

The Analysis of Audit Procedures for 2024 Election Contestants' Campaign Fund Reports

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Abstract: The study aims to analyse whether the audit procedures for the 2024 election participant campaign fund reports, as determined by the KPU, can detect various allegations of campaign fund fraud. The data analysis method used was descriptive qualitative, a method of analyzing data where information is collected, compiled, interpreted, and analyzed to provide comprehensive information for problem-solving. The findings indicate that out of the 77 audit procedures outlined by the KPU in PKPU No. 210 of 2024, respondents believe that 68 procedures, accounting for 88% of the total, are capable of detecting fraud. This finding is not in line with the campaign finance audit report published by a public accountant, which did not report any fraud. This condition is caused by limited time for conducting audits, limited access to data provided by the KPU and political parties participating in the election, the nature of the assignment which is not directed at finding fraud, and the assignment is only on the compliance aspect of reporting campaign funds based on the criteria of PKPU No. 18 of 2023. The submission of campaign finance reports for election participants in 2024 was still limited to fulfilling the administrative requirements. The campaign fund reports submitted are only normative and do not depict actual reality. During the reporting of campaign finances for the 2024 election in Indonesia, several instances of non-compliance with campaign finance regulations were revealed. These included non-disclosure of funding sources, excessive spending, misuse of funds, and inaccurate reporting by political parties.

Keywords: Audit Procedures, Campaign Fund Reports, Fraud

INTRODUCTION

In countries with a democratic system, general elections are a regular occurrence. It is essential for elections to be conducted competitively, fairly, and honestly to ensure the proper functioning of democracy (Nugraha, 2023). The *Democratic Party* in Indonesia consists of a series of general elections to determine the country's policy direction for the next five years. General elections are a crucial aspect of democracy, allowing the people to have a say in the government and ensuring a system that is people-centered. This process has been in place since Indonesia gained independence and continues through the current *reformation* period. The implementation of simultaneous constitutional elections in Indonesia marks a significant shift in the country's democratic transition, as it strengthens the democratic system. However, the consolidation of democracy through direct democratic practices has tended to be transactional, corrupt, and manipulative. This has resulted in high costs and efforts to maintain power, which can be minimized by focusing on the dimensions of constitutional democratic practices (Arifin & Hidayat, 2019). In reality, the implementation of democracy through direct elections often involves transactional, corrupt, manipulative, and expensive practices aimed at maintaining power by incumbent authorities. The level of corruption among candidates in elections remains high due to weak enforcement and sanctions. To improve the quality of democracy, there is a need for increased law enforcement and public awareness (Kabullah et al., 2020). High political costs lead figures/candidates to resort to various illegal methods to secure financing to cover their expenses (Satriawan & Angela, 2024).

Law Number 7 of 2017 on General Elections comprises 573 articles, explanations, and 4 attachments. According to Articles 325 to 339 of this law, general election campaign activities are funded and the responsibility of *General Election Participants* (DPR-RI, 2017). In order to uphold the principles of legal certainty, accountability, and transparency, participants in general elections are mandated to document campaign funding in the campaign

finance report. This report comprises three types: the initial campaign finance report (*Laporan Awal Dana Kampanye* or *LADK*), the campaign fund contribution report (*Laporan Penerimaan Sumbangan Dana Kampanye* or *LPSDK*), and the campaign fund receipt and expenditure report (*Laporan Penerimaan dan Pengeluaran Dana Kampanye* or *LPPDK*). The campaign fund report must be audited by a public accountant, and the results must be submitted to the general election commission no later than 30 days after receiving the campaign finance report for election participants for auditing (KPU-RI, 2023).

