



## PERCEIVED EFFECTIVENESS OF FRAUD DETECTION AUDIT PROCEDURES IN GOODS AND SERVICES EXPENDITURES

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### ABSTRACT

*The aims of this research is to examine the perceptions of auditors about the effectiveness of standard audit procedures in detecting fraud in goods and services expenditures.*

*The population of this study is BPK RI's auditors in AKN I, AKN II, AKN III, AKN IV, AKN V, and AKN VI. Research sample obtained in this study is 34 auditors. Respondents were given a questionnaire and asked to respond within five Likert scale. Data were analyzed using one-sample t-test and independent sample t-test.*

*The result showed that there are some standard audit procedures in goods and services expenditures that are perceived as more effective and others are perceived as moderately effective. It is found that there are no significant differences in the perceiving the effectiveness of standard audit procedures between less experienced auditor and more experienced auditor. The study has also found that there are only one procedure that has significant difference in the perceived effectiveness of standard audit procedure between male auditor and female auditor.*

*Keywords: perception, audit, audit procedure, fraud.*

### BACKGROUND

The government of Indonesia encounter great problem of frauds. The annual report of *Komisi Pemberantasan Korupsi (KPK)* or Corruption Eradication Commission in 2008 indicated that KPK investigated 53 fraud cases. In 2009, KPK investigated 49 fraud cases and in 2010 it was growing to 62 fraud cases. In 2011, Fraud cases were investigated by KPK growing up to 66. In 2012, there were 72 fraud cases investigated by KPK. Investigation is one of the audit services. Because of that, Audit has an important rule in finding a fraud.

The fraud cases in government expenditure are interesting to follow because it is always involves a tremendous amount of money. The Hambalang Case for the example has inflicted a financial loss about Rp463.000.000.000,00. The SIM Simulator Case has inflicted a financial loss about Rp121.000.000.000,00.

Fraud is the activity that done by violating the rules. The Association of Certified Fraud Examiners (ACFE) defines "occupational fraud and abuse" (employee frauds) as: "the use of one's occupation for personal gain through the deliberate misuse or theft of the employing organization's resources or assets. Silverstone and Sheetz (2007) define fraud as an activity that takes place in a social setting and has severe consequences for the economy, corporations, and individuals.

Auditing is a process to examine whether the activity, done by an organization, is in accordance with the rules. Rittenberg, et al (2012) stated, "auditing is systematic process of *objectively obtaining and evaluating evidence* regarding *assertions* about economic actions and events to ascertain the degree of correspondence between those assertions and *established criteria* and *communicating the results* to interested users".

Audit program is a set of procedures that is used by auditor when doing the audit. Rittenberg, et al (2012) stated, "audit program lists the audit objectives and the procedures to be followed in gathering evidence to test the accuracy of account balances".

*Badan Pemeriksa Keuangan (BPK)* or Supreme Audit Board of Indonesia is an external auditor of the government of Indonesia that has the power to do audit. The authority of BPK is stated in Undang-Undang Dasar Negara Republik Indonesia tahun 1945 (UUD 1945) paragraph 23

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E and Undang-Undang No. 15 Tahun 2004 about Pemeriksaan Pengelolaan dan Tanggung Jawab Negara.

This paper seeks to explore the use of audit techniques in detecting fraud, especially in the governmental expenditure in Indonesia. The effectiveness in the fraud finding of the governmental expenditure will give a better information for the shareholder that are the Indonesian citizen, *Majelis Permusyawaratan Rakyat* (MPR), and others.

The previous researches about related topic have never done in the governmental environment. Owusu-Ansah, et al (2002) researched an empirical analysis of the likelihood of detecting fraud in New Zealand. Alleyne, et al (2009) researched perceived effectiveness of fraud detection audit procedures in a stock and warehousing cycle in Barbados.

