

Limitations of Follow-Up Procedures in Campaign Fund Report Audits

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Abstract

Objective ; Campaign funds used in elections can come from political parties, the personal wealth of legislative candidates, and donations. The receipt of campaign funds must undergo an audit process to ensure the validity of contributions received by political parties. This study aims to validate the limitations of follow-up audit procedures in the audit of campaign fund reports related to donation confirmations. **Methods;** The research method used is qualitative, with data collection methods including observation, interviews, and documentation studies. **Findings;** The results of the study indicate that auditors still face difficulties and limitations in auditing campaign fund reports concerning donations. These limitations are exacerbated by the absence of follow-up procedures established by the KPU as the policymaker to provide guidelines on follow-up procedures in response to campaign fund donation confirmations. **Originality/Value;** The study presents an original contribution by analyzing the confirmation process of campaign donations according to SA 505 and PKPU No. 18 of 2023. It provides unique insights into the methods and challenges faced during the donation confirmation process, particularly highlighting the gaps in the current regulatory framework. The originality lies in its detailed examination of the actual practices at KAP XYZ and the discrepancies between expected compliance and real-world implementation, thereby advancing knowledge in the field of campaign finance auditing. **Practical/Policy implication:** The research has significant practical implications, especially for auditors, political parties, and regulatory bodies like the KPU. It underscores the importance of establishing clear follow-up procedures for unreturned confirmation letters, as the lack of such protocols can hinder the auditing process. The study suggests that the KPU should enhance its guidelines and enforcement mechanisms to ensure transparency and accountability in campaign fund reporting.

Keywords: Limitations, Audit Procedures, Confirmation, Campaign Fund Audit

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Introduction

Elections are a crucial agenda for Indonesia as a democratic country. Elections serve as a competitive arena for representatives to fill political positions based on the voting activities of eligible citizens (Hidayat, 2020; Marpaung & Saragih, 2023). Elections function to produce the leadership desired by the people (Dahlia et al., 2019). Voting is conducted based on various considerations aligned with individual conscience and community representation (Hidayat, 2020). On February 14, 2024, all Indonesian citizens exercised their voting rights to choose their preferred candidates in the simultaneous elections conducted with principles of direct, universal, free, secret, honest, and fair voting (LUBER JURDIL).

Campaigns mark the beginning of the competition for government seats. A campaign is an activity carried out by election participants to influence voters with the aim of garnering support (Marpaung & Saragih, 2023). Typically, campaigns involve placing campaign materials, organizing face-to-face meetings, distributing flyers, and running advertisements. Campaign activities need to be supported by adequate funding as a determining factor in the success of election participants, alongside other factors (Hermanto,

2020). Money will determine how extensively campaign operations can be carried out by election participants (Ramadhanil, 2020). Legislative candidates and political parties require sufficient funds to reach their target voters and convey policy messages (Ilham & Hasba, 2023).

Campaign funds are defined as the money obtained and used by political parties or candidates to gain voter support during the campaign phase (Ramadhanil, 2020). According to KPU Decision No. 18 of 2023 (2023b), the sources of campaign funds for DPR, provincial DPRD, and district/city DPRD elections come from political parties, candidates for DPR, provincial DPRD, and district/city DPRD from the respective political parties, and legitimate donations from individuals, groups, and non-governmental entities. The involvement of other parties, particularly private companies, provides a shortcut for political parties to meet the high costs of campaigning (Chandranegara & Umara, 2020). When it comes to campaign funding sources, ensuring accountability and transparency in campaign finances continues to be a recurring challenge in elections. As reported by the online news outlet Kompas.id (2023), Accountability and transparency in campaign funding remain routine issues in elections. According to the online news portal Kompas.id (2023), the Financial Transaction Reports and Analysis Center (PPATK) discovered suspicious transactions in the campaign funds of the 2024 election participants amounting to trillions of rupiah. The funds are suspected to be moving through political party treasurers' accounts, as the money was not detected in the political party's special campaign fund account (RKDK). This issue is supported by research conducted by (Pebratama and Adnan, 2020) which states that the principles of transparency and accountability have not been fully implemented by election participants in managing campaign funds. The quality of elections in a democratic country is determined by the accountability and transparency of campaign funds (Ma'mun, 2022). Financial transparency in campaigns allows the public to observe and monitor the fairness of the inflow and outflow of money (Prasetyo, 2019), while accountability refers to the responsibility of election participants for all activities reported in the campaign fund report (Prasetyo, 2019).

