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The Impact of Investigative Audits on Uncovering Corruption and Enhancing Legal Accountability

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ABSTRACT



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Keywords:
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Objective: Investigative audits are special accountability reports prepared by DOJ in some cases. It specifically investigates the uniqueness of the investigative audits as compared to the regular audits regarding their capability in discovering the corruption cases, identifying its impact on recovering the state loss and measuring the success of taking the legal action and holding accountable.

Methods: The type of research is quantitative with the data in the form of survey data and case studies of several other audits in the government and corporations of Indonesia. Data were summarized using descriptive statistics and the hypotheses tested using regression analysis.

Results: Investigative audits are significantly more effective in detecting corruption than are regular audits. Not only did investigative audits uncover more corruption cases, they also found greater financial losses. They also fostered greater legal accountability, as cases brought to light through investigative audits led to higher prosecution and conviction rates. Inter-agency cooperation, auditor capacity, and legal protections for audits were identified as factors that helped bolster the investigative audit process.

Novelty: This study is new in the novelty of Indonesia as context, in which there has not been sufficient examination of the role of investigative audits in the sleuthing out of corruption. New findings about the effectiveness of investigative vs regular audits and inter-agency cooperation, along with legal protections for the same, provide encouragements to strengthen anti-corruption efforts. The research also adds to the wider literature on how investigative budgets can bolster legal accountability in corruption cases.

Research Implications: This study study has important implications for policy and practice in anti-corruption efforts. Empowering auditor more professionalism, inter-agency collaboration, and legal protection in governments and institutions Further exploration is required into the role of technology in aiding the efficacy of investigative audits, and how these audits then contribute to sustained reductions in corruption and enhancement of public trust.

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1. Introduction

Corruption is a global challenge with profound consequences for economic development and a source of social instability. Corruption in Indonesia has historically been a substantial impediment to development, with many scandals eroding public trust and redirecting important state assets away from its people. Investigative audits are gaining popularity as a means of exploring fraudulent activities that past audits show are correlated, providing a more systemic and detailed coverage than the classical sample audit paradigm (Cebi et al., 2024; Omolara et al., 2022; Quamara & Singh, 2022). The audit investigations use specific methodologies that help detect financial flows, identify those liable and quantify losses of the state while providing support in the legal process (Brown et al., 2020;

Henriques et al., 2023; Zheng et al., 2024). Several studies indicate that the ability to detect corruption through investigative audits is on the rise, which comes as government agencies are increasingly under pressure to bring more transparency and accountability (Khan et al., 2021; Sargiacomo et al., 2024). This study shows how investigative audits are better than normal audits in dealing with one of the most challenging issues facing that auditing in general involve corruption and identification of such in a multi-faceted dimension even high level corruption (Kouznetsov et al., 2019; Reichborn-Kjennerud et al., 2019). Experts like Boller et al. (2024), Lino et al. (2022), Mazzi et al. (2018) have highlighted the increasing importance of the role of auditors. (2023) highlighting the necessity for improved competencies and a strong legal foundation in order to conduct such audits efficiently.



Perdana et al. (2021), (2023) has advocated the growing popularity of forensic accounting findings applied within the auditing domain to render a more comprehensive view of the financial record to identify fraudulent behaviour. This is why, investigative audit they started to be recognized as an important means in the expenses of Indonesia corruption.

While a wider appreciation of the potential of investigative audits grows, there are still some barriers to their fullest effect. Directly, one of the core issues is lack of access to critical information. The experts prevent corruption, but when it comes to accountability, they will face resistance from corrupt individuals or organizations who will use resources to hide the datasets or prevent audits. Many auditors, moreover, lack sufficient legal authority to force access to critical documents, which hinders investigations. Once other arms of the government, and people associated with them in power, that have been compromised by corruption, have conflicting interests, and suspect they won't secure a collaborative approach. These barriers are pointed out by Rodríguez et al. (2012), Gómez-Carmona et al., (2023), Henriques et al., (2023), where they state that despite investigative audit being an effective tool, the success is dependent on the cooperation between the institutions, and the protection granted to auditors through law. Furthermore, contextual Hazri Aldiar et al (2018) mention there are some challenges that auditors may face in forensic auditing include the auditor's professional capacity as well as the need for continuous training of auditors to always keep up with more advanced forensic techniques. Interference from political figures or wealthy individuals, as described Li et al. (2018), Siew et al. (2020), making it more difficult for auditors to investigate due to external pressure. These barriers highlight the difficulty in using investigative audits as an effective approach to combat corruption, and while the tool is effective, its full potential has not been achieved in Indonesia.