## LITERATURE REVIEW AND HYPOTHESIS

The effectiveness of the audit procedures in finding fraud is related to gone theory, fraud triangle theory, agency theory, and expectancy theory. GONE Theory is a theory that explaining why someone doing fraud. Bologna (1993) stated that there are four reasons why the fraudsters commit a fraud, that are greed, opportunity, need, and exposure. Fraud triangle theory as Singleton (2010) stated, "Generally there are three main causes why they are doing fraud, called fraud triangle", that are pressure, rationalization, and opportunity. Jensen and Meckling (1976) put forward the theory of the agency, explained that the interests of management and shareholder interests often conflict, so that conflicts can arise between them. Victor H. Vroom (1964) defines motivation as a process governing choices among alternative forms of voluntary activities, a process controlled by the individual. The individual makes choices based on estimates of how well the expected results of a given behavior are going to match up with or eventually lead to the desired results. Motivation is a product of the individual's expectancy that a certain effort will lead to the intended performance, the instrumentality of this performance to achieving a certain result, and the desirability of this result for the individual, known as valence.

### Perceived Effectiveness of Audit Procedures

Audit procedures used in audit to examine the fraud happened. The Expectancy theory shown that every individual has their own choice so every auditor have their own judgment on valuing the effectiveness of a standard audit procedures. Alleyne et al (2009) in their research found that there are audit procedures perceived more effective in examining fraud. This research will examine the same hypothesis.

*H<sub>1</sub>: There are standard audit procedures perceived as more effective in detecting fraud in the goods and services expenditures.*

### Effect of Audit Experience to Perceived Effectiveness of Audi Procedures

Experience is one of the components of auditor expertise. The Expectancy theory stated that expectancy is one of the elements in the theory. The expectancy can be based on individual's experience. Thus, The judgment on perceiving the effectiveness of a standard audit procedures will be differs between the less experienced auditor and more experienced auditor. Alleyne et al (2009) found that experience has no significant influence in the perceiving the effectiveness of audit procedures. The other research by Moyes and Hasan (1996 in Alleyne et al, 2009) found that audit experience of auditors was a significant factor in fraud detection. Thus, the research is to test the next hypothesis:

*H<sub>2</sub>: Experience has significant influence in perceiving the effectiveness of standard audit procedures in detecting fraud in the goods and services expenditures.*

### Perceived Effectiveness and Sex

Sex differs not only the physical appearance but it differs the perception and way of thinking too. The expectancy theory also stated that the perception can be based on perceived difficulty of performance standard, motivation and self-confidence. Alleyne et al (2009) found that sex significantly affecting the auditor in perceiving the effectiveness of audit procedures. Alleyne et al (2009) also found that male auditor tend to score higher than female auditors' score. Moyes



(2007 in Alleyne et al, 2009) found the contrary that the female auditors tend to score higher than male auditors' score. Aforementioned, this research will test the next hypothesis:

*H<sub>3</sub>: Sex has significant influence in perceiving the effectiveness of standard audit procedures in detecting fraud in the goods and services expenditures.*

## RESEARCH METHOD

### Variable

There are four variables in this research. Perceived Effectiveness is the dependent variable of this research. It will be measured using *likert* scale (1-5). Value number 1 indicates that the procedure is not effective and vice versa the value number 5 indicates the procedure is effective. Standard audit procedures are the dependent variable of this research. Standard audit procedures used to detect the fraud and answer the 5W 1H question. Fraud triangle and GONE theory can be used in audit process as based in finding the fraud. There are 25 standard audit procedures in the goods and services expenditures that will be tested in the research (appendix 3). Experience is the first independent variable. Experience is the measurement of the duration of a person that has been working as an auditor. It will be categorized into less than five years and more than five years. Sex is the second independent variable. Sex is an auditor's physical and psychological characteristics. It will be categorized into male and female.

### Sampling

Population is all of the objects that can be researched in a research. Population refers to a whole group of people, events, or things of interest that wants to be investigated in the study (Sekaran, 2011). The population of the research is the auditor of BPK in the Auditor Keuangan Negara (AKN) I until AKN VI. The populations of the research are 547 auditors.

Sample is a part of the population that used in this research. Sample is data collected from a small subset of the population and it used to infer things about the population as a whole (Field, 2009).

