

INVESTIGATIVE AUDIT TECHNIQUE ANALYSIS “FOLLOW THE MONEY” AS CAMPAIGN FUNDS MONITORING AND EVALUATION

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Abstract

The practice of campaign funds monitoring that is limited to compliance with laws and regulations by submitting reports and audits is still considered insufficient in an effort to realize a clean election and support the implementation of good governance. This research aims to find out information related to compliance with campaign funds for 2020 Regional Head Elections through follow the money investigative audit technique in accordance with regulatory provisions as an evaluation of the implementation of the 2020 Regional Head Elections in terms of campaign funds. This research was conducted in Indonesian Financial Transaction Reports and Analysis Centre (PPATK) as Financial Intelligence Unit using qualitative method with case studies and descriptive analysis. Based on the results of the analysis and other information owned by PPATK, there are indications of violations of campaign funds regulation as stated in the Election Commission Regulations Number 12 of 2020 and indication of money politics practice.

Keyword: Campaign Funds, PPATK, Investigative, Follow the Money, Compliance

In the life of a democratic country, the election is one of the symbols of sovereignty and people power. Elections are held regularly as a routine agenda in order to ensure the means of public supervision of their representatives who occupy executive and legislative positions.

The campaign is a medium to attract attention, sympathy, as well as a place to convince voters in the political agenda of the election. As for voters, campaign helps to identify their candidates who deserve to be elected through the delivery of the vision, mission and political promises of the participants. One of the guarantees for an election process with integrity and independence is the absence of interference from any party, including in terms of campaign funds. Therefore, cooperation and public involvement in monitoring campaign funds is a must in realizing an election with integrity, transparency, and accountability.

It is undeniable that the elections can cost quite a lot of money from both the organizers and participants' point of view, including the implementation of regional elections. Provisions related to election campaign funds are specifically regulated in the Regulation of the National Election Commission of the Republic of Indonesia (PKPU) Number 12 of 2020 concerning Amendments to PKPU Number 5 of 2017 concerning Campaign Funds for Participants in the Election of Governors and Deputy Governors, Regents and Deputy Regents, and/or Mayors and Vice Mayor. The existence of these regulations serves as a guideline for managing campaign funds which includes limits on campaign funds, recording of campaign fund receipts and expenditures, submission of campaign finance reports, auditing campaign finance reports, as well as provisions for sanctions for violations of campaign finance reporting policies.

Campaign funds refer to all funds received and issued in the context of campaigning for candidates and political parties (Prasetyo, 2019). Campaign Finance Disclosure or disclosure of campaign funds is an important part of electoral competition as a form of democratization of election administration. Disclosure of campaign funds is the

dissemination of information about campaign contributions and election costs (Union of Columbia Municipalities, 2010).

As part of monitoring campaign funds, election participants must prepare a Special Campaign Funds Account (RKDK) which accommodates campaign funds receipts in the form of money, which is separated from the accounts of election participants and is only used for campaign needs. The audit of the campaign finance report will then be carried out by an independent Public Accounting Firm (KAP). The public can participate in monitoring the participant's campaign finance reports through the KPU website and can report findings if there are indications of violations in the field.

Referring to the results of the audit of the 2020 regional election campaign funds reports, 273 out of 739 (37 percent) of regional head candidate pairs were declared non-compliant or only 446 candidate pairs (63 percent) met the compliant category. In detail, as many as 7 candidate pairs did not comply and 18 candidate pairs were declared compliant at the level of the governor and deputy governor election. Meanwhile, in the regent level elections, 227 candidates did not comply and 386 candidates were declared compliant. As for the election at the mayor level, 62 candidates (61 percent) of the audit results complied and 39 candidates (39 percent) who were declared non-compliant.

Various things are suspected to be the cause of the non-compliance of the candidates' campaign fund reports, including the non-placement of donations in the form of cash in RKDK. In addition, the factor is the incomplete proof of expenditure transactions and donation receipt transaction data, as well as the submission of the initial campaign fund report (LADK), campaign fund donation receipt report (LPDK), and campaign fund receipt and expenditure report (LPPDK) exceeding the specified time limit. However, the provision of administrative and criminal sanctions for violations of provisions has not been firmly enforced in accordance with applicable regulations.

