

## Can Fraud be Overcome with a Good Understanding of Forensic Accounting?

A. Febriansyah<sup>1</sup>, N.A. Wijonarko<sup>2</sup>

<sup>1,2</sup>Accounting Department, Universitas Komputer Indonesia, Jl. Dipati Ukur No.112-116 Bandung City, Indonesia

<sup>1</sup>[angky@email.unikom.ac.id](mailto:angky@email.unikom.ac.id)

<sup>2</sup>[nabilaazharin@mahasiswa.unikom.ac.id](mailto:nabilaazharin@mahasiswa.unikom.ac.id)

**Abstract.** This research was conducted with the phenomenon of Indonesia not yet learning in independence, especially in understanding forensic accounting which caused the KPK to send investigators to the British Serious Fraud Office, because in 2019 there were 239 cases of fraud that harmed Indonesia. The purpose of this study is to analyze the effect of applying case-based learning in improving the understanding of forensic accounting and to analyze how the understanding of forensic accounting fraud can be identified. The method used in this study is a descriptive analysis method which is to determine the description of each variable studied and verification analysis with path analysis is to determine the effect between variables. This study uses primary data obtained from the questionnaire. The results of this study show that case-based learning affects the improving understanding of forensic accounting, as well as the understanding of forensic accounting, which affects knowing fraud.

### 1. Introduction

The development of the world of trade and business in the last two centuries has resulted in financial records being required. Economic prosperity is always the goal desirable in the world of commerce and business, but the activities of manipulating and deceiving people others (fraud) will always be a temptation [1]. The phenomenon of financial fraud cases is not a new thing, especially in this modern era, acts of fraud that occurred in the era of the industrial revolution 4.0, the computerized and digital era is increasingly sophisticated (cyber) and difficult to detect and prevent by the competent authorities or the accountant who handled the case.

Settlement of financial crimes or acts of fraud is carried out by the authorities or an accountant. Accountants who are needed must understand one of the fields of accounting that can provide solutions to the problem of fraud cases, namely an understanding of forensic accounting. Forensic accounting is a super specialization for an accountant because the services of a forensic accountant investigator are needed after an alleged fraud has occurred, to prove whether or not the fraud occurred. So having an understanding of forensic accounting is still often regarded as a specialized professional market for specialized public accountants [2]. To solve the problem of fraud, a forensic accountant must have a multi-talented combination of accountants, auditors, lawyers,

detectives, know human organization behavior, know aspects that encourage fraud, knowledge of criminology and victimology, and understand internal controls so that they can think like thieves [3].

In the international world, the public sector and the private sector can carry out forensic accounting, but the institutions that have the application and carry out forensic accounting activities in Indonesia are the Supreme Audit Agency (BPK), the Corruption Eradication Commission (KPK), the Financial Transaction Reports and Analysis Center (PPATK), and the Financial and Development Supervisory Agency (BPKP). Public Accounting Firms (KAPs) such as Price Waterhouse Cooper (PwC) and Ernst & Young Indonesia have forensic units to conduct fraud investigations, assess fraud risk, and provide assurance services to auditors. However, according to Reza Topobroto and Sudimin Mina, accountants and auditors in private companies also need an understanding of forensic accounting to anticipate fraud internally and externally for Good Corporate Governance. This response was strengthened by the Fraud Auditing Development Institute, which provides education, training, development, and consulting institutions for the internal audit profession regarding fraud auditing and certification of fraud examiners and forensic auditors [3].

Forensic accounting learning must include reliable auditing skills and good investigative auditing skills. The concept of education that is owned must include the formation of skills and basic attitudes such as critical thinking, creativity, and openness to innovation and discovery. The lack of learning and training in forensic accounting in high schools or universities has resulted in many accountants having difficulty and failing to detect, prove, and prevent fraud that occurs. These difficulties and failures are caused by 3 factors, namely (1) educators do not provide adequate ethics education and training to students, (2) educators do not teach about fraud, (3) educators teach prospective accountants by not using content as a context to help students develop analytical skills [4]. To improve understanding of forensic accounting, learning with the Case-Based Learning (CBL) method is needed, where teachers are not only educators, but also facilitators, directors, and potential explorers of students so that they can master critical, creative, and innovative thinking skills, communicative, work together, and collaborate, as well as being able to present a self-confidence. So that teachers do not only focus on the materials that must be delivered to students but focus on how to get information and how to solve problems or problems. By using the CBL method, students are expected to have a better understanding of forensic accounting than learning to accept theory alone [5].

