

# Auditor Professionalism and Fraud Prevention: Implications for Good Government Governance

Auditor  
Professionalism and  
Fraud Prevention

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## ABSTRACT

The concept of good governance has become a normative framework in Indonesia, although the application of its principles is still a serious concern. A democratic system requires a government that is accountable, transparent, and free from corruption, collusion, and nepotism. This study aims to examine the influence of forensic audits, investigative audits, authentic professionalism and fraud prevention efforts on the realization of good governance in Audit Board of the Republic of Indonesia (Badan Pengawas Keuangan / BPK). This study uses a quantitative approach. This study used 104 auditors as samples who were selected through purposive sampling with the criteria of having relevant experience in forensic audits and investigative audits. Data was collected using questionnaires and measured using the Likert scale and analyzed with path analysis. The results of this study show that forensic audits, investigative audits, and auditor professionalism have a positive and significant effect on the fraud prevention. In addition, fraud prevention has a positive and significant effect on good governance, which shows that fraud prevention plays a role as a mediation variable. The results of this study highlight the need for public institutions to strengthen their audit functions, especially in the field of forensics and investigation, and to ensure that auditors uphold a high level of professionalism. This effort is necessary to create a strong internal control environment that supports transparent and accountable governance.

**Keywords:** Auditor Professionalism, Forensic Audit, Fraud Prevention, Good Government Governance, Investigative Audit.

## ABSTRAK

Konsep tata kelola pemerintahan yang baik telah menjadi kerangka normatif di Indonesia, meskipun penerapan prinsip-prinsipnya masih menjadi perhatian serius. Sistem demokrasi membutuhkan pemerintahan yang akuntabel, transparan, dan bebas dari praktik korupsi, kolusi, dan nepotisme. Penelitian ini bertujuan untuk mengkaji pengaruh audit forensik, audit investigasi, profesionalisme otentik dan upaya pencegahan kecurangan terhadap terwujudnya tata kelola yang baik pada Badan Pengawas Keuangan Republik Indonesia. Penelitian ini menggunakan pendekatan kuantitatif. Sampel dalam penelitian ini adalah 104 auditor yang dipilih melalui purposive sampling dengan kriteria memiliki pengalaman yang relevan dalam audit forensik dan audit investigasi. Data dikumpulkan menggunakan kuesioner dan diukur menggunakan skala Likert lalu diolah dengan analisis jalur. Hasil penelitian ini menunjukkan bahwa audit forensik, audit investigasi, dan profesionalisme auditor memiliki efek positif dan signifikan terhadap pencegahan fraud. Selain itu, pencegahan fraud memiliki efek positif dan signifikan terhadap tata kelola pemerintahan yang baik yang menunjukkan bahwa pencegahan fraud berperan sebagai variabel mediasi. Hasil penelitian ini menggarisbawahi perlunya lembaga publik untuk

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memperkuat fungsi audit mereka, terutama di bidang forensik dan investigasi, dan untuk memastikan bahwa auditor menjunjung tinggi profesionalisme tingkat tinggi. Upaya ini diperlukan untuk menciptakan lingkungan pengendalian internal yang kuat yang mendukung tata kelola yang transparan dan akuntabel.

**Kata kunci:** Profesionalisme Auditor, Audit Forensik, Pencegahan Penipuan, Tata Kelola Pemerintahan yang Baik, Audit Investigatif.