The audit of campaign funds by public accountant (KAP) is still limited to compliance which only assesses the suitability of campaign funds reporting with campaign funds laws and regulations. Campaign funds audits are neither investigative nor comprehensive. Auditors have no obligation to investigate and ensure campaign funds transactions are in accordance with activities that occur during the campaign period. They cannot provide a complete and adequate picture of the reality of campaign funds receipts and expenditures. (Prasetyo, 2019).

On Tuesday, August 18, 2020, the National Elections Commission (KPU), the National Elections Supervisory Agency (Bawaslu), and The Indonesian Financial Transaction Reports and Analysis Centre (PPATK) agreed to strengthen commitments in monitoring campaign funds, especially in 2020 regional election. The cooperation between KPU, Bawaslu, and PPATK resulted in an agreement in monitoring campaign funds as well as a follow-up to the imposition of sanctions for the violation. In addition, the agreement is also intended to prevent the entry of illegal flows of funds in the 2020 regional election, including taking action against all money politics practices.

As a Financial Intelligence Unit (FIU), PPATK has the duty and authority to combating money laundering and terrorism financing. In carrying out its duties, PPATK receive financial transaction reports, analyze financial transaction reports, and forward the results of the analysis to law enforcement agencies. The approach to trace the flow of funds or assets as a result from crime (follow the money) is a step used by PPATK to maintain financial system stability, conduct searches and efforts to recover assets, and combat criminal acts with economic motives. Follow the money literally means "following the traces left in a flow of money or flow of funds". This trail will lead investigators or forensic accountants to the perpetrators of fraud (Tuanakotta, 2010:373).

The follow the money approach prioritizes finding money or assets resulting from criminal acts compared to looking for criminals. After the results are obtained, then a search is carried out on the perpetrators and the crimes committed (Sutrisni & Sukranata, 2013).

Based on the facts and phenomena that have been disclosed, violations related to campaign funds still have a large potential risk. The practice of monitoring campaign funds that is limited to compliance with laws and regulations by submitting reports and post-election audits is still considered insufficient in realizing a clean election and supporting the implementation of good governance. The involvement of PPATK can be the first step in a more comprehensive monitoring of campaign funds with a follow the money approach to RKDK of election contestants. This research is a case study of the monitoring and evaluation of campaign funds in the 2020 regional elections by PPATK.

Methods

This study uses a qualitative method approach with a case study paradigm in campaign funds monitoring by PPATK in the 2020 election. In this study, the researchers collected data and information through interviews with PPATK Financial Transaction Analyst Officers, observations and documentation studies to describe how PPATK supervised campaign funds with case studies in the 2020 election.

This research data includes data from 270 regions in Indonesia as participants. Data collection is carried out in PPATK, Jakarta. From the data and information obtained, the researchers compared data with campaign funds regulation and law as stated in the Election Commission Regulations Number 12 of 2020.

Findings and Discussion

In the 2020 Regional Election, there are 270 electoral areas with details of 9 provinces, 224 regencies and 37 cities. The number of regional head candidate pairs is 741 participants.

In optimizing the role of PPATK in order to realize clean election campaign funds, with integrity and free from money politics, especially in the context of preventing and eradicating money laundering (TPPU), PPATK established task force named “Satuan Tugas (Satgas) Pemilu” as stated in in the Decree of the Head of PPATK Number 169B of 2018 concerning the PPATK Internal Election Task Force.

Strategic implementation is carried out by PPATK in mitigating the risk of money laundering related to campaign funds and money politics in the 2020 regional elections with prevention and eradication efforts as well as coordination and cooperation with related parties. “Satgas Pemilu” PPATK uses follow the money and risk-based approach in supervision and monitoring campaign funds.

Through the follow the money technique analysis on the RKDK, PPATK can obtain information that can't be obtained from the basic campaign fund audit, such as incoming and outgoing fund flows, sending and receiving parties, suspicious financial transactions with indications of violation of provisions, underlying transactions and other relevant financial transaction information.