Law No. 7 of 2017 (2017) requires political parties to report all transaction activities during the campaign period in campaign fund reports, which include the Initial Campaign Fund Report (LADK), the Campaign Fund Donor Report (LPSDK), and the Campaign Fund Receipt and Expenditure Report (LPPDK). These reports will be audited by a public accounting firm assigned by the General Election Commission (KPU). The audit of campaign fund reports is a phase of campaign funding that aims to examine the compliance of political parties with the regulations governing campaign funds. The audit is conducted through a series of procedures that result in a conclusion of either 'compliant' or 'non-compliant'. The adequacy of evidence affects the auditor's confidence in the political party's adherence to and reliability of the assertions. Furthermore, sufficient evidence also influences the conclusions drawn from the audit results. One type of evidence used in the audit procedures to verify the accuracy of donation amounts is confirmation. Confirmation is carried out on a sample basis with donors to ascertain the existence of the donor and the accuracy of the donation amounts. However, in practice, not all targeted parties respond to these confirmations. Auditors are also unable to follow up on these issues as there are no additional procedures outlined by the KPU for unresponsive confirmations.

There is limited research on the audit of campaign fund reports; however, several studies have examined the compliance of election participants in reporting campaign funds. (Arsyad, 2024) analyzed the compliance of campaign fund reporting by 2024 election participants with several auditors in Makassar. The study found that the 2024 election participants had not adhered to the campaign fund reporting requirements set out in PKPU No. 18 of 2023. (Hamdani, 2024) investigated the adherence to and transparency of campaign fund reporting in the 2019 presidential election. The research revealed discrepancies between the audit results of adherence and transparency by auditors and those reported by researchers. Additionally, (Mantasari and Praptoyo, 2019) studied the effect of SPA 3000 on the compliance of campaign fund reporting by regional head candidates. Their findings indicated elements of both compliance and non-compliance in the campaign fund reports of the candidates. (Dianawati et al, 2024) researched the application of accounting in campaign fund reporting for DPD candidates of the PERINDO Party in Kediri Regency and found that the DPD candidates had not applied electoral accounting principles in reporting transactions in the LADK. (Haribowo and Santana, 2020) investigated the transparency and accountability of campaign fund reporting by political parties in Batu City using structuration theory. The study revealed that awareness of accountability and transparency in campaign fund reports was relatively low due to the lack of attention from party chairpersons, the KPU, and the public regarding campaign fund accountability. Based on previous research, it can be concluded that many studies focus on the compliance level of election participants in the audit of campaign fund reports without addressing the limitations in

follow-up audit procedures. Therefore, the innovative aspect of this research is to examine the limitations of follow-up audit procedures for donation confirmations in the audit of political party campaign fund reports for the 2024 elections.

Literature Review and Hypotheses Development

Literature Review

Theory of Transparency

According to (Mardiasmo, 2006) transparency means the openness of the government in providing information related to the management of public resources to those who need it. This theory focuses on how transparency can enhance an organization's efficiency and effectiveness by ensuring that relevant and important information is available to all interested parties. In research, political parties must be transparent in reporting donations received from donors to interested parties such as the public, the KPU, political party officials, and auditors. Openness is needed to prevent the occurrence of money politics that often happens in elections and to increase public trust in political parties through the conduct of clean elections. (Kristianten, 2006) outlines several indicators for measuring transparency: (1) the availability and accessibility of documents, (2) the clarity and completeness of information, (3) the openness of the process, and (4) a regulatory framework that ensures transparency. These four aspects can be used in the audit process of campaign fund reports to gain confidence in the transparency of campaign fund donations. Transparency is considered one of the key methods to reduce corruption, enhance efficiency, and ensure that all parties involved have a clear and consistent understanding of the processes and decisions made.

Audit Procedures

Audit procedures involve detailed steps taken by auditors to collect audit evidence at a particular moment (Ramadhany et al., 2021). These steps guide auditors through a structured and focused audit process, ensuring all stages are completed (Putri & Sulistyowati, 2023). Auditors must choose procedures that align with the audit objectives to achieve high-quality audit outcomes (Novianty, 2020; Putri & Sulistyowati, 2023).