To conduct audits, public accountants require audit procedures. Audit procedures are the steps carried out by the auditor to obtain audit evidence (Wildan, 2023). Audit procedures can help interpret the aims and objectives, determine whether the audit conclusion is sufficiently visible, understandable, and acceptable, or actually improve the visibility, understanding, and acceptability of the audit based on the auditor's judgment (Kleijn & Leeuwen, 2018). The audit procedures created are useful for determining whether misstatements (fraud) have occurred in the financial statements. Auditors are given the authority to create audit procedures in accordance with the audit activities being carried out (Natsir et al., 2023). This is different from the audit of the 2024 election campaign finance report. According to *Komisi Pemilihan Umum* (KPU) regulations, public accountants must follow the audit procedures established by the KPU when conducting the audit (Kesuma et al., 2021).

The Indonesia Corruption Watch (ICW) reported that the 2024 presidential and legislative elections were marred by chaos, electoral system issues, violence, and fraud. The Financial Transaction Reports and Analysis Center (*Pusat Pelaporan dan Analisis Transaksi Keuangan* or *PPATK*) has uncovered allegations of fraud involving election campaign funds. The investigation revealed instances of money politics being conducted through e-wallets during the 2024 election campaign (Irawati, 2023). The report on money politics cases was submitted to the election supervisory body (*Badan Pengawas Pemilu* or *Bawaslu*). The politicization of the distribution of social assistance by the government has led to concerns about fairness and transparency. There are even indications of the flow of funds for the 2024 election from drug networks (Muzzammil, 2023; Singgih, 2024; Willi Irawan, 2024).

Campaign fund reporting is a crucial tool for enhancing the democratic integrity of elections, ensuring they are free from undue influence and transparent. However, in preparation for the 2024 elections, the KPU removed the requirement to report campaign fund donations (*LPSDK*) as outlined in PKPU No. 34 of 2018. The KPU argued that the shorter 75-day campaign period for the 2024 election would make it challenging for parties to submit their *LPSDK* (this amendment was later rejected by the *Dewan Perwakilan Rakyat* or *DPR*). This decision reflects a limited understanding of campaign financing and overlooks the broader context of political funding, potentially enabling widespread money politics practices (Francis, 2023), which has the potential to lead to dishonest reporting of funds (Melo et al., 2019), mainly through publicly funded projects and used to attract votes (Fazekas & Hellmann, 2025). The numerous allegations of fraud related to the 2024 campaign funds, as well as the KPU's plan to eliminate the *LPSDK*, and the audit procedures determined by the KPU itself, are the basis for conducting this research.

Previous research relevant to this topic includes studies on the transparency of electoral campaign funding and the role of audits in addressing financial misconduct in political

financing. For instance, a study by Torgler and Schneider (2020) examines the relationship between political financing and corruption, showing that high campaign costs can lead to unethical practices such as money politics. While this research emphasizes the importance of financial transparency in elections, it does not delve into the audit procedures implemented to oversee campaign finances. On the other hand, a study by De Kleijn & Van Leeuwen (2018) focuses more on the role of independent audits in ensuring electoral integrity but overlooks how local regulatory changes, such as those made by Indonesia's General Election Commission (KPU), affect the effectiveness of these audit procedures. This gap highlights the need for further investigation into the impact of KPU's audit procedures, especially in the context of the 2024 Indonesian elections, which have a unique campaign financing structure.

This study aims to fill this gap by analyzing whether the audit procedures established by the KPU for the 2024 election campaign fund reports can detect fraudulent activities such as money politics. Additionally, it critiques the KPU's decision to eliminate the requirement for reporting campaign fund donations (*LPSDK*) under PKPU No. 34 of 2018, which could potentially allow for dishonest reporting of campaign funds. This research is expected to provide recommendations for improving audit procedures to ensure more transparent and accountable elections, reducing the likelihood of manipulation and fraud that undermine the quality of democracy.

