**Journal of Economics, Finance and Management Studies**

ISSN (print): 2644-0490, ISSN (online): 2644-0504

Volume 09 Issue 11 November 2026

Article DOI: 10.47191/jefms/v9-i11-38, Impact Factor: 8.735

Page No: 6222-6227

# The Impact of Forensic Auditing, The Code of Ethics for Indonesian Accountants, and the Public Accountant Law on the Elimination of Corruption at PT PLN

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**ABSTRACT:** This study aims to examine and analyze the impact of forensic auditing, the Code of Ethics for Indonesian Accountants, and the Public Accountant Law on the elimination of corruption at PT PLN. The research employs a qualitative method, involving 25 students from STIE YAI Jakarta as participants. The findings indicate that forensic auditing, the Code of Ethics for Indonesian Accountants, and the Public Accountant Law contribute to the elimination of corruption at PT PLN.

**KEYWORDS:** Forensic auditing, Code of Ethics for Indonesian Accountants, Public Accountant Law, corruption.

## I. BACKGROUND

Throughout 2026, law enforcement authorities have been investigating several alleged corruption cases and irregularities within PT PLN (Persero):

1. Alleged Corruption in Coal Procurement for Steam Power Plants (PLTU) (July 2026)
1) Case: The Indonesian National Police's Anti-Corruption Task Force (Kortastipidkor) has elevated the investigation into alleged irregularities in coal procurement and supply fulfillment—specifically concerning Domestic Market Obligation (DMO) requirements—to the formal investigation stage.
2) State Losses: Estimated at IDR 5 trillion (a preliminary figure, currently being coordinated with the Audit Board of the Republic of Indonesia/BPK RI).
3) Impact: Allegedly triggered disruptions in electricity supply and rolling blackouts in several regions.

2. Corruption in Coal Projects and Financing at PT PLN Batubara (July 2026)
1) Case: The Indonesian National Police uncovered an alleged corruption case involving an "invoice financing" facility provided by PT Perusahaan Pengelola Aset (Persero) to PT Bintang Abadi Sampurna, related to a coal procurement project for PT PLN Batubara (covering the 2019–2020 period).
2) State Losses: Amounting to IDR 38.9 billion.

3. Musi Hydroelectric Power Plant (PLTA) Project Case, Bengkulu (February 2026)
1) Case: The Bengkulu High Prosecutor's Office has named Daryanto, Vice President of O&M Planning and Control V at PLN Indonesia Power, as a suspect in a case involving the mark-up of costs for the Main Control System (SKU) replacement project at the Musi Hydroelectric Power Plant (PLTA).
2) State Losses: Estimated at IDR 11.6 billion.
3) Case: The Bengkulu High Prosecutor's Office has named Daryanto, Vice President of O&M Planning and Control V at PLN Indonesia Power, as a suspect in a case involving the mark-up of costs for the Main Control System (SKU) replacement project at the Musi Hydroelectric Power Plant (PLTA).
4) State Losses: Estimated at IDR 11.6 billion.

4. West Kalimantan Steam Power Plant (PLTU) 1 Project Case (2025–2026)

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1) Case: The Indonesian National Police's Corruption Crimes Investigation Directorate (Kortastipidkor) has named several suspects, including Halim Kalla (President Director of PT Bakti Resa Nusa) and Fahmi Mukhtar (former President Director of PLN, 2008–2009). [1]

2) State Losses: The project was declared a "total loss" by the Supreme Audit Agency (BPK), with estimated losses reaching IDR 1.3 trillion (comprising USD 64.4 million and IDR 323.1 billion). [1]

a. 5. Bukit Asam Steam Power Plant (PLTU) Sootblowing Retrofit Case (KPK)

3) Case: The Corruption Eradication Commission (KPK) continues to investigate alleged corruption involving procurement and budget manipulation in the sootblowing system retrofit project at the Bukit Asam Steam Power Plant (PLTU)—under the jurisdiction of PT PLN (Persero)'s Southern Sumatra Generation Unit—covering the period from 2017 to 2022.