As a first step in conducting an analysis with the follow the money technique, PPATK coordinates with the reporting party (Bank Financial Service Providers) of special campaign funds bank account (RKDK) to submit account data. Based on risk-based approach parameters, a number of RKDK will continue to be monitored and carried out in-depth analysis. PPATK may request vouchers or any other documents of certain transactions from Bank if necessary.

Risk Based Approach

The monitoring of campaign funds by PPATK uses a risk-based approach by considering several factors, including:

1. Incumbent candidates who have direct access to the APBD;
2. Candidates with significant amount of funds in RKDK;
3. Electoral districts with high risk of money laundering;
4. Electoral areas with many candidates are considered to have a high risk of contestation;
5. Ex-convict candidates related to criminal cases.

Pattern and Mode of Transactions related to Campaign Funds

1. Structuring transactions of campaign funds through the joint accounts of regional head candidates
2. Donation through third parties;
3. Donation from businessman and have an impact on indications of corruption and money laundering;
4. Donations from entrepreneurs who are partners with local governments;
5. Placement of operational funds into the personal account of election organizers or supervisors;
6. Donations from Regionally Owned Enterprises (BUMD).

Red Flag Suspicious Transactions related to Campaign Funds

Red Flags or indicators of suspicious financial transactions related to campaign funds as a guideline for Reporting Parties, especially Bank Financial Service Providers in reporting transactions to PPATK are as follows:

1. Donations of campaign funds from entrepreneurs or entities who are partners with local governments;
2. Donations of campaign funds from individual parties who work as legislator and success team;
3. Donations of campaign funds from individual parties related to management of BUMD;
4. Use of a virtual account for collecting campaign funds from public donations and not registered as RKDK;
5. Use more than one (>1) RKDK;
6. Campaign funds from APBD;
7. Donations from individuals, groups, private entities in cash that exceed the limit provisions and structuring transactions to avoid violating the donation limit provisions;
8. Granting the authority of the RKDK (receipts and expenditures) to one party outside the structure of the campaign winning team;
9. RKDK has no transaction activity (passive), both receipts and expenditures and does not reflect campaign operational transactions;
10. Use of personal accounts for campaign funds donation placement;
11. Significant amount of foreign currency exchange by party officials and direct transfer to personal account;
12. Campaign funds donation from the husband/wife/family of the candidate which is included as a category of other sources of individual donation funds;
13. Campaign fund donations through massive cash deposits by third parties in significant amounts in one transaction;
14. Campaign funds donation from the same Ultimate Beneficiary Ownership (UBO) through private business entity donations;
15. Donations exceeds the provisions of the limit for campaign fund donations;

16. Cash withdrawal transactions in several branch office areas by structuring transactions in certain denominations.

Based on the RKDK analysis with follow the money investigative audit techniques, the compliance level has not fully complied with various indications of violations of campaign funds regulation as stated in the Election Commission Regulations Number 12 of 2020 and indication of money politics practice. Information related to findings and records of alleged significant violations were actually found outside of the RKDK so that tracking the flow of funds could be done using a follow the money investigative audit technique.

Indications of Violations of Campaign Funds Regulation

Based on the RKDK analysis and other information received by PPATK, indications of Indications of Violations of Campaign Funds Regulation as stated in the Election Commission Regulations Number 12 of 2020 are:

1. Donations from several companies or individuals who have affiliations (structured transactions to avoid the limit);
2. Donations made through the coordinator/success team of the candidate pairs, then deposited into the bank by the coordinator/success team directly/cumulatively;
3. Donations from several affiliated companies whose majority shares are owned by foreign investment companies;
4. Donations from entrepreneurs who are partners with local governments;
5. Donations reported by the candidate pairs in the LPSDK came from personal funds, but after an investigation it was discovered that the funds came from other parties;
6. Donations from SP2D (APBD) by the incumbent regional head candidate.

The impact of indications of violations of campaign funds law and provisions include:

1. Inappropriate campaign funds reporting with structured transactions of donations to avoid donation limits (section 3 of article 7 PKPU 12/2020);
2. Inappropriate campaign funds reporting by obscuring the origins of campaign funding sources (section 2 of article 8 PKPU 12/2020);
3. Inappropriate campaign funds reporting that does not reliable with structured transactions of donations to avoid donation limits (section 3 of article 7 PKPU 12/2020);
4. Inappropriate reporting of campaign funds with attempts to provide incorrect reports (article 51 PKPU 12/2020);
5. Donations from foreign parties (article 49 PKPU12/2020);
6. The potential for conflict of interest with the incumbent regional head position;
7. Misuse of APBD for campaign funds.

