research was qualitative using phenomenological approach with interpretive paradigm. The research objects were Internal Control Unit (SPI) staff at State Higher Education Institutions, namely the Chairman and Vice-Chairman of the Internal Control Unit (SPI). The results show the occurrence of disclaimer opinion because the asset procurement and managements are not in accordance with the regulations of PJB (Management of Goods and Services).

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Keywords: COSO, Forensic Accounting, Fraud, Khalifatullah Fill Ard

1. Introduction

The background of this study was by the phenomenon of audit findings of the Supreme Audit Agency (BPK) stating that the financial statements of Ministry of National Education in the period of 2010 and 2011 were Disclaimer. There were sixteen (16) State Higher Education Institutions in Indonesia that got disclaimer opinion (BPK News, 2012). During 2012, there were at least five Higher Education Institutions allegedly involved in fraud cases, (Fahmialung, 2014).

The purpose of this study was to reveal the occurrence of phenomenon of Disclaimer financial statements opinion and explore and analyze the functions of Internal Supervisory Unit in carrying out its role in State Higher Education

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Institutions. Some reasons causing disclaimer opinion were among others; 1. Since there were accounts not registered in the Ministry of Finance (MoF). The list of accounts held derived from non-tax state revenue funds (non-tax) and Pure Rupiah had to be registered or approved by the Ministry of Finance based on the Regulation of Minister of Finance No. 20 of 2007 on the management of state-owned, office agencies and working unit accounts. 2. There were assets procurement not in accordance with the procedures of goods and services procurement regulations based on Presidential Decree no. 80 of 2003 that had been updated by Presidential Regulations no. 54 of 2010 in an article entitled 'The Importance of Application of Professional Standards and Ethics Code For Internal Auditor or External Auditor In Running the Roles (Nurhayati, 2011).

Beside the phenomena were associated with disclaimer opinion, there were also several cases of corruption in a number of State Higher Education Institutions today handled by the prosecution as written in Edi Purnomo article, Cahyo with the title 'A lot of Corruption in State Higher Education Institutions (HEI). It was as presented by the Center for the Study of Anti-Corruption (PUKAT) UGM in its observation reports of corruption in the first half (January-June) 2014, Tuesday (9/9) afternoon at PUKATUGM office. Based on the reports from PUKAT UGM, in addition to increasing corruption in State Higher Education Institutions, there are also a shift in corruption cases. If in the PUKAT report in the second half (July-December) 2013 there were many cases of corruption in State Higher Education Institutions due to the goods and services procurement sector then in the first half of 2014. they shifted to the State-owned asset management sector. Moreover, if in the second half of 2013, the corruption perpetrators in State Higher Education Institutions were only from the lecturer, then in the first half of 2014 there were several corruption perpetrators who were administrative employees in State Higher Education Institutions. "Currently, many cases of corruption in State Higher Education Institutions were caused by the problem of asset management. State Higher Education Institutions officials who did not understand professional asset management was suspected to be the cause of many cases of corruption in State Higher Education Institutions," said Zaenur Rohman, a researcher from PUKAT UGM.

Based on this phenomenon, the writer was interested in conducting research in State Higher Education Institutions in East Java. Higher Education Institution is an institution as a means to gain knowledge for young generation who have competence in their field and form a high morality thereby becoming younger generation with good morale. Higher education institution is also an institution managing funds from the public, individuals, or governments, therefore, higher education institution is required to provide a true report, including financial statements. Financial statements made by Higher Education Institutions must be free of the element of fraud given that the fund managed by the Higher Education Institution is not little. To help Higher Education Institution produce the true report and free from fraud, then it is formed Internal Control Unit (SPI) function or Internal Auditor who has a duty to conduct an audit in the areas of financial, academic, and resources managements. Despite having many internal audit, there are still organizations or agencies still having low function of internal audit in the control of organization. It can be said that there has not been effective implementation of internal auditor function, especially in Higher Education Institutions as evidenced by the emergence of allegations of corruption. Based on facts above, the research questions in this study are (1) Why and how are the reasons for the phenomenon of disclaimer financial statements opinion in State Higher Education Institutions? (2) How is the role of internal audit in preventing and detecting fraud?

This study refers to some previous studies related to the role of internal audit in preventing fraud by using the concept of COSO philosophical research, Khalifatullah Fill Ard philosophy, fraud and forensic accounting which are relatively intact and deserve to be followed up, they are among others; *The Updated COSO Internal Control—Integrated Framework: Recommendations and Opportunities for Future Research* 'by D'Aquila, Jill, 2013 and Janvrin, D J., et al, 2012, concerning COSO concept which is an integrated internal control framework by updating the original concept adapted in today's environment. Literature review by Janvrin, DJ, et al, 2012 was not much different to that performed by D'Aquila, Jill, 2013. So this study provides the research opportunities of D'Aquila, Jill, 2013 to be more comprehensive and integrated as well as updated to the current organizational changes. Prabowo, HY, 2013, Gottschalk, Petter with the title '*Better, faster, smarter: developing a blueprint for creating forensic accountants, Is Centre for Forensic Accounting Studies*', develop an essential concept / attribute for forensic accountants, that is 'better, faster and smarter', the attribute concerned is 'A *Blueprint*' in creating forensic accountant. The research objective is to construct 'A *Blueprint*' forensic accountant as a reference of education and training of forensic accounting, and related to the evaluation and detection of COSO based internal controls to prevent fraud

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