## INTRODUCTION

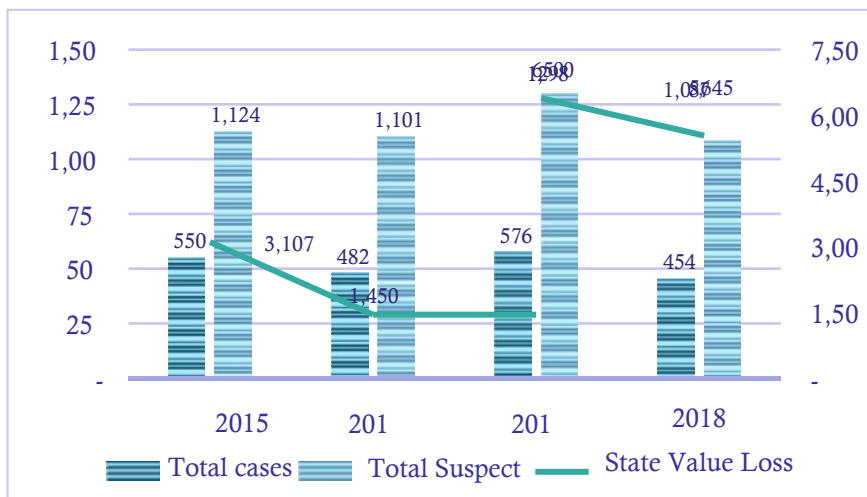
The concept of good governance has been embedded in Indonesia since the inception of the 1945 Constitution, as reflected in its Preamble, particularly in the fourth paragraph. However, the discourse surrounding the urgency of implementing Good Governance gained significant momentum following the fall of the New Order regime (Chariri, 2009; Bello & Olufemi, 2024). This political shift underscored the growing importance of a democratic system, with democracy becoming a core element of Good Governance (Nainggolan & Amalia, 2019; Lestari et al., 2021). The fundamental principles underpinning Good Governance include deliberation and consensus, moral integrity, transparency, responsiveness, national unity, social justice, cooperation, accountability, and sincere intent. In practice, implementing these principles remains a significant challenge (Amrizal, 2004; Lediastuti & Subandijo, 2014). This is particularly evident in the execution of regional autonomy, where misalignments with governance principles are widespread.

Several cases across districts, cities, and provinces highlight issues such as limited public participation in policy formulation, drafting of local regulations, and development planning; inconsistent law enforcement and favoritism; lack of transparency in regional budget deliberations (*Anggaran Pendapatan dan Belanja Daerah/APBD*), undisclosed audit results by the Regional Inspectorate (*Badan Pengawasan Daerah/Bawasda*), and opaque project tender procedures; a bureaucratic culture where officials expect to be served rather than serve the public; low efficiency, effectiveness, and professionalism among regional bureaucrats; uneven development and social inequalities; widespread money politics during elections; collusion, corruption, and nepotism (*Korupsi, Kolusi, Nepotisme/KKN*) in the appointment of regional officials; and Regional People's Representative Council (*Dewan Perwakilan Rakyat Daerah/DPRD*) members prioritizing political or personal interests over constituents' needs (Anggriawan, 2015; Madzivire et al., 2020).

Legal frameworks have supported efforts to advance good governance, yet significant gaps remain in their practical implementation. Initiatives include the People's Consultative Assembly Decree (*Ketetapan Majelis Permusyawaratan Rakyat/TAP MPR*) Number. XI/MPR/1999 and Law Number 28 of 1999, which emphasize clean governance free from corruption, collusion, and nepotism. Subsequent laws, such as the repeal of Law Number 15 of 2002 on Money Laundering and the establishment of the Corruption Eradication Commission (*Komisi Pemberantasan Korupsi/KPK*) through Law Number 32 of 2002, along with Presidential Decree Number 5 of 2004, have aimed to strengthen anti-corruption measures. However, according to Espinosa-Pike and Barrainkua (2016), the effectiveness of these measures is limited by inconsistent enforcement and a lack of integration between audit practices and governance outcomes. While improvements have been noted in some areas, achieving a fully corruption-free governance system remains elusive (Wulandari et al., 2021; Dianto, 2023).

The research gap lies in the limited exploration of how forensic audits, investigative audits, and auditor professionalism collectively influence fraud prevention and, consequently, Good Government Governance, particularly within the context of the Audit Board of the Republic of Indonesia (*Badan Pengawas Keuangan Republik Indonesia/BPK RI*). Existing studies, such as those by Flamini et al. (2021) and Clyde and Hanifah (2022), highlight the role of audits in fraud detection; however, they lack a

comprehensive analysis of their mediating effect on governance outcomes through fraud prevention. Figure 1, which illustrates trends in corruption case enforcement from 2015 to 2018 based on Indonesian Corruption Watch (ICW) data, underscores the persistent challenge of corruption, with 13 cluster modes including mark-up, budget abuse, and bribery, indicating a need for stronger preventive mechanisms. The purpose of this study is to address this gap by examining the extent to which forensic audits, investigative audits, and auditor professionalism impact fraud prevention and how these factors, individually and collectively, contribute to achieving Good Government Governance at BPK RI.