However, the CBL method is still underutilized but very effective for various types of learning, especially forensic accounting in business schools [6]. Because the KPK sent investigators and investigators to the UK to study forensic accounting at the Serious Fraud Office (SFO). The KPK has also strengthened cooperation with the Independent Commission Against Corruption (ICAC) in building human resource capacity and sending KPK employees to Hong Kong to study forensic financial accounting and fields related to eradicating corruption.

This research is supported by previous research, namely, research by Saputra, Aisyaturrahmi, and Mutmainah with the results of their research suggesting that the Case-Based Learning method has a significant and positive effect on Forensic Accounting Understanding [5,7,11]. This research is also supported by previous research, namely, Iswahyudi, et al, Sayyid, and O'zku, with the results of their research suggesting that Forensic Accounting Understanding has a significant and positive effect on detecting fraud.[8,10,12] The difference between this research and previous research is related to different indicators and research methods used.

## 2. Method

The method used in this study is a descriptive method with a quantitative approach. The object of this research is the Case-Based Learning method, Forensic Accounting Understanding, and Fraud. To obtain the required data, the writer uses data collection techniques related to research conducted using library research and field research with questionnaires distributed to parties related to the research. To determine the number of samples in this study, the researcher used the Slovin Formula approach because it was considered easy and practical to use. With an error rate of 10% from a total population

of 45 people, a total sample of 31 participants of digital forensics training in forensic auditing was obtained.

### **3. Results and Discussion**

#### **Effect of Application of Case-Based Learning Method on Understanding of Forensic Accounting**

From the results of hypothesis testing, the t-count value is  $1.709 < t\text{-table } 1.753$  which indicates that the first model hypothesis is not significant, meaning that the application of the Case-Based Learning method has no significant effect on Forensic Accounting Understanding. This study has a path coefficient correlation value of XY of 0.404 which means that the case-based learning method has a positive effect on understanding forensic accounting. Based on hypothesis testing, the Case-Based Learning method affects Forensic Accounting Understanding by 16.3% while the remaining 83.7% is influenced by other factors not examined, such as student-centered learning, activeness, and effectiveness of learning.

The phenomenon occurred during Teacher's Day in 2019 where the Minister of Education and Culture (Nadiem Makarim) reminded the education problem that occurred in Indonesia, namely that it had not yet adopted Merdeka Learning for students where teachers did not always uniform the learning process for students with different needs, to invite students to discuss, not only make students as listeners or passive recipients of knowledge transfer activities[14]. Anderson & Schiano said case learning is very effective, especially in business schools, especially in forensic accounting courses or materials because forensic accounting learning requires illustrations of real cases to apply the knowledge gained from lectures and textbooks [6]. The understanding of forensic accounting in Indonesia has not been optimal when the phenomenon where the Deputy Chair of the KPK Laode M. Syarif sent KPK investigators and investigators to the UK to study forensic accounting at the Serious Fraud Office (SFO) because the UK is considered more advanced regarding forensic accounting and expertise in fighting corruption.

This is following what the researchers found in the field through the results of the descriptive analysis that has been carried out proving that the Case-Based Learning method as a percentage of respondents' responses of 87.5% which is included in the very good category, but problems are still found in the Case-Based Learning method which it can be seen from the indicators that teachers will have more interesting learning time in class so that it doesn't feel like just doing lectures, with the lowest percentage of respondents' responses at 82.3% with a difference of 17.7% which shows that the Case-Based Learning method is not optimal. Furthermore, Forensic Accounting Understanding has a percentage of respondents' responses of 78.3% which is included in the good category, but problems are still found in Forensic Accounting Understanding which can be seen from the Computerized Science Indicators, with the percentage of respondents' responses being 74.1% with a difference of 25.9%. shows that the understanding of Forensic Accounting is not yet optimal. The results of this study provide evidence that the Case-Based Learning method affects Forensic Accounting Understanding, meaning that applying the case-based learning method can improve students' understanding of forensic accounting.