(Leadership Note: In October 2026, Darmawan Prasodjo was removed from his position as President Director of PT PLN (Persero) via an Extraordinary General Meeting of Shareholders (EGMS) and was succeeded by Suroso Isnandar, who serves as Acting President Director.) The Role of Forensic Auditing, the Code of Ethics for Indonesian Accountants, and the Public Accountant Law in Eliminating Corruption within a Company.

II**. THEORETICAL REVIEW.**

1. FORENSIC AUDIT

A forensic audit is a process of in-depth examination and investigation of financial records, transactions, and documentation, aimed at detecting, analyzing, and proving indications of fraud or criminal activity, with results that can be presented as evidence in a court of law.

1. Definition & Key Characteristics

1) Combined Expertise: Integrates knowledge from the fields of accounting, auditing, and law.

2) Legal Orientation: Unlike a standard financial audit—which provides a general opinion—a forensic audit focuses on gathering robust, admissible evidence for use in litigation

2. Primary Functions

1) Fraud Detection: Identifying methods of financial statement manipulation, asset misappropriation, conflicts of interest, and corruption.

2)Gathering Admissible Evidence: Collecting valid evidence that meets legal standards for use in court proceedings.

3)Control Recommendations:

4)Quantifying Losses: Determining the actual value of financial losses (e.g., losses to the state).

3. Implementation Stages

1)Planning & Identification: Defining the scope, understanding the background of the alleged fraud, and designing an investigation strategy.

2)Evidence Collection: Gathering physical or electronic documents, conducting investigative interviews, and performing data analysis.

3)Evidence Analysis (Anomalies): Utilizing specialized techniques—such as "following the money," the net worth method, or forensic data analysis—to examine irregularities.

4)Reporting: Compiling findings into an objective, comprehensive report suitable for use as a legal basis.

4. Authorized Entities

In Indonesia, forensic or investigative audits may be conducted by authorized state institutions—such as the BPK (Audit Board of the Republic of Indonesia) and the BPKP (Financial and Development Supervisory Agency)—as well as by government inspectorates or certified Public Accounting Firms (KAP).

2. CODE OF ETHICS FOR INDONESIAN ACCOUNTANTS:

The Code of Ethics for Indonesian Accountants is a set of values, norms, and moral principles that must be upheld by all members of the accounting profession in Indonesia—whether they practice as public accountants, work in the private sector, serve in government agencies, or operate within the education sector.

This code of ethics was developed and ratified by the Indonesian Institute of Accountants (IAI) in collaboration with relevant associations (such as IAPI and IAMI), and it is aligned with the international standards established by the International Ethics Standards Board for Accountants (IESBA). Five Fundamental Principles of the Code of Ethics for Accountants

Based on the provisions set forth by the IAI (Institute of Indonesia Chartered Accountants), there are five core principles that serve as a guide for the conduct of every accountant:

1)Integrity: Being straightforward, honest, and open in all professional and business relationships.
2)Objectivity: Not allowing bias, conflicts of interest, or undue influence/pressure from other parties to compromise professional judgment.
3)Professional Competence and Due Care: Attaining and maintaining professional knowledge and expertise to ensure that clients receive competent services, in line with developments in technology, technical standards, and legal regulations.or judicial proceedings.
4)Confidentiality: Maintaining the confidentiality of information acquired through professional and business relationships, and not disclosing such information without proper authorization.