**Figure 1.** Trends in Enforcement of Corruption Cases for Three Years in the Same Semester (2015-2018)

This research, conducted at BPK RI with a sample of 104 auditors, examines the impact of forensic audits, investigative audits, and auditor professionalism on fraud prevention, as well as the role of fraud prevention in achieving Good Government Governance. The study aims to examine the direct and indirect effects of forensic audit, investigative audit, and auditor professionalism towards good government governance with fraud prevention as a mediating variable.

## **LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT**

### **Audit Practices and Auditor Professionalism on Fraud Prevention**

Fraud prevention is a proactive effort to eliminate the root causes of fraudulent behavior through the cultivation of ethical values, strong internal controls, and vigilant oversight mechanisms (Chatterjee et al., 2008; Kusuma et al., 2020; Aziz & Andriansyah, 2023). In this context, forensic audits, investigative audits, and auditor professionalism play a critical role in reinforcing such preventive measures. Forensic auditing, as a specialized branch of auditing intended for legal scrutiny, contributes significantly to fraud prevention by objectively uncovering and documenting financial misconduct (Mustoffa, 2018; Kartika & Setiawati, 2024). With its scope covering criminal investigations, shareholder disputes, and corporate fraud, forensic auditing provides reliable evidence that can be used not only in court proceedings but also in building systems that deter future fraud (Kovermann & Wendt, 2019; Indarta et al., 2022).

Similarly, investigative audits are vital in detecting and responding to indications of fraud. They involve a systematic examination of evidence to determine the truth behind financial discrepancies or ethical violations (DiGabriele & Huber, 2015; Botes & Saadeh, 2018). Investigative auditors assess the sufficiency and relevance of data, secure critical documents, recover losses, and ensure that perpetrators are held accountable (Ballantine & Mccourt, 2011). This process helps protect innocent parties, reinforce legal compliance, and restore organizational integrity. By ensuring that fraud is not only detected but also

thoroughly addressed, investigative audits create a strong deterrent effect that is essential for effective fraud prevention (Sánchez-Marín et al., 2016; Brune et al., 2019).

Auditor professionalism further strengthens these efforts by ensuring that audit processes are conducted with competence, adherence to professional standards, and ethical responsibility. A professional auditor upholds objectivity and integrity, which are essential in identifying fraudulent activities without bias (Ulimsyah, 2021; Sudarmadi, 2023). The presence of professional auditors, guided by standards from institutions like the Indonesian Institute of Accountants (IAI), enhances the reliability of fraud detection and prevention systems (Cristina & Cristina, 2009; Petraşcu & Tieanu, 2014). Altogether, these three elements, when functioning in synergy, provide a robust foundation for preventing fraud within organizations by reducing vulnerabilities and reinforcing accountability.

H1: Forensic audit has a significant effect on fraud prevention.

H2: Investigative audit has a significant effect on fraud prevention.

H3: Auditor professionalism has a significant effect on fraud prevention.

### **Fraud Prevention and Audit Practices in Good Government Governance**

The realization of good government governance is closely tied to the effectiveness of fraud prevention, forensic audits, investigative audits, and auditor professionalism (Martinez & Ramalho, 2014; Abdillah et al., 2021). Fraud prevention plays a fundamental role in upholding integrity within public institutions by eliminating the root causes that give rise to fraudulent behavior. This is achieved through the cultivation of ethical values, the implementation of robust internal controls, and the establishment of effective oversight mechanisms. When fraud is minimized, transparency, accountability, and public trust, key pillars of good governance, are better sustained (Barrainkua & Espinosa-Pike, 2018).

Forensic auditing further strengthens governance practices by providing a legal basis for detecting and addressing financial irregularities (Desai & Dharmapala, 2006; Singh, 2008; Natalia & Murni, 2019). As a specialized form of audit aimed at legal scrutiny, forensic audits support the pursuit of justice in cases involving corruption or mismanagement of public funds (Scholar, 2019). They offer objective, evidence-based insights into financial misconduct, thus contributing to a transparent and law-abiding government structure. In the context of governance, forensic audits play a crucial role in exposing abuse of power and reinforcing institutional accountability (Fama & Jensen, 1983; Muhammad, 2013).