This research is supported by the theory of Anderson & Schiano that the case learning method in economics and business schools means that students read and analyze business cases, such as fraud cases which are then discussed together to discuss the background of the case, possible problem solutions, pros, and cons. each solution, and perhaps the conclusions are drawn. In using this method students are primary participants, when discussions they use their experiences and relevant theories to understand the case and its place in the curriculum [6]. This research is also supported by previous research, namely, research by Saputra, Aisyaturrahmi, and Mutmainah with the results of their research suggesting that the Case-Based Learning method has a significant and positive effect on Forensic Accounting Understanding.[5,7,11]

## **The Influence of Forensic Accounting Understanding To Find Out Fraud**

From the results of hypothesis testing, the t-count value is  $1.254 > t\text{-table } 1.753$  which indicates that the second model hypothesis is not significant, meaning that Forensic Accounting Understanding has no significant effect on detecting fraud. This study has a path coefficient correlation value of YZ of 0.308 which means that understanding forensic accounting has a positive effect on detecting fraud. Based on hypothesis testing, Forensic Accounting Understanding affects detecting fraud by 8.8% while the remaining 91.2% is influenced by other factors not examined, such as the expertise and competence of forensic accountants.

The phenomenon that occurs can be seen from the results of the 2019 Indonesia Fraud Survey where 239 cases of fraud occurred that harmed Indonesia. According to AppsFlyer's 2019 report on "Fraud Rising: How bots and malware harm APAC Apps" which found that Indonesia's fraud rate in the financial sector was 43.1% the second-highest in Southeast Asia. Cases like this are what makes Indonesia the most corrupt country at the 85th level in Transparency International 2019. Therefore, apart from sending investigators to the UK to study forensic accounting, in 2019 the KPK also strengthened its collaboration with the Hong Kong Independent Commission Against Corruption (ICAC).

This is following what researchers found in the field through the results of the descriptive analysis that have been carried out proving that Forensic Accounting Understanding has a percentage of respondents' responses of 78.3% which is included in the good category, but problems are still found in Forensic Accounting Understanding as seen from the Computerized Science Indicators. , with the percentage of respondents' responses amounting to 74.1% with a difference of 25.9% which shows that Forensic Accounting Understanding is not yet optimal. Furthermore, Fraud has a percentage of respondents' responses of 72.1% which is included in the good category, but problems are still found in detecting Fraud as seen from the Rationalization Indicator, with the percentage of respondents' responses being 70.5% with a difference of 29.5% which indicates that it is not optimal for know fraud. The results of this study provide evidence that Forensic Accounting Understanding affects detecting fraud, meaning that with an understanding of forensic accounting students can identify fraud.

This research is supported by the theory of Kass-Shraibman and Sampath that the more fraud occurs, the more they need accountants who know forensic accounting develops [9]. As well as the theory of Tommie W. and Aaron J. Singleton that forensic accounting knowledge is needed to determine whether or not allegations of fraud are true because forensic accounting refers to a comprehensive view of fraud investigations[13]. This research is also supported by previous research, namely, Iswahyudi, et al, Sayyid, and O'zkul, with the results of their research suggesting that Forensic Accounting Understanding has a significant and positive effect on detecting fraud.[8,10,12]

## **4. Conclusion**

From the results of descriptive analysis based on the percentage score of respondents' responses, the application of the case-based learning method affects understanding forensic accounting. Meanwhile, the results of the verification analysis of the application of the case-based learning method have a fairly strong relationship and have no significant effect on the understanding of forensic accounting, with a positive correlation (unidirectional) where the more often the case-based learning method is applied, the more students understand forensic accounting. From the results of descriptive analysis based on the percentage score of respondents' responses, understanding forensic accounting affects detecting fraud. Meanwhile, the results of the verification analysis of forensic accounting understanding have a strong enough relationship and no significant effect to detect fraud, with a

positive correlation (unidirectional) where the higher the understanding of forensic accounting for students, the easier it is to detect fraud.

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