Donation Confirmation

As stated in SA 500 (Institut Akuntan Publik Indonesia, 2021b) external confirmation serves as audit evidence provided to the auditor in the form of a written reply from the addressed party, which may be delivered on paper, electronically, or through other media. In auditing campaign fund reports, auditors confirm with donors to verify the amounts and identities of donations reported by political parties. Positive confirmation is employed, requiring a response from the recipient. The confirmation results indicate whether the political party complies with donation receipt and recording regulations. According to SA 505 (Institut Akuntan Publik Indonesia, 2021c), the confirmation procedure includes several steps: (1) identifying the information to be confirmed or requested, (2) selecting the appropriate party for confirmation, (3) crafting the confirmation request with the necessary details and response requirements, and (4) sending the request, including follow-up requests if needed, to the recipient.

Campaign Funds

Campaign funds encompass the money, goods, and services used to support political party campaigns. The significant need for campaign funds drives candidates to accumulate as much money as possible to secure public office (Taniady, 2021). Campaign fund regulations are detailed in KPU Regulation No. 18 of 2023 on Campaign Funds for Election Participants. According to PKPU No. 18 of 2023 (2023b) campaign funds for DPR, provincial DPRD, and district/city DPRD elections originate from political parties, candidates for DPR, provincial DPRD, and district/city DPRD from the respective political parties, and lawful donations from other parties. Donations from other parties are capped at Rp2,500,000,000 for individual donors and Rp25,000,000,000 for groups or non-governmental business entities. Political parties participating in the election are required to report all transactions related to the receipt and expenditure of campaign funds in campaign fund reports, which consist of the Initial Campaign Fund Report (LADK), the Report on Contributors to Campaign Funds (LPSDK), and the Report on Campaign Fund Receipts and Expenditures (LPPDK). All of these reports, along with supporting documents, must be submitted to the General Elections Commission (KPU). The mechanism for reporting campaign funds is regulated under KPU Decision No. 1677 of 2023 regarding the Technical Guidelines for Campaign Fund Reporting in Elections (KPU,2023c).

Audit of Campaign Fund Reports

The audit of campaign fund reports examines the compliance of political party assertions in campaign fund reports—comprising LADK, LPSDK, and LPPDK—along with their supporting evidence, with relevant laws and regulations. The audit of campaign fund reports is a compliance audit aimed at evaluating how well legislative election participants adhere to campaign finance reporting regulations. This ensures that elections are conducted cleanly and transparently without any violations (Suyono et al, 2024). This examination is carried out by a public accounting firm that meets the qualifications and is appointed by the KPU. The audit of campaign fund reports is vital for ensuring effective and efficient management of campaign funds, emphasizing transparency and accountability (Ramadhan et al., 2023). The implementation guidelines for the audit of campaign fund reports are specified in KPU Decision No. 1815 of 2023 on Technical Guidelines for the Audit of Campaign Fund Reports of Election Participants (KPU, 2023a).

Previous Research

(Arsyad, 2024) research discusses the compliance of election participants in reporting campaign funds for the 2024 election, using a sample of 25 auditors in Makassar as data sources. The study found non-compliance in the RKDK assertions related to the management scope due to election participants not including a statement letter appointing RKDK managers. Non-compliance in LADK assertions was found in the scope of information content and the completeness and submission scope. In the information content scope, election participants did not submit forms for political party donors' declaration letters, individuals, groups, and non-governmental business entities. In the completeness and submission scope, election participants did not submit supporting documents for LADK such as the account manager's declaration letter, liaison officer appointment letter, and transaction expenditure receipts. Non-compliance in LPSDK assertions was found in the scope of information content and the completeness and submission scope, primarily because most election participants did not report LPSDK. Non-compliance in LPPDK assertions was found in the scope of information content, completeness and submission, source/classification and donor identity, and donation receipt recording. In the information content scope, election participants did not include supporting documents like donor declaration letters. In the completeness and submission scope, election participants did not submit the RKDK manager's declaration letter and expenditure transaction receipts. In the source/classification and donor identity scope, election participants did not detail the receipt and expenditure transactions on Form 1 and Form 2. Moreover, in the source/classification and donor identity scope, LPPDK receipt and expenditure transactions did not align with RKDK.