Similarly, investigative audits serve as a responsive mechanism to identify, analyze, and document fraudulent activities when suspicions arise. These audits support governance by ensuring that violations are promptly and thoroughly addressed. Through meticulous investigation, evidence gathering, and adherence to procedural and ethical standards, investigative audits not only uncover fraud but also promote systemic improvements to prevent recurrence. This contributes to a cleaner, more credible public administration (Costa et al., 2016; Carrera & Van Der Kolk, 2021).

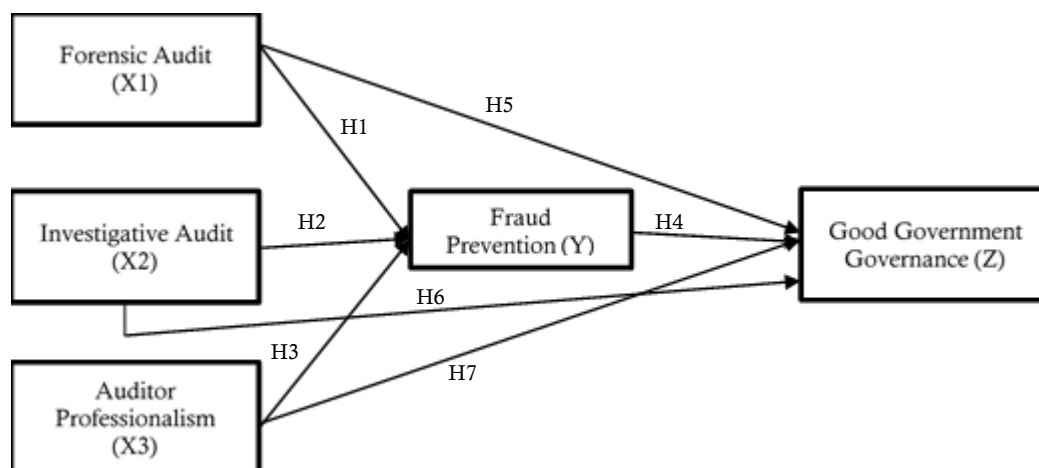
Auditor professionalism is the unifying thread that ensures the integrity of the auditing process (Kusumawardani, 2012; Tiwari & Debnath, 2017). Auditors who possess technical expertise, adhere to ethical principles, and follow standardized practices are vital in maintaining public sector credibility. Their impartiality and competence underpin reliable evaluations of financial reports and compliance, thereby fostering confidence in governmental institutions. When these four elements work in tandem, they create a strong foundation for the successful implementation of good government governance.

H4: Fraud prevention has a significant effect on good government governance.

H5: Forensic audit has a significant effect on good government governance

H6: Investigative audit has a significant effect on good government governance.

H7: Auditor professionalism has a significant effect on good government governance.



**Figure 2.** Research Framework

Figure 2 illustrates the conceptual framework of the relationship between variables in a research model that examines the influence of Forensic Audit (X1), Investigative Audit (X2), and Auditor Professionalism (X3) on Good Government Governance (Z) with Fraud Prevention (Y) as an intervening variable. This model shows that the three independent variables (X1, X2, X3) not only affect Good Government Governance directly, but also indirectly through the mediating role of Fraud Prevention. The direction of the arrow shows the flow of influence, indicating a causal relationship between these variables. This model suggests that fraud prevention efforts are a crucial element in enhancing the impact of forensic audits, investigative audits, and auditor professionalism on achieving good governance. Thus, Fraud Prevention becomes a strategic bridge that connects the quality of audit practices and professionalism with improving the quality of governance.

## RESEARCH METHOD

This study adopts a quantitative approach with a correlational research design to examine the causal relationships between forensic audits, investigative audits, auditor professionalism, fraud prevention, and Good Government Governance. The research was conducted at the Audit Board of the Republic of Indonesia (BPK RI), targeting a population of auditors actively engaged in audit activities. A purposive sampling method was employed to select 104 auditors, ensuring participants had relevant experience in forensic and investigative audits to align with the study's objectives. This design enables the exploration of both direct and indirect effects of the independent variables on the dependent variable through the mediating role of fraud prevention, using path analysis as the primary analytical method.