Sampling method used is purposive sampling. Purposive sampling is one of the nonprobability sampling methods. Purposive sampling is sampling method to collect data from specific object of research (Sekaran, 2003).

The sample of the research is estimated to be at least 30 auditors. Roscoe (1975, in Sekaran, 2003) proposed the rules to determine the sample size. The sample size of more than 30 and less than 500 is appropriate for most research.

### Analytical Method

There are four analytical methods used in this research. First, Descriptive statistics were used in this study to provide an overview of the demographics of the survey respondents including the work experience and sex. "Descriptive statistics are statistics that aims to give an overview of the study variables were derived from respondents" (Ghozali, 2011).

Validity test is used to measure the validity of the questionnaires. "A questionnaire is valid if the questionnaire is able to express something that will be measured by the questionnaire" (Ghozali, 2011). The method is by doing a bivariate correlation between scores of each indicator with a total score of variables. "If the correlation between each of the indicators to the total score of the variables showed significant results, it can be concluded that each indicator is a valid question" (Ghozali, 2011).

Reliability test is a tool to measure a questionnaire, which is an indicator of variables or constructs. "A questionnaire is reliable if someone answers on the statement is consistent or stable over time" (Ghozali, 2011). The method is by calculating Cronbach's Alpha of each indicator used in a variable. "A construct or variable is reliable if the Cronbach's Alpha is more than 0.700" (Nunnally, 1994 in Ghozali 2011).

Hypothesis test is using two statistical methods. H1 hypothesis testing using analysis of one-sample t-tests while the H2 to H3 using analysis Independent samples t-test using SPSS tools 20.0 (Statistical Package for Social Science). This test is intended to determine is there to audit procedures that are perceived by the auditors of the most effective in exposing fraud and will be the influence of experience or sex of the differences in these perceptions.



**FINDINGS AND DISCUSSION**

**Object of Research Description**

Table 1 presents the demographic descriptive statistics for the study. It covers the age, gender, education, audit experience, and finding experience of the respondents.

**Table 1**  
**Demographic Descriptive Statistics**

	<b>n=34</b>	<b>%</b>
Age		
Less than 25 years	2	5,9
25 until 35 years	28	82,4
More than 35 years	14	11,8
Gender		
Male	20	58,8
Female	14	41,2
Education		
Diploma	16	47,1
S1	14	41,2
S2	4	11,8
Audit Experience		
Less than 5 years	16	47,1
More than 5 years	18	52,9
Finding Experience		
Yes	26	76,5
No	8	23,5

**Perceived Effectiveness of Audit Procedures**

The result has show that there are audit procedures that are perceived more effective. Respondents give the different score on each procedure. It showed that every individual use their own judgement. It is supported by the expectancy theory.

The effectiveness for each audit procedure is different. All of the audit procedures are scored more than 3 means there are no audit procedures that perceived as less effective procedures. Some of the audit procedures are perceived more effective than other audit procedures.

Table 2 presents 11 audit procedures that are perceived more effective that other procedures. The procedures that are perceived more effective are the procedures that have score of the mean 4 or more.

**Table 2**  
**Audit Procedures Perceived as More Effective in detecting fraud in the Goods and Services Expenditures**

	<b>Audit Procedures</b>	<b>Mean</b>
1	Learn the system and expenditure management procedures of goods / services.	4.00
2	Conduct interviews or discussions to determine and assess the implementation of systems and procedures and accountability of spending on goods / services.	4.09
3	Examine whether the procedure is not against the policy and written to ensure the implementation of economically, efficiently, effectively principal and adhere to regulatory legislation.	4.18
4	Examine whether each transaction spending on goods / services that have occurred appropriately authorized, supported by evidence of expenditure and recorded in a timely manner and the right amount, if it is not so make conclusions of the influence of it on the deviation of shopping transactions.	4.06
5	Examine the separation of functions relating to the authorization process, procurement, cash disbursement and accounting for the goods expenditure both design and implementation.	4.18
6	Examine whether the goods are reported and have been inventoried.	4.15
7	Review the accordance of the process of procurement of goods and services with Kepres 70/2012	4.15