Threat Identification Framework
The Code of Ethics employs a framework-based approach to identify, evaluate, and address threats to the fundamental ethical principles, which include:
1)Self-interest
2)Self-review
3)Advocacy
4)Familiarity
5)Intimidation
6)Professional Behavior: Complying with applicable laws and regulations and avoiding any conduct that might discredit the accounting profession.
Latest Updates (2025 Revision)
The IAI (Institute of Indonesia Chartered Accountants) Code of Ethics Board has approved the 2025 Revision of the Code of Ethics for Indonesian Accountants (which references the 2024 edition of the *Handbook of the International Code of Ethics for Professional Accountants*). These updates include:
7)Ethical provisions regarding tax planning activities for accountants in business and public practitioners.
8)Adjustments and disclosure requirements concerning the use of technology in professional practice.

3. Law No. 5 of 2011 concerning Public Accountants (enacted on May 3, 2011) serves as the primary legal foundation governing the profession of Public Accountants (AP) and Public Accounting Firms (KAP) in Indonesia.
Key Points of Law No. 5 of 2011:
1)Public Accountant License: A license to practice as a Public Accountant is issued by the Minister of Finance; it is valid for 5 (five) years and is subject to renewal.
2)Assurance Services (Exclusive Right): Public accountants hold the exclusive right to provide assurance services, which include audits of historical financial statements, reviews of historical financial statements, and other assurance services. The preparation of financial statements remains the responsibility of management.
3)Public Accounting Firm (KAP): A Public Accounting Firm (KAP) may be structured as a sole proprietorship, a civil partnership, a firm (partnership), or any other business form as stipulated by law. A KAP is required to maintain a quality control system and employ a minimum number of professional staff in accordance with applicable regulations.
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3)Public Accounting Firms (KAP): A KAP may be structured as a sole proprietorship, a civil partnership, a firm, or any other business form permitted by law. KAPs are required to maintain a quality control system and employ a minimum number of professional staff as stipulated by regulation.
4)Foreign Personnel & Foreign Partners: The composition of foreign partners is limited to a maximum of 1/5 (one-fifth), and the proportion of foreign personnel is limited to a maximum of 1/10 (one-tenth).

5)Prohibitions for Public Accountants: These include violating the principle of independence, holding prohibited concurrent positions, owning more than one KAP, or falsifying data/documents.

Sanctions: Violations of the law's provisions may result in administrative sanctions (ranging from warnings and license suspension to license revocation) as well as criminal penalties, including imprisonment for up to 5–6 years and specific fines.

Public Accountant Profession Committee (KPAP): Comprising 13 members serving a 3-year term, this committee assists the Minister in the development and supervision of the profession.

CORRUPTION.

Corruption in Indonesia is a systemic issue involving various state institutions, strategic sectors, and law enforcement. Current Status of the Corruption Perceptions Index (CPI)

1)CPI Score: Based on the latest data, Indonesia's Corruption Perceptions Index (CPI) score stands at 34 out of 100.

2)Global Ranking: Indonesia ranks 109th out of 180 countries/territories surveyed.

3)Trends: This score reflects significant challenges in anti-corruption efforts, with the weakening of regulations and a decline in civil liberties remaining key concerns for observers.

4)Law Enforcement Institutions

5)Anti-corruption efforts in Indonesia are handled synergistically by several primary institutions:

6)KPK (Corruption Eradication Commission): Focuses on the investigation, inquiry, and prosecution of strategic corruption cases, as well as corruption prevention.

7)Attorney General's Office (Kejaksaan Agung): Handles the investigation, prosecution, and execution of major cases that cause financial loss to the state.

8)Indonesian National Police (Polri): Handles the investigation and inquiry into corruption offenses at various levels.

9)PPATK (Financial Transaction Reports and Analysis Center): Analyzes suspicious financial transactions.

10)BPKP (Financial and Development Supervisory Agency) & BPK (Audit Board of the Republic of Indonesia): Conduct audits and oversight of state financial management.

Primary Legal Framework

1)Law Number 31 of 1999, in conjunction with Law Number 20 of 2001, concerning the Eradication of Corruption Offenses.

2)Discussions regarding the reform and review of regulations—including alignment with international conventions such as the UNCAC, as well as advocacy for an Asset Forfeiture Bill—remain ongoing within the government.