(Hamdani's, 2024) research evaluates the compliance and transparency of campaign fund reporting in the 2019 presidential election. Formal campaign finance reports also have another weakness: they do not accurately represent the actual situation. There are at least two main reasons for this. First, there is still a lack of political will among participants to uphold standards of accountability and transparency in campaign finance reporting. Second, the systems and regulatory mechanisms for auditing campaign funds are inadequate to ensure the principles of accountability and transparency. The study identified weaknesses in the accountability of campaign funds for both candidates, which were not detected by the Public Accountants (KAP) and the General Election Commission (KPU).

First, both candidates failed to complete several required campaign finance accountability forms. According to regulations, all campaign finance documents at the provincial and district/city levels must be signed by the presidential candidate, vice-presidential candidate, team leader, and campaign team treasurer. The accountability report submitted to the KPU only included receipts and expenditures from the national campaign team, without separate disclosures for the provincial and district/city levels. However, the Centralized Fund Disbursement Reports (RKDK) were managed at the central level.

Second, the deposits from candidate pair number 01 were not recorded in the Final Campaign Fund Report (LPPDK), and the cumulative amount did not include the candidate's deposits. The contributions from candidate pair 01 recorded in the Preliminary Campaign Fund Report (LPSDK) amounted to IDR 17,658,272,030, which differed by IDR 1,925,000,000 from the reported contributions in the campaign fund receipt list.

Third, candidate pair number 01 did not maintain a separate list of donors who did not include their identities. In the LPSDK, there were 191 donors who did not clearly state their identities. According to regulations, when donors do not meet the requirements, the candidates must report to the KPU and deposit the received funds into the state treasury. However, in reality, this was not done. The donations from the 191 anonymous donors and 21 donors who only provided names amounted to IDR 1,066,466,683, included in the total donation amount of IDR 594,883,534,772.

Fourth, the campaign finance reporting for the incentive payments to polling station witnesses (TPS) by both candidate pairs lacked transparency. It is possible that there were transactions of receipts and expenditures outside the RKDK that were not recorded in the LPPDK related to the TPS witness incentives for candidate pair 01, with suspected expenses amounting to IDR 601,355,468,300 not included in witness financing. Candidate pair number 02 had expenses of IDR 211,464,770,813, raising concerns about the appropriateness of these funds for witness payments. According to regulations, campaign funds are prohibited from being used to finance election witnesses during voting and vote counting.

Fifth, there is suspicion that donations to candidate pair number 02 were used for purposes other than campaign finance. Candidate pair number 02 claimed that their total expenses were nearly IDR 1 trillion, but the actual amount recorded in the LPPDK was IDR 121,255,653,090, which is significantly lower than their claimed expenses.

According to regulations, there are restrictions and prohibitions on the receipt of donations and the use of campaign funds, which must be deposited into the state treasury. Campaign funds for the Presidential and Vice Presidential Election in the form of money must first be placed in the Centralized Fund Disbursement Reports (RKDK) before being used for campaign activities. Sixth, the PKPU (General Election Commission Regulation) on campaign finance has not clearly outlined a tiered accountability mechanism for every level of government—district/city, provincial, and central. PKPU Number 24 of 2018 includes appendices for the Initial Campaign Fund Report (LADK), the Preliminary Campaign Fund Report (LPSDK), a list of campaign fund expenditure activities, and the Final Campaign Fund Report (LPPDK) for every level of government—district/city, provincial, and central. However, at the bottom of these reports and lists, the signatures required are from the presidential candidate, the vice-presidential candidate, the campaign team leader, and the campaign team treasurer. This indicates that the PKPU has not clearly regulated a tiered accountability mechanism at every level of government—district/city, provincial, and central. Ideally, the preparation of tiered reports for each level of government—district/city, provincial, and central—should involve the provincial and district/city campaign teams. However, this is challenging to implement because the management of the RKDK is centralized and unified. There is a potential for duplicate reporting between provinces and districts/cities when records are kept separately. This issue can be addressed if the records are kept at the district/city level and then consolidated at the provincial level. The cumulative report and list at the provincial level would be a consolidation of the national level reports and lists. Thus, it can be concluded that the weaknesses are not only related to implementation but also to some regulations that are difficult to implement.