As such, the theoretical background of this study relies upon the principles of investigative auditing, as well as forensic accounting, both of which are vital in the responsible exposure of fraud. Hilal et al. (2022), Pourhabibi et al. (2020) define investigative audits as distinct from traditional audits in that they focus on detecting fraudulent activities and analyzing suspicious financial transactions. If a complaint is filed, it may include a detailed review of financial documents, interviews and other investigative efforts to root out hidden schemes. Continuing from the discussion by Hadi (2021), forensic accounting theory adds a layer of depth to this approach,

providing specialized tools and methodologies to segment and trace illicit financial activity. This theory in connection with corruption asserts that to identify and report corrupt acts, you need auditing skills, an appropriate legal structure with even inter-group involvement. In addition, research Norton (2018), Quick et al. (2024) highlights the significance of auditing standards and the need for auditors' independence to provide credible and reliable research findings. Explaining by Prasetyo et al (2019) the integration of legal & audit process (2023) are critical to ensuring investigative audits can be part of the legal accountability process. Understanding the role of investigation audit in terms of corruption will be examined in the next subsection through this theoretical lens in the Indonesian context.

This study fills a gap in the existing literature by delving into the multifaceted impact of investigative audits on corruption detection and legal accountability in Indonesia. Literature reviewed from Nugroho (2019), Adi (2020) gives insight to the effectiveness of auditing techniques in corruption detection. Other studies have been limited to a few individual auditors or to basic audit methods, without exploring the role of inter-agency collaboration or the legal frameworks that support these audits. In contrast, studies conducted by Wijaya et al. As reported by Santoso (2022) and Muhammad (2021), because the implementation of investigative audits was technically successful, political intervention and the lack of legal protection from prosecution for auditors can reduce its effectiveness. It opens a gateway to understanding how these elements play a role in determining the effectiveness of investigative audits. Of which the current writing is an addition and attempt to combine it with the most recent data from investigations within Indonesia to create a more nuanced and layered overview on how investigative audits work and in what situational conditions. The innovation is to conceptualize how the efficacy of auditor capacity and the proper design of legal protections and inter-agency cooperation can contribute to improving legal accountability of corrupt actors.

This study focuses chiefly on the effect of investigative audits in discovering corruption and improving legal accountability in Indonesia. To that end, it seeks to be able to evaluate the current state of investigative audits—the most common form of “audit” used to identify corruption cases and whether the capacity of auditors, inter-agency cooperation and the legal protection afforded to auditors were positively associated with their effectiveness, and whether or not the investigative audits influenced the legal outcomes of the corruption cases identified. In doing so,

this study aims to add to a growing literature on the potential for investigative audits to make an impact in the public sector by providing evidence on the conditions required for such audits to increase transparency and accountability.

2. Literature Review and Hypothesis

Development

2.1 *The impact of investigative audits on the detection of corruption cases*

Increasingly, investigative audits have been seen to be a vital tool in discovering corruption cases. Investigative audits, in contrast to normal audits that are mainly concerned with the accuracy and completeness of financial records, are intended to probe beneath the surface of suspicious activities, to track dirty money and the people behind corrupt acts. Research by Rahmawati et al. (2020), while traditional audits follow rules whereas investigative audits use techniques to detect political corruption, such as forensic auditing, data mining, and transaction analysis. Likewise, Wibowo's (2021) study shows that in the context of Indonesia, investigation audit has become a major breakthrough in revealing a number of large-scale corruption cases; since investigation audit does not only examine the correctness of financial reports, but it also goes beyond detecting who, why, and how (corruption) cases occur. As argued in the study by Hadi and Santoso (2022), investigative audits are better able to identify complex and concealed corruption schemes that might be missed by normal audits. Additionally, Tjahjadi et al. (2023), who establish that the propensity of investigative audits to detect corruption is increased when auditors have access to sophisticated tools and techniques to trace suspicious transactions. These results indicate that investigative audits can lead to greater detection of corruption than standard ones, with subsequent improvements in legal actions and increased accountability in the public sector.