Data were collected by distributing questionnaires to the selected sample, designed to measure the variables of forensic audits, investigative audits, auditor professionalism, fraud prevention, and Good Government Governance. Each variable was assessed using multiple indicators, with responses captured on a Likert scale ranging from 1 (strongly disagree) to 4 (strongly agree). The measurement of forensic audits included items such as the ability to uncover financial misconduct, while investigative audits focused on evidence gathering and fraud detection. Auditor professionalism was evaluated based on competence, ethical conduct, and adherence to standards set by the Indonesian Institute of Accountants (IAI). Fraud prevention was measured through indicators of internal control effectiveness, and Good Government Governance was assessed via principles like transparency and accountability. The questionnaires underwent validity and reliability testing, ensuring a validity index of  $\geq 0.3$  and a Cronbach's Alpha value exceeding 0.70 for reliability.

Descriptive analysis was conducted to evaluate the achievement of each indicator, calculated by summing the responses for each questionnaire item, dividing by the ideal score, and multiplying by 100% to obtain the percentage of achievement, expressed as  $CI = JR/SI \times 100\%$ , where CI is Indicator Achievement, JR is the number of respondent answers, and SI is the ideal score. The results were interpreted using classification, categorizing achievement as bad (0% to <25%), not good (25% to <50%), fairly good (50% to <75%), or good (75% to 100%). Path analysis was utilized to measure the direct and indirect effects of the independent variables on Good Government Governance, with fraud prevention as the intervening variable, providing a comprehensive understanding of the relationships within the model.

## RESULTS

Descriptive testing of variables is conducted to determine whether the variables being studied are suitable and meet the required standards for inclusion in the research. This analysis generates essential statistical metrics such as the mean, standard deviation, and the minimum and maximum values for each variable. The descriptive analysis section first presents the overall average values for all variables, followed by a detailed breakdown of the mean scores for each individual indicator within those variables.

Table 1. Test Description of All Variables

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Audit Forensic	104	2.72	3.88	3.30	0.58
Audit Investigative	104	2.76	3.90	3.33	0.57
Professionalism Auditor	104	2.72	3.78	3.25	0.53
Prevention Fraud	104	2.65	3.66	3.16	0.51
Good Government Governance	104	2.75	3.90	3.30	0.58
Valid N (listwise)	104				

Referring to the data presented in Table 1 the mean scores indicate that the average value for the forensic audit variable is 3.30 (categorized as fairly good), the investigative audit variable is 3.33 (fairly good), auditor professionalism is 3.25 (fairly good), fraud prevention is 3.16 (fairly good), and good government governance is 3.30 (fairly good). Since all average values are below 3.40, they fall within the “fairly good” category. In line with Indarta’s view (2022), this suggests that all the variables are appropriate for further examination, as the data reveal existing issues and indicate potential for improvement in each variable’s performance.

Validity is evaluated by analyzing the correlation between each item score and the total score. According to Ghazali (2016) and Sugiyono (2013), an item is valid if it strongly and positively correlates with the total score, with a validity index of  $\geq 0.3$ . Items with a correlation coefficient  $\leq 0.3$  are considered invalid and require revision. The validity test results were obtained from the processed data.

Table 2. Validity Test

Variable	No Item	R-account	R-critic	Conclusion
Forensic Audit (X1)	X1.1	0.825	0.300	Valid
	X1.2	0.553	0.300	Valid
	X1.3	0.835	0.300	Valid
	X1.4	0.736	0.300	Valid
	X1.5	0.381	0.300	Valid
	X1.6	0.508	0.300	Valid
	X1.7	0.571	0.300	Valid
	X1.8	0.550	0.300	Valid
	X1.9	0.703	0.300	Valid
Investigative Audit (X2)	X2.1	0.863	0.300	Valid
	X2.2	0.740	0.300	Valid
	X2.3	0.889	0.300	Valid
	X2.4	0.426	0.300	Valid
	X2.5	0.883	0.300	Valid