	Audit Procedures	Mean
8	Learn the method of payment! Whether through transfer or in cash? If through the transfer methods assure that the account are as the same as the accounting the contract? If in cash (either cash or cash checks), learned patterns of disbursement.	4.00
9	Perform a physical examination to test the existence of the goods. Make sure that the goods have the same specifications and quantity as that in the contract.	4.32
10	Is the procedure of extending a contract to the exceeding fiscal year appropriate? If there is an addendum to the contract that goes beyond the end of the fiscal year, is the process has been in accordance with the addendum?	4.00
11	Are there conditions that the physical realization < realization finance? If there is, make sure that the work referred to has been completed according to the contract at the time of field inspection run, and test for the indication for the delayed finished work! For delays that might occur check whether it has been fined or not.	4.03

Table 3 presents 14 audit procedures are perceived as moderately effective in detecting fraud in the goods and services expenditures. The procedures that are perceived moderately effective are the procedures that have score of the mean more than 3 but the scores are lower than 4.

**Table 3**  
**Audit Procedures Perceived as Moderately Effective in Detecting Fraud in the Goods and Services Expenditures**

	Audit Procedures	Mean
1	Check that the specified work procedures are easy to understand and have ensured the execution of the tasks, and have reflected mutual inter-working unit test and do an analysis of the reliability of the systems and procedures.	3.94
2	Check that the goods expenditures have been budgeted as needed by analyzing the basic calculations.	3.71
3	Pick some samples and examine whether expenditure has been authorized by the competent authority, has been verified for accuracy, and have been reported.	3.74
4	Review order number and date of SPM, whether the SP2D are already acquired and recorded, examine whether there are SP2D which have not acquired on SPM that has been issued for spending on goods / services.	3.76
5	Review whether any goods procurement physically checked.	3.94
6	Review the expenditure items and the budgeting documents.	3.71
7	Are goods and services expenditures reported have been budgeted and / or there are reasonably available budget? If not, learn the patterns of authorization.	3.74
8	Are goods and services expenditures have been adequately authorized by publishing SP2D? If not, learn patterns of authorization and assure that such activities are not fictitious.	3.85
9	Test the budgeting process of the goods and services expenditures in the APBN and the LRA, in accordance to the classification of account code.	3.41
10	Do vouching for goods and services transactions reported in the LRA to the source document.	3.94
11	If necessary, perform tracing shopping transactions of goods and services documents to the recording and reporting.	3.85
12	Perform cut-off test to ensure expenditure is recognized in accordance with the period incurred.	3.79
13	Compare between the dates of procurement contracts and the date in the BAST for identification of delayed delivery time! If it is proved to be late, has it been charged for a late fee?	3.94
14	Review that the disclosure of spending on goods and services in calk (based on SAP)	3.56

There is no audit procedure perceived as less effective in detecting fraud in the goods and services expenditures. Unlike the previous research by Alleyne (2009) that has found that there are some procedures are perceived as less effective technique.

Aforementioned, there are some audit procedures perceived as more effective and some others are perceived as moderately effective. The audit procedures, perceived as more effective, are only 11 procedures from the total of 25 audit procedures (44%). The audit procedures, perceived as moderately effective, are 14 procedures from the total of 25 audit procedures (56%).



**Differences between Less Experienced Auditor and More Experienced Auditor in Perceived Effectiveness of Audit Procedures**

There are no significant differences of perceived effectiveness between less experienced auditor and more experienced auditor. The significance value for each procedure is more than 0.05. Although it has no significant difference, the more experienced auditor tend to score higher than less experienced auditor.

Table 4 presents 18 audit procedures that are perceived more effective by more experienced auditor.