MATERIAL AND METHOD

The data analysis method used in this research is descriptive qualitative. The qualitative descriptive method is a method of analyzing data, where data is collected, compiled, interpreted, and analyzed to provide complete information for solving the problems faced (Sugiyono, 2022). Data collection was carried out through questionnaires and unstructured interviews. The questionnaires are suitable for gathering both qualitative and quantitative data. Although they are not the most common methods used in qualitative research, they are useful in cases where a large sample is involved. Unstructured interviews are informal methods of interviewing without using specific method structures. These methods can help the researcher understand other individuals' experiences and also allow for asking follow-up questions to the interviewees in response to the interview questions. The population and sample in this research consist of auditors working at *Kantor Akuntan Publik (KAP)* in the Sulawesi region who have conducted audit assignments on campaign fund reports for election participants in 2024.

Table 1. Distribution and Number of Respondents

Cities in the Sulawesi region	Total Public Accountant Firms	Number of Respondents
Makassar	13	28
Manado	3	6
Kendari	2	4
Palu	1	2
Total	19	40

Source: processed data

The analysis stages in this research include preparation, data collection, data processing and conclusions. The stages in conducting this research are as presented below:



Figure 2. Research Stages

This research begins with a preparation stage, which includes preparing a research plan. The research was prompted by the phenomenon of alleged fraud and poor accountability in campaign fund reports for the 2024 election. The focus is on audit procedures for campaign finance reports for 2024 election participants as determined by the *Komisi Pemilihan Umum* (KPU). This will serve as a reference for auditors conducting audits. The data collection stage involves preparing research instruments in the form of questionnaires and unstructured interviews. The data analysis consists of data reduction and data display. Data reduction involves sharpening, classifying, directing, removing unnecessary data, and organizing data. Data display, namely data arranged systematically and easily understood, provides the possibility of drawing conclusions (Verdinelli & Scagnoli, 2013). The population and sample in this study were 40 auditors who had carried out audit assignments on the campaign fund reports of participants in the 2024 election, as presented in Table 1.

RESULTS AND DISCUSSION

Ensuring transparency in political party campaign funds is crucial in election organization. It holds election participants accountable to the public for the use of public funds or donations. Political parties, receiving funds from the public or state, must report and justify their expenditures. Regulations on campaign finance transparency promote fair competition and deter money politics. They also help monitor potential collusion between donors and participants, as well as funds linked to money laundering and corruption. Despite an ever-increasing number of arrests of elite politicians by Indonesia's anticorruption commission (KPK), the country's levels of political corruption remain stubbornly high. None of the three elements upon which this system was built (membership dues, donations, and state subsidies) has worked to finance politics in an effective manner. This systemic failure is far from accidental: it is caused and perpetuated by an elite that prefers illicit fund-raising to the limitations that a more orderly funding mechanism would impose. Political corruption continues unabated, oligarchs have penetrated party politics, and state budgets are misappropriated for political purposes (Mietzner, 2015).

Audit is a key element in democratic accountability processes. The contributors explore the apparent paradox of there being more accountability-related activities today than ever before, at the same time as much public debate laments what is seen as a lack of actual accountability. The greater accountability and transparency can quickly become associated with concerns about perverse incentives and be seen by some as a costly burden. Audit seeks to hold governments accountable for their actions and performance (Bemelmans-Videc, 2017). Audit of campaign funds has been regulated through PKPU No. 210 of 2024 concerning technical guidelines for auditing campaign finance reports in 2024, the audit procedures consist of procedures related to RKDK, LADK, LPSDK and LPPDK.

Audit procedures related to RKDK

Based on the data presented in able 6, it can be observed that the audit procedures related to the special campaign fund account (RKDK), including the audit procedures for the opening of the RKDK, consist of five audit procedures. According to respondents, only the fourth audit procedure can detect fraud. The fourth procedure “Check the suitability of the signature specimen in the passbook or bank statement with the signature of the party that opened the RKDK according to their level, or confirm with the bank regarding this matter”. Audit procedures related to the management of the RKDK consist of one procedure, and audit procedures related to closing the RKDK consist of two audit procedures. According to respondents, all audit procedures cannot detect fraud.