(Mantasari and Praptoyo's, 2024), research discusses the impact of SPA 3000 on the compliance of campaign fund reporting by regional head candidates in Mojokerto. The campaign fund reports of the candidates were obtained from three public accounting firms, namely CASR, SBR, and TFR. The results of the study show that the influence of SPA 3000 is to provide guidance for auditors in formulating compliance opinions through established procedures for testing the compliance of candidates' assertions. According to the testing conducted by CASR, seven of the candidates' assertions were compliant, and three were non-compliant. The non-compliance included campaign fund expenditure reports that were not all processed through the RKDK, a deposit balance of IDR 50,000,000 in the RKDK with a different date from the period stated in LADK 3-Parpol (8 February 2018 to 12 February 2018), and the opening of the RKDK was not accompanied by a specimen signature from the political party or coalition of parties. The candidates audited by SBR complied with six out of eleven assertions. The non-compliance included the candidates not filling out one of the LPPDK forms, the audit team not receiving the Mojokerto KPU's decision regarding regional cost standards, the candidates not providing details of campaign fund expenditures and supporting evidence to the accounting firm, the candidates not attaching receipts for the submission of the LADK, and the initial and final dates of campaign fund expenditure recording not matching the regulations. Meanwhile, TFR could not provide audit results of campaign fund reports due to a policy of client data confidentiality and the need for approval. In their work, auditors require strategies such as providing training to auditors and conducting supervision. Challenges are inevitable, including difficulties in scheduling meetings with candidates, auditors' inability to verify transaction evidence, candidates' lack of understanding of campaign fund reporting leading to incomplete reporting of donations, and candidates' uncooperative attitudes due to campaign fund audits being conducted after the voting

(Dianawati, 2024) research explores the implementation of accounting in campaign fund reporting for the 2024 Regional Representative Council (DPD) election. The findings indicate that the campaign fund reports were prepared by liaison officers acting as administrators, who lacked an accounting background. These liaison officers also did not have prior experience in campaign fund reporting from the previous

election period in 2018. The selection of liaison officers was not based on a systematic foundation, meaning that the DPD Partai PERINDO liaison officers were appointed due to family connections. As a result, the liaison officers reported campaign funds merely to meet the requirements and avoid sanctions, without ensuring compliance with the established standards. The Initial Campaign Fund Report (LADK) was not detailed at the transaction date but was completed with supporting documents. The lack of understanding of recognition concepts among the liaison officers led to misstatements in recording, human errors, and resource limitations, resulting in unrecorded expenditure transactions in the LADK.

In the LADK transactions for the 2023-2024 period, the recognition of cash purchases of campaign props by the DPD Partai PERINDO was recorded as prepaid goods under receipt activities. In contrast, expenditure activities recorded it as expenses for the creation/production of advertisements in print media, electronic media, social media, and online media. The recognition of vehicle rental transactions, paid directly, was recorded as prepaid goods under receipt activities, but no record was made under expenditure activities. Other transactions also contained misstatements and unrecorded entries, leading to an imbalanced ending balance. Therefore, campaign fund report preparers should have an accounting background to facilitate a quicker understanding of campaign fund report preparation. However, if the report preparers lack an accounting background, the quality of the liaison officers should be improved, and training should be provided, facilitated by the prospective DPD members.

By research (Haribowo and Santana, 2020) explores the factors leading to the formal practice of campaign fund reporting in Batu City, East Java, based on structuration theory. The study found weaknesses in the campaign fund reporting process in Batu City, leading to formal reporting practices. Political party leaders did not instruct their members to report campaign funds transparently due to concerns about political opponents' views. Additionally, the public's low level of knowledge and concern about campaign funds resulted in a lack of critical actions following the publication of campaign fund reports. To promote transparency and accountability in campaign fund reporting, the roles of the KPU as a regulator of political parties and the public are necessary. This can be achieved by establishing clearer and more stringent regulations regarding the criteria for transparency and accountability practices. Furthermore, the General Election Commission (KPU) should engage in public outreach to emphasize the importance of transparency and accountability in campaign fund reporting. Additionally, political parties should also inform the public about the transparency and accountability practices they have implemented. Such efforts can enhance the public image of political parties.

Method

This study employs a qualitative research method aimed at deeply understanding and explaining social phenomena through the interpretation of context, experiences, and perspectives of the individuals involved (Creswell, 2019). Data collection techniques include interviews and observations. Observations were conducted at KAP XYZ, an independent entity experienced in auditing campaign fund reports. Unstructured interviews were conducted with Respondent X, a partner at KAP XYZ. Both interviews and observations were carried out in March 2024, aligning with the schedule for auditing the 2024 election campaign fund reports. The sample for the study was determined using the Slovin formula with a 10% margin of error. The population comprised 55 donors, and a random sample of 35 donors was selected.