## III. RESEARCH METHODOLOGY

This study employs a qualitative approach.

Qualitative research is a scientific approach aimed at gaining an in-depth understanding of social, cultural, or behavioral phenomena within their natural setting, without the use of mathematical models or numerical data.

Key Characteristics

•Researcher as the key instrument: The researcher personally collects and interprets data, interacting directly with the research subjects.

•Natural setting: Data is collected directly in the field where the phenomenon occurs.

•Descriptive in nature: Data consists of words, images, or behaviors rather than numbers.

•Inductive analysis: Meaning is constructed from field observations, rather than through the testing of statistical hypotheses.

•Emphasis on meaning: The focus is on the "why" and "how" of a phenomenon, rather than on seeking generalizations.

The study was conducted with 25 students from STIE YAI Jakarta during the odd semester of 2026, who served as participants. Data collection involved interviews and discussions, with triangulation carried out through Focus Group Discussions (FGDs). Finally, conclusions and recommendations were formulated.

## IV. DISCUSSION OF RESULTS.

### 1.FORENSIC AUDITING and the Elimination of CORRUPTION.

Forensic auditing does not entirely eliminate corruption; rather, it serves as a strategic tool for preventing, detecting, investigating, and proving acts of corruption in a court of law.

The role of forensic auditing in combating corruption includes:

•Preventive Strategy: The presence of forensic accountants and the prospect of an in-depth audit create a deterrent effect, instilling a fear among potential perpetrators that financial manipulation will be easily uncovered. Detective Strategy: Through

techniques such as data analysis, tracing, and "following the money," auditors can track complex financial transactions, schemes like price mark-ups, and the abuse of authority. [1]

•Calculation of State Losses: Forensic auditing identifies, quantifies, and objectively proves the element of financial loss to the state—a mandatory requirement in corruption cases within Indonesia.

Litigation Purposes: It is designed from the outset to generate findings and legally admissible evidence for court proceedings.

According to the Corruption Eradication Commission (KPK), the use of technologies such as artificial intelligence (AI) and data analytics further enhances the effectiveness of forensic auditing. Nevertheless, technology remains merely an auxiliary tool; human integrity and synergy among law enforcement agencies are the primary factors in minimizing corruption to the greatest extent possible.

**2.THE CODE OF ETHICS FOR INDONESIAN ACCOUNTANTS AND CORRUPTION**

The implementation of the Code of Ethics for Indonesian Accountants serves a strategic role as a pillar of integrity and a bulwark against corrupt practices in both the financial and government sectors.

1. Five Fundamental Principles of Accountant Ethics

The Code of Ethics for Indonesian Accountants (which adopts the international standards of the IESBA-IFAC) requires every professional accountant to adhere to five core principles:

1)Integrity: Being straightforward, honest, and having the courage to reject any form of manipulation or falsification of financial data.

2)Objectivity: Ensuring that subjectivity, conflicts of interest, or the influence of other parties do not compromise professional judgment.

3)Professional Competence and Due Care: Maintaining knowledge and expertise to ensure that services are provided diligently and in accordance with applicable standards.

4)Confidentiality: Safeguarding confidential information obtained through professional relationships, unless there is a legal obligation to disclose it.

5)Professional Behavior: Complying with relevant laws and regulations and avoiding actions that could discredit the profession (including bribery, embezzlement, or collusion).

The Relationship Between the Accountant's Code of Ethics and Anti-Corruption Efforts

Preventing Financial Manipulation: Corruption and fraud are often concealed through the manipulation of financial statements. Accountants who uphold integrity and objectivity can detect or close loopholes for such manipulation at an early stage.

Threats and Safeguards Framework (Conceptual Framework): Accountants are required to identify, evaluate, and address threats to ethical compliance (such as self-interest or intimidation). The consistent application of safeguards protects accountants from pressure exerted by parties seeking to engage in corruption.