**Table 4**  
**The Audit Procedures Perceived More Effective by More Experienced Auditor**

Audit Procedures	Less Experienced Auditor (n=16) mean	More Experienced Auditor (n=18) mean	Mean Differences
1 Learn the system and expenditure management procedures of goods / services.	3.88	4.11	-0.236
2 Conduct interviews or discussions to determine and assess the implementation of systems and procedures and accountability of spending on goods / services.	3.81	4.33	-0.521
3 Check that the specified work procedures are easy to understand and have ensured the execution of the tasks, and have reflected mutual inter-working unit test and do an analysis of the reliability of the systems and procedures.	3.81	4.06	-0.243
4 Examine whether each transaction spending on goods / services that have occurred appropriately authorized, supported by evidence of expenditure and recorded in a timely manner and the right amount, if it is not so make conclusions of the influence of it on the deviation of shopping transactions.	3.88	4.22	-0.347
5 Check that the goods expenditures have been budgeted as needed by analyzing the basic calculations.	3.56	3.83	-0.271
6 Examine the separation of functions relating to the authorization process, procurement, cash disbursement and accounting for the goods expenditure both design and implementation.	4.00	4.33	-0.333
7 Pick some samples and examine whether expenditure has been authorized by the competent authority, has been verified for accuracy, and have been reported.	3.63	3.83	-0.208
8 Review whether any goods procurement physically checked.	3.81	4.06	-0.243
9 Examine whether the goods are reported and have been inventoried.	4.00	4.28	-0.278
10 Review the expenditure items and the budgeting documents.	3.63	3.78	-0.153
11 Review the accordance of the process of procurement of goods and services with Kepres 70/2012	4.06	4.22	-0.160
12 Are goods and services expenditures reported have been budgeted and / or there are reasonably available budget? If not, learn the patterns of authorization.	3.63	3.83	-0.208
13 Are goods and services expenditures have been adequately authorized by publishing SP2D? If not, learn patterns of authorization and assure that such activities are not fictitious.	3.81	3.89	-0.076
14 Do vouching for goods and services transactions reported in the LRA to the source document.	3.94	3.94	-0.007
15 Compare between the dates of procurement contracts and the date in the BAST for identification of delayed delivery time! If it is proved to be late, has it been charged for a late fee?	3.75	4.11	-0.361
16 Learn the method of payment! Whether through transfer or in cash? If through the transfer methods assure that the account are as the same as the accounting the contract? If in cash (either cash or cash checks), learned patterns of disbursement.	3.88	4.11	-0.236



Audit Procedures	Less Experienced Auditor (n=16) mean	More Experienced Auditor (n=18) mean	Mean Differences
17 Perform a physical examination to test the existence of the goods. Make sure that the goods have the same specifications and quantity as that in the contract.	4.19	4.44	-0.257
18 Is the procedure of extending a contract to the exceeding fiscal year appropriate? If there is an addendum to the contract that goes beyond the end of the fiscal year, is the process has been in accordance with the addendum?	3.88	4.11	-0.236

Table 5 presents 7 audit procedures that are perceived more effective by less experienced auditor.

**Table 5**  
**The Audit Procedures Perceived More Effective by Less Experienced Auditor**

Audit Procedures	Less Experienced Auditor (n=16) mean	More Experienced Auditor (n=18) mean	Mean Differences
1 Examine whether the procedure is not against the policy and written to ensure the implementation of economically, efficiently, effectively principal and adhere to regulatory legislation.	4.19	4.17	0.021
2 Review order number and date of SPM, whether the SP2D are already acquired and recorded, examine whether there are SP2D which have not acquired on SPM that has been issued for spending on goods / services.	3.81	3.72	0.090
3 Test the budgeting process of the goods and services expenditures in the APBN and the LRA, in accordance to the classification of account code.	3.50	3.33	0.167
4 If necessary, perform tracing shopping transactions of goods and services documents to the recording and reporting.	4.00	3.72	0.278
5 Perform cut-off test to ensure expenditure is recognized in accordance with the period incurred.	3.94	3.67	0.271
6 Review that the disclosure of spending on goods and services in calk (based on SAP)	3.69	3.44	0.243
7 Are there conditions that the physical realization < realization finance? If there is, make sure that the work referred to has been completed according to the contract at the time of field inspection run, and test for the indication for the delayed finished work! For delays that might occur check whether it has been fined or not.	4.06	4.00	0.063

From the table 4 and table 5 can be concluded that the more experienced auditor tends to score higher than the less experienced auditor. The procedures that are scored higher by the more experienced auditor are 18 audit procedures from the total of 25 audit procedures (72%). There are 7 audit procedures from the total of 25 audit procedures (28%) that are scored lower by the more experienced auditor.