Indications of Money Politics

Based on the RKDK analysis and other information received by PPATK, indications of violations of campaign administration (money politics) are:

1. Withdrawal of money in certain denominations (5 thousand, 10 thousand, 20 thousand or 50 thousand rupiah) carried out by affiliated parties up to billions of rupiah;
2. Disbursement of Corporate Social Responsibility (CSR) funds which are not in accordance with the procedures by the Regionally Owned Enterprises (BUMD). Reasonably suspected to be related to the interests of incumbent candidates.

The practice of money politics aims to gain support from the community in order to be successfully elected in elections. The public will receive instant rewards in the form of cash given by certain political candidates or contestants to influence their choices.

The losses experienced by the community in the practice of money politics are not directly, but have an impact in the future. People do not realize that the impact of losses that may occur is far greater than the benefits they get. The impact of money politics can be harm to society as a whole and can even harm the state with various new problems that may occur. In addition, the practice of money politics also destroys the democratic order in a country (Fitriani et al., 2019).

The issue of money politics in elections, especially political dowries and buying and selling of votes has a wide impact. In the short term, these two diseases will damage the momentum of the five-year elite circulation that should be an opportunity to present people's sovereignty. Meanwhile, the long-term impact is that the post-election government which is colored by money politics is feared to be trapped in a vicious circle of political corruption. The common thread, political dowry and buying and selling of votes will make the cost of winning the election more expensive which risks political corruption (Sjafrina, 2019).

Conclusions and Suggestions

Based on the results of research conducted by researchers which aims to find out and obtain information related to compliance with campaign funds for regional elections in 2020 through follow the money investigative audit techniques in accordance with regulatory provisions in the perspective of PKPU Number 12 of 2020 and as an evaluation of the election in terms of campaign funds, Researchers can convey the following :

1. The audit of campaign funds by public accountant (KAP) is still limited to compliance which only assesses the suitability of campaign funds reporting with campaign funds laws and regulations;
2. Monitoring of campaign funds by PPATK with the follow the money investigative audit technique could assist to find out the flow of campaign funds from the source to the destination of funds objectively;
3. The results of monitoring the 2020 Election campaign funds by PPATK with follow the money investigative audit techniques, the compliance level has not fully complied with various indications of violations of campaign funds regulation as stated in the Election Commission Regulations Number 12 of 2020 and indication of money politics practice;
4. Information related to findings and records of alleged significant violations were actually found outside of the RKDK so that tracking the flow of funds could be done using a follow the money investigative audit technique.
5. There has been no adequate follow up on PPATK's financial intelligence information related to the supervision of the 2020 Pilkada campaign funds submitted to the election organizers and supervisors (KPU/Bawaslu).

Recommendation

- a. PPATK
 1. Implementation of a risk-based approach based on a Politically Exposed Person (PEP) profile and family affiliation.
 2. Socialization of the public complaint channel (Dumas) as a tool to report complaints of alleged violations related to campaign funds.
- b. Reporting Parties – Financial Services Provider (Bank)
 1. Improve the quality of reporting Suspicious Transaction Reports related to campaign funds.
 2. Dissemination of transaction patterns, modes and red flags of suspicious financial transactions related to campaign funds to branch units as frontliners.
- c. Election Organizers and Supervisors (KPU/Bawaslu)
 1. Follow up PPATK financial transaction report as financial intelligence information;
 2. Implement regulations and sanctions against violators of campaign funds and/or election provisions.
 3. Improve coordination with vertical KPU and Bawaslu units in the regions to follow up on findings of alleged violations.
 4. Update the provisions regarding the acceptance of campaign fund donations through cash deposits and affiliated parties.
- d. Government
 1. Strengthening the role of “Sentra Penegakan Hukum Terpadu Pemilu” (Sentra Gakkumdu).
 2. Ensure that there is no misuse of APBN/APBD in election campaign funds.

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