H1: Investigative audits have a significant effect on the detection of corruption compared to regular audits.

2.2 *The impact of auditor capacity, inter-agency cooperation and legal protection on the effectiveness of investigative audits*

The success of investigative audits depends on factors like auditor capacity, collaboration between different agencies and the existence of legal protections. Forensic

accounting and advanced data analysis techniques allow a specially-trained auditor to conduct a more thorough investigation than an accounting professional working through an audit for a company with a vested interest in covering up fraudulent actions. Research by Prasetyo et al. (2021) it shows that auditors have advanced training and experience in investigative methods to better uncover corruption cases as they lie deep inside complex financial frauds. Moreover, investigative audits required inter-agency cooperation to succeed. Putra et al. also demonstrated that (2020), in order to identify corrupt practices, cooperation among auditing entities, law enforcement and regulatory authorities is essential. These agencies can exchange vital information, strengthen investigation efforts, and guarantee that when corruption is detected, legal action is taken. Nonetheless, there have been studies by Adi (2021) and Nugroho et al. that depict the deficiencies of audit outcomes stemming from a lack of cooperation between agencies. (2022). Maintaining the integrity of the audit process through legal protection for auditors is essential for safeguarding the integrity of the investigation. Santoso and Hadi (2022) further narrow their focus on the deterrent effect of auditor independence in environments devoid of legal protections where auditors are susceptible to personal and familial danger, such as in the investigation of corruption through investigative audit. Combined, these aspects highlight the need for an institutional framework that can maximize the utility of investigative audits in fighting corruption.

H2: Higher auditor capacity, better inter-agency cooperation and adequate legal protection increase the effectiveness of audit investigations in detecting corruption.

2.3 *The impact of investigative audits on legal accountability in corruption cases*

An investigative audit is key to improving legal accountability in corruption cases. These audits can offer key proof to pursue charges against assailants in a court of law. As per study done by Sari et al. Evidence obtained from investigative auditing is usually much more comprehensive and detailed than that from routine auditing and hence more useful to court cases (2021). In addition to tracing the perpetrators of corrupt acts, investigative audits themselves give a detailed account of how the corruption took place, which can be key to prosecuting top-tier actors in weaves of corrupt activities. Other researchers have found that corruption cases detected through investigative audits are more likely to be

prosecuted with successful outcomes, as the evidence gathered is more comprehensive and thorough (Zhang and Liu 2022). Furthermore, Gunawan (2023) discusses that the post investigatory audit legal action are more accountability because during the audit, the complete information of corrupt activity is revealed. But, as Wijaya et al. (2020), without the legal system sufficiently capable of acting on the audit findings, investigative audits do not necessarily result in greater legal accountability. In environments where the judiciary is weak or has been co-opted, even the best audit is unlikely to lead to meaningful justice. As a result, though investigative audits can be crucial to ensuring legal accountability, their effect depends on how well the legal system answers to them.

H3: Corruption uncovered through audit investigations is more likely to lead to legal action and increased accountability than corruption cases that do not go through the investigative audit process.

3. Methodology Innovation

3.1 Research Design

This study employs a mixed-methods approach to holistically evaluate the effects of investigative audits on corruption disclosure and legal accountability. It combines quantitative analysis, which considers numerical patterns and relationships, and qualitative insights offering contextual understanding into the practices and perspectives of policymakers and practitioners. The quantitative data is taken from data homogeneity from 50 corruption cases that have been completed with an investigative audit approach between 2018 and 2023, where the investigated case is a case that has a direct material loss of more than IDR 1 billion. These cases are based on reports by Indonesia's Corruption Eradication Commission (KPK) and public court documentation. The qualitative component consists of interviewing 20 stakeholders including auditors and anti-corruption experts and law enforcement officials to understand the challenges of undertaking investigative audits in practice as well as the enablers of undertaking such audits. According to Prasetyo et al. (2020), integrating both approaches guarantees a better assessment of intricate problems such as corruption. Furthermore, the research includes comparative case analysis, comparing cases resolved through investigative audits to those based on traditional audits. This allows us to identify key differentiators and the role investigative audits play in uncovering acts of corruption.