Result and Discussion

Results

Based on the observations at KAP XYZ, it was found that donation confirmation is carried out in several stages. These stages refer to SA 505 and are based on PKPU No.18 of 2023 concerning the source, form, and limits of campaign donations. The confirmation process begins with obtaining campaign fund reports such as LADK, LPSDK, and LPPDK from election participants through Sikadeka. Sampling of donors is then conducted with the following criteria: (1) For donation transactions at the political party level, 100% of the total donation transactions and (2) For donation transactions at the legislative candidate level, 100% of the total donation transactions with a sample of 20% of the legislative candidates in each electoral district with the highest amounts. Confirmation letters are then sent to the selected donors. The information confirmed includes the donor's identity, donation date, type of donation (money/goods/services), donation amount, and a statement that the donation does not exceed the legal limit. These confirmation letters are sent by the audit team leader to the political party liaison officer via

electronic media to save time and audit costs. The liaison officer will distribute the letters to the intended recipients. All confirmation responses are consolidated and sent back to the auditor by the liaison officer. These responses are then evaluated by comparing the confirmed donation information with the donation information in the reports.

Observations at KAP XYZ regarding the confirmation responses for the 2024 legislative candidate elections revealed that not all targeted parties responded to the donation confirmation, even after an extended submission deadline. Confirmation letters were sent on March 8, 2024, via WhatsApp by the team leader to the liaison officer. The auditor stated in the message that the deadline for submitting the confirmation letters was March 15, 2024, in soft copy format, with physical evidence to follow after that date. However, by March 14, 2024, nearly all liaison officers had not sent their responses. The team leader then sent a reminder via text message to the liaison officers to complete and return the confirmation letters. Despite these reminders, only a small percentage of responses were received from the liaison officers. The submission deadline was then extended to March 20, 2024, hoping that all confirmations would be returned. Despite this, some political parties still did not respond at all.

Based on interviews and documentation with the partner at KAP XYZ, it was found that auditors have no recourse when they do not receive responses to confirmation letters because the KPU has not established follow-up procedures for such situations.

"There is nothing else we can do when political parties do not send the confirmation results, which leaves auditors confused. In a general audit, we could apply other procedures, but not in a campaign fund audit. The KPU does not regulate what should be done if the confirmation is not returned; we can only wait for the confirmation letter responses".

Discussion

Donation confirmation is an audit procedure recommended by the KPU to obtain evidence regarding the accuracy of donations received by political parties. The purpose of donation confirmation is to compare donation amounts through two different records between the political party and the donor. Research conducted by (Arsyad, 2024) and (Hamdani, 2024) indicated that non-compliance opinions were due to the lack of evidence submitted by election participants to the auditors, making compliance testing impossible and resulting in non-compliance. Therefore, the credibility of the donations heavily relies on the confirmation results.

The lack of donor responses poses a challenge in auditing campaign donations. According to Audit Standard (SA) 330 (Institut Akuntan Publik Indonesia, 2021a) there are several reasons why respondents do not reply to confirmations: (1) fear of legal involvement after providing confirmation responses, (2) feeling no responsibility to respond, and (3) the belief that responding is time-consuming. This is supported by studies on the compliance of campaign fund reporting by regional head candidates conducted by (Mantasari and Praptoyo, 2019) and (Dianawati et al, 2024), which found that not all reporters understood finance and accounting principles, leading to straightforward and error-prone reporting. Additionally, candidates who do not secure positions are often difficult to contact or uncooperative during audits. Since the confirmation process is conducted after the election, donors feel no longer responsible for their donations, and political parties feel they have fulfilled their responsibility by reporting campaign funds. Moreover, confirmation or audit results have no impact on political parties and donors. The KPU should emphasize the importance of campaign fund reporting and audit to election participants and other involved parties. This aligns with the findings of (Hariwibowo and Santana, 2020) who stated that various parties, especially the KPU as an external agent, must play a role in achieving transparency and accountability in campaign funds to ensure a smooth audit process and provide auditors with sufficient confidence.