Variable	No Item	R-account	R-critic	Conclusion
Professionalism Auditor (X3)	X3.1	0.673	0.300	Valid
	X3.2	0.904	0.300	Valid
	X3.3	0.818	0.300	Valid
	X3.4	0.719	0.300	Valid
Fraud Prevention (Y)	Y.1	0.871	0.300	Valid
	Y.2	0.623	0.300	Valid
	Y.3	0.913	0.300	Valid
	Y.4	0.575	0.300	Valid
	Y.5	0.933	0.300	Valid
Good Government Governance (Z)	Z.1	0.731	0.300	Valid
	Z.2	0.362	0.300	Valid
	Z.3	0.393	0.300	Valid
	Z.4	0.538	0.300	Valid
	Z.5	0.735	0.300	Valid
	Z.6	0.513	0.300	Valid
	Z.7	0.889	0.300	Valid
	Z.8	0.783	0.300	Valid
	Z.9	0.617	0.300	Valid

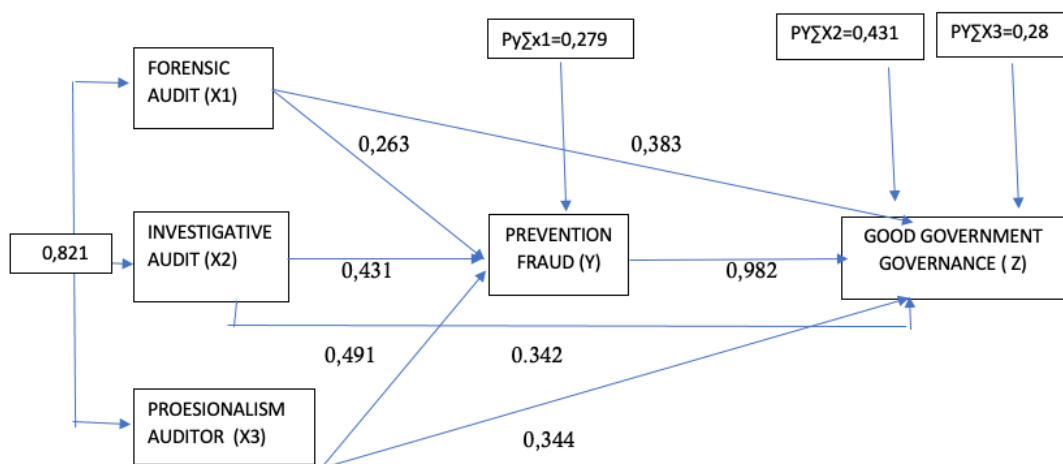
Based on Table 2, the results of the validity test show that all question items in the five variables have a calculated  $r$  value greater than the critical value of 0.300. Therefore, it can be concluded that all question items in each variable are valid.

Reliability testing aims to determine whether an instrument consistently produces stable results. According to Sugiyono (2013), an instrument is reliable if repeated measurements yield consistent data. This study used the Cronbach's Alpha method to assess reliability across all questionnaire items. An instrument is considered reliable if the Cronbach's Alpha value exceeds 0.70. The following results were obtained based on the data analysis.

**Table 3. Reliability Test**

Variable	Cronbach Alpha	Critical Value	Conclusion
Forensic Audit (X1)	0.800	0.700	Reliable
Investigative Audit (X2)	0.820	0.700	Reliable
Auditor Professionalism (X3)	0.785	0.700	Reliable
Fraud Prevention (Y)	0.849	0.700	Reliable
Good Government Governance (Z)	0.798	0.700	Reliable

Based on Table 3, it can be seen that all variables have a Cronbach alpha reliability coefficient value  $> 0.700$ . So, it can be stated that all variables in this study are reliable.



**Figure 3. Complete Path Diagram**

To address the research questions, the researcher employs path analysis to measure both the direct and indirect effects of exogenous variables on endogenous variables through intervening variables. Figure 3 illustrates the path analysis model, showing the causal relationships between Forensic Audit (X1), Investigative Audit (X2), Auditor Professionalism (X3), Fraud Prevention (Y), and Good Government Governance (Z). The model indicates that X1, X2, and X3 influence Y with coefficients of 0.263, 0.431, and 0.491, respectively, and directly affect Z with coefficients of 0.383, 0.342, and 0.344. Fraud Prevention (Y) strongly influences Z with a coefficient of 0.982, highlighting its mediating role.