The result is supported by the expectancy theory. The individual's past experience affects the perception. So that, the more experienced auditor's awareness on a red flag is better than the awareness of the less experienced auditor.

**Differences between Less Experienced Auditor and More Experienced Auditor in Perceived Effectiveness of Audit Procedures**

There are no significant differences of perceived effectiveness between male auditor and female auditor in almost all of the audit procedures. The significances value for 24 procedures are more than 0.05. The only procedure that has significance value less than 0.05 is question 21.



Aforementioned that is only one procedure that has significant difference. The question that has significant difference is “Perform a physical examination to test the existence of the goods. Make sure that the goods have the same specifications and quantity as that in the contract”. The mean difference is 0.61 (male auditor mean: 3.75 and female auditor mean: 4.36).

Although have no significant differences, table 6 presents 16 audit procedures that are perceived more effective by female auditor.

**Table 6**  
**The Audit Procedures Perceived More Effective by Female Auditor**

Audit Procedures	Male Auditor (n=20) mean	Female Auditor (n=14) mean	Mean Differences
1 Examine whether the procedure is not against the policy and written to ensure the implementation of economically, efficiently, effectively principal and adhere to regulatory legislation.	4.00	4.43	-0.429
2 Check that the specified work procedures are easy to understand and have ensured the execution of the tasks, and have reflected mutual inter-working unit test and do an analysis of the reliability of the systems and procedures.	3.90	4.00	-0.1
3 Examine whether each transaction spending on goods / services that have occurred appropriately authorized, supported by evidence of expenditure and recorded in a timely manner and the right amount, if it is not so make conclusions of the influence of it on the deviation of shopping transactions.	4.00	4.14	-0.143
4 Check that the goods expenditures have been budgeted as needed by analyzing the basic calculations.	3.65	3.79	-0.136
5 Review whether any goods procurement physically checked.	3.80	4.14	-0.343
6 Review the expenditure items and the budgeting documents.	3.55	3.93	-0.379
7 Review the accordance of the process of procurement of goods and services with Kepres 70/2012	4.10	4.21	-0.114
8 Are goods and services expenditures reported have been budgeted and / or there are reasonably available budget? If not, learn the patterns of authorization.	3.65	3.86	-0.207
9 Are goods and services expenditures have been adequately authorized by publishing SP2D? If not, learn patterns of authorization and assure that such activities are not fictitious.	3.80	3.93	-0.129
10 Test the budgeting process of the goods and services expenditures in the APBN and the LRA, in accordance to the classification of account code.	3.30	3.57	-0.271
11 Do vouching for goods and services transactions reported in the LRA to the source document.	3.90	4.00	-0.1
12 If necessary, perform tracing shopping transactions of goods and services documents to the recording and reporting.	3.75	4.00	-0.25
13 Perform cut-off test to ensure expenditure is recognized in accordance with the period incurred.	3.65	4.00	-0.35
14 Learn the method of payment! Whether through transfer or in cash? If through the transfer methods assure that the account are as the same as the accounting the contract? If in cash (either cash or cash checks), learned patterns of disbursement.	3.75	4.36	-0.607
15 Review that the disclosure of spending on goods and services in calk (based on SAP)	3.50	3.64	-0.143
16 Are there conditions that the physical realization < realization finance? If there is, make sure that the work referred to has been completed according to the contract at the time of field inspection run, and test for the indication for the delayed finished work! For delays that might occur check whether it has been fined or not.	3.90	4.21	-0.314



Table 7 presents 8 audit procedures that are perceived more effective by male auditor even the differences are not significant.