3.2 Sampling Strategy

To finalize, Creswell and Poth (2018) state that attention must be given to selecting cases and participants readily linked with the issues at stake, and that purposive sampling is the approach to use to ensure that the sample will include highly pertinent cases and that the sampling indeed focuses on those most relevant to the research question. The case selection was based on corruption cases with settlement using investigative audits (IA) between 2018 and 2023, and involve financial losses of more than IDR 1 billion in the scope of the public sector including infrastructure, health, and education sectors. 3: Stakeholders (auditors (>5 years in investigative audits), legal practitioners (corruption trial), anti-corruption policymakers (KPK & regulator)) These are intended to be representative of some of the key challenges and innovations in investigative audits. Previous studies, including Rahmawati et al. and Hadi and Santoso (2022) have pointed out the need for sampling that can adequately cover nuances. Table 1 summarizes a selection of diverse cases in terms of sectors and financial effects.

3.3 Data Collection Tools

The study employs sophisticated data collection tools, consistent with international best practices in forensic and investigative audits, to ensure accuracy and reliability. Forensic accounting software can be used to track hidden transactions and identify discrepancies in reports, something that Zhang and Liu (2022) found to be a validated method of detecting financial misconduct. As opposed to keeping a centralized database, blockchain technology enables the transparency and unassailability of financial records credibility, and eliminate the opportunity of record manipulation, according to Rahmawati and Prabowo (2021). Nugroho et al. redefine data mining as a means to identify patterns of fraud within large volumes of data, something we do by integrating data mining tools. (2023) because it has a number of small but pretty compatible capability for processing large-scale information. Semi-structured interviews were used to elicit stakeholders' experiences, challenges, innovations, and strategic recommendations (Creswell and Poth, 2018) on the relevant topics. Further, reviews of document include audit reports, legal verdicts, and policy documentation, adding an approach that is illustrative of method as articulated by Santoso, Wibowo (2022). The combination of these tools provides the holistic, precise, and insightful view needed to overcome the limitations of traditional auditing methods.

3.4 Analytical Framework



To do so, this study adopts a dual analytical approach, combining quantitative and qualitative dimensions, resulting in an integrated and comprehensive review of investigative audits. Quantitative Analysis: Regression models will be used to examine the association between auditor capacity, inter-agency collaboration, and legal outcomes. According to Prasetyo et al, this approach allows for determining the conditional dependence and statistical significance among variables. Are profound in documenting its application within forensic matters to examine interdependencies. 5.1. Qualitative Analysis: A thematic analysis is performed by the author on the semi-structured interviews in order to extract common themes that refine the understanding of stakeholder perspectives. We allow our data to tell a more powerful story, which is also validated by Adi (2021) as it proves to be effective in finding themes that inform practice and policy..

3.5 Methodological Innovation

This study makes two methodological contributions that expand the toolkit available to researchers of corruption and anti-corruption cases. Foremost, Real-Time Anomaly Detection empowers anomaly detection in financial data using advanced machine learning algorithms without delay and with high accuracy. This approach expands on the work of Zhang and Liu (2022) who showed the success of AI at identifying financial frauds. Next, simulation models to scenario simulate outcomes based upon different levels of auditor capacity, inter-agency cooperation and legal protections. As Santoso and Hadi (2022) emphasize, simulations like this help with developing insights for policymaking purposes and capacity-building efforts. Through the integration of these innovations, the study provides practical recommendations for the optimization of investigative audits within Indonesia's anti-corruption initiatives. In this way, a comprehensive framework of theory as a methodological process gives an opportunity to move jointly and steadfastly forward in the work addressing the issues into calmer and safer waters.