Synergy with Anti-Corruption Institutions: The accounting profession (through associations such as IAI, IAPI, and IAMI, supported by the Ministry of Finance's PPPK) and law enforcement agencies like the KPK (Corruption Eradication Commission) share the common goal of upholding transparency and accountability in both state and corporate finance. Strengthening the integrity of auditors and public accountants effectively mitigates the risk of fraud.

**3. THE PUBLIC ACCOUNTANT LAW AND CORRUPTION.**

The relationship between Law Number 5 of 2011 concerning Public Accountants and the criminal act of corruption encompasses the scope of audit authority, the legal weight of audit findings, and the sanctions applicable to the accounting profession.

Legal Basis for Regulation

1) Law No. 5 of 2011: Governs licensing, governance, assurance services (audits/reviews), as well as the regulation and supervision of Public Accounting Firms (KAP) by the Minister of Finance. [1, 2]

2) Authority for Auditing State Finances: Under current legal rulings and policies (such as Supreme Court Circular Letter/SEMA Number 2 of 2024 and the Law on the Supreme Audit Agency/BPK), while public accountants may examine financial management, the constitutional authority to determine the existence and specific amount of state financial losses rests exclusively with the Supreme Audit Agency (BPK).

3) Requirements for Corruption Investigations: An audit conducted by a public accountant cannot stand alone as absolute evidence of state financial loss in cases involving criminal acts of corruption. It requires evaluation and validation by the BPK (Audit Board of the Republic of Indonesia) to serve as a legitimate basis for initiating an investigation.

The Role of Public Accountants in Corruption Prevention

**The Impact of Forensic Auditing, The Code of Ethics for Indonesian Accountants, and the Public Accountant Law on the Elimination of Corruption at PT PLN**

1) Through the application of principles such as integrity, objectivity, and technical standards (the professional code of ethics), public accountants serve as a vital pillar in ensuring the transparency and accountability of financial reporting, both in the private sector and within state-owned or regionally-owned enterprises (BUMN/BUMD).
2) Collaboration with law enforcement agencies, such as the KPK (Corruption Eradication Commission), is continuously encouraged through preventive strategies (the KPK's "Trisula" or three-pronged approach) to minimize opportunities for fraud.
3) ...and financial irregularities. Collaboration with law enforcement agencies, such as the Corruption Eradication Commission (KPK), continues to be encouraged through prevention strategies (the KPK's "Trisula" or three-pronged approach) to minimize opportunities for fraud and financial irregularities.
4) The Public Accountants Law stipulates various sanctions—ranging from administrative to criminal—for parties that violate its provisions. This includes individuals who falsely claim to operate as public accountants without an official license (carrying a potential prison sentence of up to 6 years and fines of up to IDR 500 million for individuals, and corporate fines ranging from IDR 1 billion to IDR 3 billion).

Legal Debate Regarding Criminalization: The criminal provisions within the Public Accountants Law (such as Articles 55 and 56) have sparked controversy and objections from professional associations, including the Indonesian Institute of Certified Public Accountants (IAPI). They argue that technical or administrative errors in audit working papers should be addressed through internal guidance mechanisms or professional ethics protocols, rather than through a criminal approach, which could undermine the profession's sense of independence.

**V. CONCLUSIONS AND RECOMMENDATIONS.**

**A. CONCLUSIONS.**

1. Forensic audits can help eliminate corruption.
2. The Code of Ethics for Indonesian Accountants can help eliminate corruption at PT PLN.
3. The Public Accountants Law can help eliminate corruption at PT PLN.

**B. RECOMMENDATIONS.**

a. The implementation of forensic audits should be further enhanced to assist in eliminating corruption at PT PLN.
b. The Code of Ethics for Indonesian Accountants can help eliminate corruption at PT PLN.

2. The Public Accountants Law (Law No. 5 of 2011) can help eliminate corruption

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