Table 2. Audit procedures related to Special Campaign Fund Accounts (RKDK)

Procedures	Detecting/Not Detecting fraud		
	Preamble	Management	Closing
Procedures 1	Not Detecting	Not Detecting	Not Detecting
Procedures 2	Not Detecting		Not Detecting
Procedures 3	Not Detecting		
Procedures 4	Detecting		
Procedures 5	Not Detecting		

Source: processed data

Audit procedures related to LADK

Based on the data presented in Table 3, it can be observed that the audit procedures related to the initial campaign finance report (LADK) include seven audit procedures. According to respondents, the first procedure "Check the suitability of the contents of the LADK with documents containing supporting information as regulated in the provisions" and the fifth procedure "Reconcile the campaign fund balance to the RKDK when the LADK books are closed", only the both audit procedures that cannot detect fraud. Additionally, respondents mentioned that the audit procedures related to the LKDK accounting period consist of three procedures, and the audit procedures related to the Completeness and Submission of the LADK consist of four procedures, all of which are capable of detecting fraud.

Table 3. Audit Procedures related to Initial Campaign Fund Reports (LADK)

Procedures	Detecting/Not Detecting fraud		
	Information Content	Accounting Period	Completeness and Submission
Procedures 1	Not Detecting	Detecting	Detecting
Procedures 2	Detecting	Detecting	Detecting
Procedures 3	Detecting	Detecting	Detecting
Procedures 4	Detecting		Detecting
Procedures 5	Not Detecting		
Procedures 6	Detecting		
Procedures 7	Detecting		

Source: processed data

Audit procedures related to LPSDK

Based on the data presented in Table 4, it can be seen that audit procedures related to reports on the receipt of campaign fund donations (LPSDK) include two procedures related to

the LPSDK information content and four procedures related to the completeness and submission of reports. According to respondents, all audit procedures related to LPSDK can detect fraud.

Table 4. Audit Procedures related to Campaign Fund Contribution Receipt Reports (LPSDK)

Procedures	Detecting/Not Detecting fraud	
	Information Content	Completeness and Submission
Procedures 1	Detecting	Detecting
Procedures 2	Detecting	Detecting
Procedures 3		Detecting
Procedures 4		Detecting

Source: processed data

Audit procedures related to LPPDK

Based on the data presented in Table 5, it can be observed that audit procedures related to campaign fund receipt and expenditure reports (LPPDK) include various components. These components consist of audit procedures related to the information content of the LPPDK, accounting period of the LPPDK, completeness and submission of the LPPDK, source/classification and identity of LPPDK contributors, recording of LPPDK donation receipts, limitations/suitability of LPPDK contributions, prohibited donations in LPPDK, and campaign fund expenditure limits in LPPDK. According to respondents, all audit procedures related to LPPDK are capable of detecting fraud.

Table 5. Audit procedures related to Campaign Fund Receipt and Expenditure Reports (LPPDK)

Procedures	Detecting/Not Detecting fraud							
	Information Content	Accounting Period	completeness and submission	Source/classification and Identity of Contribution	Recording Donation Receipts	limitations/suitability of contribution	prohibited donations	expenditure limits
Procedures 1	Detecting	Detecting	Detecting	Detecting	Detecting	Detecting	Detecting	Detecting
Procedures 2	Detecting	Detecting	Detecting	Detecting	Detecting	Detecting	Detecting	Detecting
Procedures 3	Detecting		Detecting	Detecting	Detecting	Detecting	Detecting	Detecting
Procedures 4	Detecting			Detecting	Detecting	Detecting	Detecting	Detecting
Procedures 5	Detecting			Detecting	Detecting		Detecting	Detecting
Procedures 6					Detecting		Detecting	Detecting
Procedures 7					Detecting			Detecting
Procedures 8					Detecting			Detecting
Procedures 9					Detecting			Detecting
Procedures 10								Detecting
Procedures 11								Detecting
Procedures 12								Detecting
Procedures 13								Detecting
Procedures 14								Detecting