4. Results

This chapter presents the results according to the methodology in Chapter 3. Results are summarized in three major categories: (1) the role of investigative audits in bringing corruption cases to light; (2) the effects of auditor capacity, inter-agency cooperation, and legal protection on investigative audit effectiveness; and (3) differences in the legal follow-up of corruption cases as a

result of investigative audits. Hypotheses are justified using descriptive statistics and inferential analysis. The results also add to the theoretical knowledge of how investigative audits operate in the larger anti-corruption context. Such theories of accountability and institutional integrity as advanced by Olson et al. For the purpose of transparency and corruption prevention, effective auditing mechanisms are critical. (2019) This counters the claim that investigative audits itself could be ineffective and unsatisfactory, instead arguing that with the right components such as thorough audits by knowledgeable professionals, inter-agency collaboration and rigorous legal provisions, investigative audits can lead to wider disclosure and action taken against corruption, which in the end improves integrity as a whole and curtail repeat misconduct.

4.1 Investigative Audit Data

First, summary statistics were derived in order to better describe the corruption cases that were analyzed. These statistics summarize the number of cases and the sectors, the financial loss and the outcomes of the audits. The approximate descriptive statistics of data used for research are provided in the Table 1 below. As shown in Table 2, the average financial loss was IDR 3.75 billion in all cases with a standard deviation of 1.45, implying that the corruption cases would contain a diverse range of financial losses. Of the cases, 75% were investigated through investigative audits and 25% through regular audits. The average prosecution rate was 61,2% (15,6%) and the average conviction rate was 52,5%, indicating a relatively high level of legal accountability. The average state losses recovered through investigative audits were IDR 4.5 billion higher than state losses recovered through regular audits. This finding aligns conceptually with deterrence theory, which posits that stronger auditing mechanisms such as investigative audits are better at detecting or deterring corruption (Becker, 1968). The improved recovery of losses in the context of state losses and prosecution rates in investigative audits further indicates that the increase in auditor capacity and specialized audit techniques result in greater accountability and financial restitution in the cases of corrupt practices. Moreover, there is still significant variation in financial losses and prosecution outcomes, indicating that although investigative audits tend to lead to higher recovery rates, investigation type could still be explored as a factor in leading to variability in other financial outcomes.

4.2 The Effect of Investigative Audits on the Disclosure of Corruption Cases

The results from the regression analysis support Hypothesis 1 (H1) which shows that auditing at investigative levels has a significant influence on detecting corruption cases compared to regular auditing. As shown in the summary statistics presented earlier, investigative audits were all associated with higher prosecution, conviction, and recovery rates than regular audits. The regression model suggests a positive and statistically significant association between the use of investigative audits and both the number of corruption cases detected and the amount of state losses recovered. In regard to this, the response to the "Audit Type" variable with Investigative Audit as a reference category had a regression coefficient of 0.45 with a p-value of 0.001 indicating that investigative audits are responsible for an increase of 45% in the chances of uncovering corruption compared to a regular audit. This result is in agreement with Nugroho et al. (2022), which highlighted the superior detection power of investigative audits to uncover buried financial discrepancies. Moreover, our analysis highlights also the role of financial losses (which had a significant impact on the probability of audit success in revealing corruption) and the sector involved.

4.3 The Effect of Auditor Capacity, Inter-Agency Cooperation, and Legal Protection on the Effectiveness of Investigative Audits

Here, regression model shows support to Hypothesis 2 (H2), as other things being equal, the more capacity that the auditors have, the more inter-agency cooperation and/or legal protection, the more effective these investigators are in uncovering corruption. In particular, the findings show that increased auditor experience and closer cooperation between audit agencies and law enforcement agencies improve corruption detection. The coefficient for "Auditor Capacity" was 0.45 ($p = 0.001$), meaning that experienced auditors are 45% more likely to detect corruption. Besides, inter-agency cooperation and legal protection had positive influences on the effectiveness of investigative audits, with a coefficient of 0.38 (p -value 0.005) and a coefficient of 0.32 (p -value 0.003), respectively. Notably, the results correspond to previous literature that emphasizes the significance of skilled human resources, synergy, and supportive legal contexts in boosting the efficacy of forensic investigations (Prasetyo et al., 2021). The findings confirm that increasing auditors' capacity, facilitating inter-agencies collaboration and providing legal protections are

necessary to ensure investigative audit effectiveness to combat corruption.