A hypothesis generally represents the core problem being investigated in a study and serves as a foundation that motivates the research. It typically includes two components: the null hypothesis (Ho) and the alternative hypothesis (Ha). In this study, the proposed hypotheses are tested using both simultaneous testing (F-test) and partial testing (T-test). The t-test evaluates the partial effect of each independent variable on the dependent variable. Suppose the calculated t-value (t-count) exceeds the critical t-value (t-table) of 1.983 (at a 5% significance level with 102 degrees of freedom) and the significance level is less than 0.05. In that case, Ho is rejected, and Ha is accepted, indicating a significant effect.

Table 4. T-Test

Structure	Coefficient	t-count	t-table	Sig (P-value)	Conclusion
X1-Y	0.263	4.273	1.983	0.000	Receipt
X2-Y	0.432	8.502	1.983	0.000	Receipt
X3-Y	0.342	6.946	1.983	0.000	Receipt
Y-Z	0.902	21.143	1.983	0.000	Receipt
X1-Z	0.383	5.802	1.983	0.000	Receipt
X2-Z	0.144	2.647	1.983	0.009	Receipt
X3-Z	0.491	9.308	1.983	0.000	Receipt

Table 4 shows that all relationships are statistically significant, with t-count values exceeding 1.983 and P-values below 0.05. Forensic Audit (X1) significantly affects Fraud Prevention (Y) ( $\beta=0.263$ , t-count=4.273) and Good Government Governance (Z) ( $\beta=0.383$ , t-count=5.802). Investigative Audit (X2) impacts Y ( $\beta=0.432$ , t-count=8.502) and Z ( $\beta=0.144$ , tcount=2.647). Auditor Professionalism (X3) influences Y ( $\beta=0.342$ , t-count=6.946) and Z ( $\beta=0.491$ , t-count=9.308). Fraud Prevention (Y) strongly affects Z ( $\beta=0.902$ , tcount=21.143), confirming its mediating role.

From these influence models a corresponding path diagram can be constructed. This diagram represents the path analysis model including error terms derived from the analysis results as follows:

1. The influence of X1, X2 and X3 on Y =  $\sqrt{(1-0.922)} = 0.279$
2. The influence of Y on Z =  $\sqrt{(1-0.814)} = 0.431$
3. The influence of X1, X2 and X3 on Z =  $\sqrt{(1-0.911)} = 0.298$

The following section provides an interpretation of the computed direct, indirect and total effects of forensic audit (X1) investigative audit (X2) and auditor professionalism (X3) on good government governance (Z) with fraud prevention (Y) serving as the mediating variable.

Table 5. Direct and Indirect Effect

Variable	Direct Effect	Indirect Effect	Total Effect (TP)
X1 (Forensic Audit)	0.383	$0.263 \times 0.902 = 0.237$	0.62
X2 (Investigative Audit)	0.144	$0.432 \times 0.902 = 0.390$	0.534
X3 (Auditor Professionalism)	0.491	$0.342 \times 0.902 = 0.308$	0.799

Based on the calculation results on Table 5 the strongest effect is observed in the relationship between auditor professionalism (X3) and good government governance (Z) through the mediating variable fraud prevention (Y). Conversely, the weakest effect is found in the relationship between investigative audit (X2) and good government governance (Z) through fraud prevention (Y). These findings indicate that fraud prevention (Y) functions as an intervening variable that mediates the influence of the independent variables, namely forensic audit (X1), investigative audit (X2), and auditor professionalism (X3), on the dependent variable, good government governance (Z).

## **DISCUSSION**

The findings of this study confirm that forensic audits, investigative audits, and auditor professionalism have a significant and positive impact on fraud prevention within the BPK RI, aligning with theoretical expectations about the critical role of robust audit mechanisms in curbing financial misconduct. The results indicate that investigative audits exert the strongest direct influence on fraud prevention ( $\beta = 0.432$ ), followed by auditor professionalism ( $\beta = 0.342$ ) and forensic audits ( $\beta = 0.263$ ), all significant at  $p < 0.05$ . These findings resonate with Crumbley et al. (2003), who emphasize that forensic audits provide reliable evidence for litigation, and Gupta et al. (2011), who highlight investigative audits as essential tools for uncovering fraud. Moreover, according to DiGabriele and Huber (2015), the systematic nature of investigative audits strengthens their effectiveness in detecting discrepancies, supporting this study's finding of their dominant role in fraud prevention. The synergy of these audit practices creates a robust framework for identifying and mitigating fraudulent activities, reinforcing organizational integrity.