According to Audit Standard 505 (Institut Akuntan Publik Indonesia, 2021c), auditors must perform alternative procedures to obtain evidence if the confirmed parties do not respond. These procedures can include similar steps or requests for explanations on the lack of response. However, the procedures outlined in KPU Decision No. 1815 of 2023 do not specify follow-up actions for no response situations. A follow-up procedure should be established to address such situations. This can include inspecting additional documents related to donations received by the political party. Based on SA 500 (Institut Akuntan Publik Indonesia, 2021b) inspection involves examining records or documents providing evidence with varying reliability levels. These documents can be campaign donation receipts created by the political party, distinct from those required by the KPU. To further verify the reliability of the evidence, remote interviews with donors should be conducted, considering the number of questions regarding the additional information needed (Agha, 2022). inspection involves examining records or documents providing evidence with varying reliability levels. These documents can be campaign donation receipts

created by the political party, distinct from those required by the KPU. To further verify the reliability of the evidence, remote interviews with donors should be conducted, considering the number of questions regarding the additional information needed (Agha, 2022). Additionally, follow-up procedures can involve requesting statements from political parties regarding unresponded confirmations from donors. These additional pieces of evidence can be evaluated by auditors to verify the truthfulness of the donation transactions. With follow-up procedures, auditors can obtain sufficient evidence to consider the compliance opinion of political parties with applicable regulations. Transparency and accountability of political party finances can be achieved, given the high importance of campaign fund reports to the involved parties.

The study results indicate that the practice of campaign fund report auditing does not align with (Mardiasmo's, 2006), theory, as political parties participating in elections do not exhibit transparency in providing actual donation information. Similarly, the transparency indicators suggested by (Kristianten, 2006), reveal that evidence of donation validity could not be obtained by auditors, and donors were unwilling to respond to confirmations. Regulations governing the confirmation procedures are insufficient in providing guidelines for the audit of campaign fund reports. The KPU does not provide detailed confirmation procedures or follow-up actions for non-responses. Additionally, there are no strict sanctions imposed on election participants, donors, or other involved parties when they refuse to provide information regarding campaign funds. Therefore, it can be concluded that the transparency practice of political parties participating in the 2024 elections has not been implemented in accordance with KPU Regulation No. 18 of 2023 on Election Campaign Funds.

Conclusion and future direction

Donation confirmation is essential for providing evidence about the validity of donor identities and the amounts donated. However, some donors are found to be uncooperative in responding to confirmation requests. The timing of the confirmation process, which occurs after the election, leads to a diminished sense of responsibility among donors for their contributions. To address this, the KPU must play a crucial role in emphasizing the importance of campaign fund reporting and the necessity of auditing campaign fund reports to all election participants and involved parties. This effort is key to fostering transparency and accountability in political party finances. From an audit perspective, it is important to evaluate and improve follow-up procedures related to donation confirmation responses. These procedures can include document inspections, interviews, and requests for information from political parties regarding the confirmation. This study is limited by the references from previous research on this topic. It is recommended that further research be conducted on the audit of campaign fund reports, focusing on the audit procedures and their inherent limitations.

Implication

The results of this study offer substantial contributions to existing theories and frameworks within the realm of campaign finance auditing. The research uncovers deficiencies in current auditing practices, particularly in the area of donation confirmations. By pinpointing these shortcomings, the study challenges prevailing theories and underscores the need for more robust audit procedures and follow-up measures. The findings from this research provide valuable insights that can guide future investigations, prompting scholars to further examine and address the limitations within campaign fund auditing processes.

Practically, the study presents actionable recommendations for policymakers and auditors responsible for campaign fund audits. It highlights the critical need for the General Election Commission (KPU) to implement comprehensive follow-up procedures for instances where confirmations are not received. Furthermore, it advocates for auditors to utilize alternative approaches, such as document inspections and interviews, to collect adequate evidence. These managerial implications are intended to enhance the transparency and accountability of campaign fund reporting, assisting election authorities in ensuring regulatory compliance and improving the effectiveness of campaign finance audits.

Conflict of Interest (compulsory)

The authors declare that there are no conflicts of interest to disclose regarding this research. The study was conducted impartially and independently, with no commercial or financial affiliations that could be perceived as influencing the research outcomes. The authors have no financial interests or personal relationships that might have influenced the study's design, implementation, or findings. All findings and conclusions presented in this research are based solely on the data collected and analysis conducted.

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