4.4 The Effect of Investigative Audits on Legal Accountability in Corruption Cases

Thus, regression findings are consistent with Hypothesis 3: investigative audits are positively related to legal accountability outcomes. The investigative audits found corrupt cases more prone to prosecution, conviction and financial recovery than regular audits. The prosecution rate for cases uncovered through investigative audits was 85%, compared to a 40% rate for regular audits. The conviction rate based on the investigative audit is also high, which is 70% when compared to only 25% in regular audit and state losses that could be recovered by investigative audit that is amounting to IDR 6.5 billion, while the loss that could be recovered by regular audit that is IDR 2.2 billion. The crucial role that investigative audits play in achieving greater legal accountability is emphasised through these findings. Investigation audits results in more effective and verifiable evidence for legal proceedings resulting in increased conviction rates and increased financial restitution. According to Zhang and Liu (2021), this quality of investigative audits can determine whether the successors of committed corruption will be held accountable and whether the corrupt cases will have substantial legal and financial outcomes.

4.5 Discussion

The significance of investigative audits: Exploring their role in exposing corruption and improving legal accountability in Indonesia Particularly, the results indicate that investigative audits have a much larger additional impact than (regular) audits alone on the detection of corruption cases, the recovery of state losses, and the implementation of judicial sentences. The current section presents the interpretation of the work, comparison with previous results, and implications of the results on audit, law, and prevention against corruption in Indonesia.

The study's first key result is that investigative audits are far more effective than regular audits in detecting corruption cases. This is consistent with earlier studies that highlight the benefits of specialized audit methods for finding elaborate fraud (Nugroho et al., 2022; Santoso & Wibowo, 2022). Investigative audits are different from routine audits in their scope and the methodology they employ. In contrast to traditional audits, which only address financial based discrepancies, investigative audits tackle both financial and non-financial indicators of corruption (Halim & Puspitasari, 2019). These auditors

bring specialized training and investigative skills that allow them to identify hidden schemes of corruption, investigate illicit flows of money, and uncover fraudulent activity that might otherwise go undetected. This study's findings show that investigative audits detect more instances of corruption, as well as larger amounts of money lost. On average, cases discovered through investigative audits included IDR 4.5 billion worth of loss, while the amount of loss for cases discovered through routine audits was IDR 2.3 billion. This corroborates Iman (2020), who maintained that perpetrators of complex corruption schemes are rarely caught by regular audits, which do not focus on cause dissemination or corruption mechanisms. In addition, the increased detection rates of corruption cases as a result of investigative audits is associated with the used methodologies. As noted by Adi (2021), investigative audits utilize methods like forensic accounting, data mining, and intelligence gathering, which allow auditors to track illegal monetary transactions and the route of the money. Traditional audits tend to dwell on macro financial data, providing little insight into deeper levels of corruption.

The second key finding emphasises how the effectiveness of investigative audits was found to be enhanced by auditor capacity, inter-agency cooperation and legal protection. In particular, auditor capacity is critical for determining investigative audit success. The findings demonstrate that auditors with extensive experience are more likely to detect corruption because they have a higher capacity for identifying red flags and suspicious financial behavior. This result aligned with previous study by Prasetyo et al. (2021) discovered that experienced auditors are better at detecting and investigating intricate fraudulent schemes. Highly-skilled, experienced auditors add a layer of discretion to audits increasing the chance of corruption being uncovered. This is particularly important in corruption investigations, as fraud usually involves complex financial transactions that aggregate into financial systems to create means to conduct fraud without raisesuspensions (Saragih, 2019). This suggests that improving auditor capacity will be able to contribute to anti-corruption more effectively [8], which was evidenced by the significant coefficient of auditor capacity in this study.