Fraud prevention serves as a pivotal mediator in enhancing Good Government Governance (Z), with a strong direct effect ( $\beta = 0.902$ ). This underscores its role as both a reactive and proactive mechanism, detecting irregularities early and fostering transparency and accountability. This finding aligns with Hamdani and Albar (2016), who argue that internal controls are foundational to clean governance, and extends the work of Islam and Rahman (2025), who emphasize the proactive role of fraud prevention in sustaining public trust. The mediation effect highlights that effective fraud prevention amplifies the impact of audit practices on governance outcomes. Forensic audits, with a total effect on governance of 0.620 when mediated through fraud prevention, demonstrate their value in providing legally sound evidence, as noted by Steijvers and Niskanen (2014). This not only supports legal resolutions but also deters future violations by reinforcing accountability, a cornerstone of good governance.

Auditor professionalism emerges as the most influential variable when mediated by fraud prevention, with a total effect on governance of 0.799. This underscores the importance of ethical conduct, technical competence, and adherence to standards set by bodies like the Indonesian Institute of Accountants (IAI). According to Barrainkua and Espinosa-Pike (2018), the impartiality and expertise of professional auditors are critical for credible financial evaluations, a view echoed by Sood et al. (2023), who stress that continuous learning and ethical integrity enhance audit performance. This finding suggests that professional auditors act as both watchdogs and stewards of public interest, significantly shaping governance quality. In contrast, investigative audits, despite a notable direct effect ( $\beta = 0.144$ ) and total effect (0.534) on governance, have a relatively weaker influence. This supports Abdillah et al. (2020), who argues that investigative audits require follow-up actions, such as legal prosecution or policy reforms, to achieve lasting governance improvements, as their impact is often contingent on systemic changes (Nag, 2018).

Theoretically, these results enrich the governance literature by demonstrating how audit quality and ethical conduct translate into institutional performance through fraud prevention. The study builds on Martinez and Ramalho (2014), who link audit practices to governance outcomes, by providing empirical evidence of the mediating role of fraud prevention in this relationship. Practically, the findings imply that public institutions like

BPK RI should prioritize strengthening forensic and investigative audit capacities while fostering auditor professionalism to enhance fraud prevention and governance. This could involve targeted training programs to improve technical skills and ethical awareness, as well as integrating advanced audit technologies to detect irregularities more effectively. Furthermore, policymakers should focus on embedding robust internal controls and transparent reporting mechanisms to sustain governance improvements. These implications underscore the necessity of a comprehensive approach, integrating audit excellence with systemic reforms, to achieve sustainable, corruption-free governance in public institutions.

## **CONCLUSION**

Based on the research findings and discussion, several key conclusions can be drawn. First, the descriptive analysis shows that the implementation of forensic audits, investigative audits, auditor professionalism, fraud prevention, and good government governance within the observed institution is generally in the “quite good” category. The study further reveals that forensic audit, investigative audit, and auditor professionalism each have a significant and positive influence on fraud prevention. These three factors serve as critical mechanisms for detecting and mitigating fraud within public sector institutions. Additionally, fraud prevention itself is shown to have a significant positive impact on good government governance, indicating its essential role as a mediating variable.

Practically, the results underscore the need for public institutions to strengthen their audit functions, especially in forensic and investigative areas, and to ensure that auditors uphold a high level of professionalism. These efforts are necessary to create a strong internal control environment that supports transparent and accountable governance. Theoretically, this study enriches the body of literature on governance by demonstrating how audit quality and ethical conduct translate into improved institutional performance, particularly through the prevention of fraud. However, this study is not without limitations. It focuses solely on auditors within the BPK RI, which may limit the generalizability of the findings to other public institutions or private organizations. Furthermore, it relies on self-reported data through questionnaires, which can be subject to bias.

For future research, it is recommended to expand the sample scope to include other governmental bodies or regional audit institutions. Researchers may also consider using a mixed-methods approach by incorporating interviews or case studies to deepen the understanding of the mechanisms linking audit practices and governance outcomes. These steps would help validate and strengthen the theoretical and practical implications outlined in this study.

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