**Table 7**  
**The Audit Procedures Perceived More Effective by Male Auditor**

Audit Procedures	Male Auditor (n=20) mean	Female Auditor (n=14) mean	Mean Differences
1 Learn the system and expenditure management procedures of goods / services.	4.05	3.93	0.121
2 Conduct interviews or discussions to determine and assess the implementation of systems and procedures and accountability of spending on goods / services.	4.15	4.00	0.15
3 Examine the separation of functions relating to the authorization process, procurement, cash disbursement and accounting for the goods expenditure both design and implementation.	4.20	4.14	0.057
4 Pick some samples and examine whether expenditure has been authorized by the competent authority, has been verified for accuracy, and have been reported.	3.80	3.64	0.157
5 Review order number and date of SPM, whether the SP2D are already acquired and recorded, examine whether there are SP2D which have not acquired on SPM that has been issued for spending on goods / services.	3.80	3.71	0.086
6 Examine whether the goods are reported and have been inventoried.	4.20	4.07	0.129
7 Compare between the dates of procurement contracts and the date in the BAST for identification of delayed delivery time! If it is proved to be late, has it been charged for a late fee?	3.95	3.93	0.021
8 Perform a physical examination to test the existence of the goods. Make sure that the goods have the same specifications and quantity as that in the contract.	4.35	4.29	0.064

There is one procedure that has the same score between male auditor and female auditor. The procedure is "Is the procedures of extending a contract to the exceeding fiscal year appropriate? If there is an addendum to the contract that goes beyond the end of the fiscal year, is the process has been in accordance with the addendum?".

It can be concluded that female auditor tend to score higher than male auditor. The procedures that are scored higher by female auditor are 16 procedures from the total of 25 procedures (64%). The male auditor gives higher score in the 8 procedures (32%). The other 2% or one procedure has the same score between male and female auditor.

The expectancy theory already stated that the decision made is based on individual's motivation. Females are more ethically sensitive than males as stated in Sweeney (1995 in Alleyne et al, 2009). So that, the female auditor's awareness on a red flag is expected better than the awareness of the less experienced auditor.

## CONCLUSION

The aim of this research is to examine the perceptions of auditors about the effectiveness of standard audit procedures in detecting fraud in goods and services expenditures. From the research can be concluded that:

1. There are 11 standard audit procedures in the goods and services expenditures that are perceived more effective. The study also found that there are 14 standard audit procedures in the goods and services expenditures that are perceived as moderately effective.
2. There are no significant differences of the perception of the effectiveness of fraud detection audit procedures in goods and services expenditures between less experienced auditor and more experienced auditor. The result of the study found that the more experienced auditors tend to give a higher score.



3. There is only one audit procedure that has significant difference in perceived effectiveness of standard audit procedure between male auditor and female auditor that is "Perform a physical examination to test the existence of the goods. Make sure that the goods have the same specifications and quantity as that in the contract". The study also found that female auditors tend to give higher score than male auditors.

### Limitation

Limitation of the study was the data that can be collected. The data collection already started from June 12, 2014, but until the data collection was closed (December 3, 2014) there are only 34 data that can be obtained. Thus, the study can not be generalized as the result of the population that are AkN I, AKN II, AKN III, AKN IV, AKN V, and AKN VI BPK RI.

The method of classifying the experience of auditor is only a judgment. The classification is based on several talks to an auditor. It is made without any theory.

Reliability test is only using Cronchbach Alpha ( ) statistic test. The questionnaire needs an enhanced process of the test not only using Cronchbach Alpha ( ) statistic test. There is another method to do reliability test using factor analysis.

### Suggestion

There are several suggestions to the future research. Future research should seek to obtain larger samples so the study can be generalized as the result of the population. Future research should incorporate a qualitative approach to obtain feelings and opinions and be able to probe deeper on issues in relation to the phenomenon under study. Future researches also have to classifying the experience of auditor using a theory or previous research to enhance the result of the research. Future research also should use explanatory factor analysis to confirm whether perceived effectiveness is multidimensional construct.

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