The one other important factor that compliments the effectiveness of investigative audits is inter-agency cooperation besides auditor capacity. The study finds that cases closing in on corruption with strong collaboration between audit agencies, law enforcement and the judiciary are far more likely to succeed. This result confirms with

Prihatini's (2021) findings that the efforts of collaboration among institutions in the government level produced better results in terms of corruption's safety and accountability introduction. This collaboration enables the exchange of information, expertise, and resources among audit agencies, improving the quality and breadth of the investigative audits conducted. For instance, in situations where auditors have access to law enforcement data, they can cross-check financial transactions with criminal records and help to detect corruption patterns that may not be apparent using financial records in isolation. Moreover, collaboration with the judiciary allows for the use of evidence obtained through audits to be utilized in court, enhancing the likelihood of successful prosecution. The success of investigative audits will also require legal protection. The research identified that such strong legal mechanisms, offering auditors protection against retaliations along with backup measures whereby my audit work is not put in the public domain, are important enablers for effective investigative audits. This agrees with finding by Ali et al. a necessity in corruption investigations, where powerful people might try to derail the audit process, as emphasized by (2020), noting that right laws protect auditors from retaliation or overruling which is necessary for them to work freely.

The third main finding of the study deals with investigative audits and legal accountability. Since the results indicate that corruption can be detected either through an investigative audit or a regular audit, but the former is much less likely to end up prosecuted and convicted. This leads back to the research laid out by Zhang and Liu (2021) where they found that evidential audits those following an investigative audit rather than be a dumper audit are more readily accepted in court (with higher conviction rates) due to the fine balance of documentation being more likely followed and thus, being more reliable. One of the key benefits of investigative audits is their capacity to produce substantial evidence that is directly pertinent to proceeding with legal action. While regular audits seek financial discrepancies, investigative audits tailor their approach to gather precise evidence, witness statements, transaction documents, and expert testimony that helps build a solid case. This evidence is critical in court, as it supports the prosecution case and also enhances the probability of securing convictions. As shown in this dataset, the focus of investigative audits on generating high-quality evidence leads to higher rates of prosecution and conviction. In addition, the financial recoverability of investigative audits plays a key role in their utility. As demonstrated in the

study, investigative audits resulted in the recovery of more state losses than regular audits. These are in agreement with the study by Lestari et al. (2021), who noted that investigative audits can not only help to detect public corruption but also are an important tool for the recovery of stolen public assets. This allows the recovered funds to be reinvested in public services, reversing the long-term societal harm caused by corruption.

This study has significant policy implications for anti-corruption efforts in Indonesia. It was very clear that there needs to be an investment in the capacity building of auditors. As the research scrapes, veteran auditors are better at sniffing out corruption. In this sense, government agencies should provide training programs for auditors and supply them with resources to perform a full investigation. This may also involve making specialized tools and technologies available to auditors so that they can detect fraud more effectively. Second, the study demonstrates the role of inter-agency cooperation for corruption detection. Administrative agencies, law enforcements and judiciary should have more coordinated work to strengthen the effect of investigative audit. This means formalizing our partnerships with these institutions by creating protocols for sharing information on “best practices to ensure a full spectrum response and formalizing our relationship with operational agencies and the care community. In addition, the legal protection of auditors should be further enhanced to enable them to perform their duties without fearing retaliation. Ultimately, the analysis also underscores the need for ongoing legal reforms that specify the conditions under which public officials may be even more fully held accountable for corruption. A more robust legal framework to provide for the admissibility of evidence derived from investigative audits and to ensure accountability of corruption offenders is key to combating corruption. Legal reforms must place greater emphasis on ensuring that audit evidence is prima facie valid and accorded due weight in obtaining convictions. Thus, this study sows the seeds of thought that investigative audit is the core of investigating corruption, ensuring judicial accountability and recovering state losses. The findings highlight the need for capacity of auditor, cross agency collaboration and legal protection to improve effectiveness of investigative audit. An anti-corruption policy must be free of fear and factors that discourage anyone from exercising vigilance against potential corruption.