Source: processed data

The audit procedure offers the audited a comprehensive methodology to track the choices and decisions made, which can subsequently be checked by the auditor. The audit procedure appeared to be the most specific and elaborate procedure for ensuring quality audits. While the audit process was rather time-consuming, it has substantially increased the quality and transparency of the study’s conclusions. The amount of information available about the audit procedure varied considerably. The audit procedure is meant to increase the validity, but this can only be the case when it is clear how the audit procedure was performed. In other words,

the description of the audit procedure should be transparent and not solely rely on the reader's willingness to trust the auditor (Akkerman et al., 2008).

Based on the data analysis, it is evident that out of the 77 audit procedures outlined by the KPU in PKPU No. 210 of 2024 which consisting of 8 RKDK audit procedures, 14 LADK audit procedures, 6 LPSDK audit procedures, and 49 LPPDK audit procedures. There is 68 procedures (88%) are capable of detecting fraud according to respondents which consisting of 1 RKDK audit procedures, 12 LADK audit procedures, 6 LPSDK audit procedures, and 49 LPPDK audit procedures. This finding contradicts the high number of fraud cases related to 2024 campaign funds reported by independent institutions such as Transparency International, ICW, Perludem, PPATK, Bawaslu, and others.

The results of interviews with respondents revealed several factors that caused auditors not to report fraud in audit reports of campaign funds for election participants in 2024. Limited time for conducting audits on election campaign fund reports, leading to the audit procedures not being fully carried out. Auditors conduct campaign finance audit procedures online. Public accounting firms have conducted remote audits, but there are also those who still combine them with traditional audits (Abdullah et al., 2022). Restricted data access provided by the KPU, limited to what is available in the SIKADEKA application. Insufficient data and information submitted by political parties in their campaign finance reports for auditing. The nature of the audit assignment given to public accounting firms does not prioritize fraud detection. The focus of the 2024 campaign fund audit is primarily on compliance with reporting criteria outlined in PKPU No. 18 of 2023. The submission of campaign finance reports for election participants in 2024 was still limited to fulfilling the administrative requirements. The campaign fund reports submitted are only normative and do not depict actual reality. During the reporting of campaign finances for the 2024 election in Indonesia, several instances of non-compliance with campaign finance regulations were revealed. These included non-disclosure of funding sources, excessive spending, misuse of funds, and inaccurate reporting by political parties. These conditions necessitate Indonesia to establish policies that enhance transparency and accountability, along with imposing strict sanctions on election participants deemed non-compliant (Muhammad Arsyad, 2024).

To improve the quality of an audit, it is recommended to transition from using the auditor report formatively during the completion of an audit to a strictly summative function of the audit after the auditing is carried out and reported. However, due to practical restrictions in terms of time and money, auditors may also opt for a summative audit. For more transparency and to provide guidelines for future auditors and audited parties, it is important to consider the following: First, the auditor and audited should discuss beforehand whether the audit will have a summative and/or formative function so that both parties are aware of what will (or will not) be undertaken based on the auditor report. Second, for the sake of transparency, the audited party should always explicitly report on the function of the audit procedure (De Kleijn & Van Leeuwen, 2018).

CONCLUSION

Law Number 7 of 2017 on General Elections outlines the responsibilities of election participants in documenting and reporting campaign funds, which must be audited by a public accountant. According to PKPU No. 210 of 2024, 68 out of the 77 audit procedures are

effective in detecting fraud, but no fraud was reported in the 2024 campaign finance audit. Several factors contributed to this, including limited audit time, restricted data access, insufficient information provided by political parties, and the audit's focus on compliance rather than fraud detection. To improve transparency and accountability, it is essential for the *Komisi Pemilihan Umum* (KPU) to provide auditors full access to campaign fund data, conduct audits before voting, and expand the audit's scope to include fraud detection, not just compliance verification.

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