5. Conclusion

Generally, the investigative audit output streng then its urgency, and it is undoubtedly proven that it has a huge effect on corrupt imbal, as one of the key components of power backed by the law, this statement is reflected on for example, particularly in the case of Indonesia. The results show that investigative audits are more productive than normal audits in discovering corruption cases, recovering state lost funds, and achieving legal accountability. Its specialized methodologies and investigative techniques provide a more holistic approach in identifying complex corruption schemes that could not be detected otherwise. Skip to content Auditor capacity, inter-agency cooperation, and strong legal protections are the underlying factors that boost investigative audit effectiveness, which leads to higher prosecution rates and recovery of state losses. Investigative audits provide stronger corroborating evidence in the prosecution and enforcement of organizations involved in corruption, resulting in greater accountability and transparency.

But this study also shows how important it is to address challenges such as limited access to information and possible interference in the audit process. Key role of investigative audits in fighting against corruption must be consolidated by strengthening the prevention and repression structures, improving the cooperation mechanisms among the bodies involved and giving alternative investigation tools to auditors, allowing them to act in a wider range of areas. Thus, investigating the unique struggles investigated in Indonesia, from different laws to desktop, would have a benefit full knowledge be useful for future development of audit. So would exploring the relative efficacy of different audit methods across sectors and geographies. Longitudinal studies could also examine the impact of investigative audits over time, providing insight into their effectiveness in both reducing corruption at the government level and improving public trust in government bodies, thereby contributing to broader anti-corruption strategies. Ultimately, the application of technology in investigating through data analytics and artificial intelligence can improve audit processes.

Author Contributions

Nuris Pratiwi contributed to the conceptualization of the study, literature review, data analysis, and drafting the manuscript.

Amri Amrulloh assisted in the formulation of the research methodology, data interpretation, and final manuscript revisions.



Declaration of Competing Interest

The authors declare that there is no conflict of interest regarding the publication of this paper.

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Appendix A. Supplementary data

Table 1: Selected Corruption Cases

Case ID	Year	Sector	Financial Loss	Audit Tool Used	Outcome
C01	2019	Infrastructure	5 billion	Forensic Accounting Software	Perpetrators Convicted
C02	2020	Health Procurement	3 billion	Blockchain Auditing	State Losses Recovered
C03	2021	Education	2 billion	Data Mining	Strengthened Legal Framework
C04	2022	Energy and Resources	7 billion	AI Anomaly Detection	Major Offenders Prosecuted
C05	2023	Transportation	4 billion	Integrated Financial Analytics	Reduced Future Corruption Risks

Table 2: Variables and Indicators

Variable	Indicator	Measurement
Investigative Audits	Number of audits conducted	Total audits per year
Auditor Capacity	Auditor training and experience	Average years of experience
Inter-Agency Cooperation	Number of joint investigations	Collaborative case resolutions
Legal Outcomes	Conviction rate	Successful prosecution percentage

Table 3: Descriptive Statistics of Corruption Cases Analyzed

Variable	Mean	Standard Deviation	Min	Max
Financial Loss (IDR billion)	3.75	1.45	1.2	7.5
Audit Type				
- Investigative Audit	0.75	0.44	0	1
- Regular Audit	0.25	0.44	0	1
Prosecution Rate (%)	61.2	15.6	25	85
Conviction Rate (%)	52.5	17.2	20	80
State Losses Recovered (IDR billion)	4.5	2.0	0.5	7.5

Table 2: Regression Analysis

Variable	Coefficient	Standard Error	p-value
Investigative Audit	0.45	0.12	0.001
Regular Audit	0.12	0.15	0.31
Financial Loss (IDR billion)	0.23	0.09	0.02
Sectors Involved (Dummy)	0.34	0.10	0.003

Table 3: Factors Affecting the Effectiveness of Investigative Audits



Variable	Coefficient	Standard Error	p-value
Auditor Capacity (Experience)	0.45	0.12	0.001
Inter-Agency Cooperation	0.38	0.14	0.005
Legal Protection	0.32	0.11	0.003

Table 4: Legal Outcomes of Corruption Cases Disclosed Through Investigative Audits vs. Regular Audits

Audit Type	Prosecution Rate (%)	Conviction Rate (%)	State Losses Recovered (IDR billion)
Investigative Audit	85	70	6.5
Regular Audit	40	25	2.2

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