ABSTRACT

Audit Entity grouping based on audit report finding datas and financial report datas has never been done before in BPK RI, particuly in regional level of BPK RI. Audit entity grouping can be done using various indicators. This study examined the grouping of local government entities in BPK RI Regional Office of West Java based on two variables. The first is the finding amounts reported on audit report of 2009 and the second one is local governments’ spending of 2008 fiscal year.

Finding amount for each audit entity will be divided into 2 (two) categories as stated in Audit Standard of BPK RI, finding related to Internal Control System (SPI) and finding related to compliance with laws and regulations. In accordance with Government Financial Accounting Standards (PSAP), the classification of local government expenditures consists of operating expenditures, capital expenditures, transfer expenditures and special expenditures.

Grouping will be conducted for 26 audit entities into 3 classes according to the audit area sub-grouping in BPK RI Regional Office of West Java. In this study, the grouping analysis is performed in Gustafson-Kessel Clustering algorithm using Matlab Software.

Grouping result shows that each group indicates different characteristics. The first cluster is formed by seven members. The second cluster consists of eleven members and ultimately eight members belong to the third cluster.

The result of this grouping is expected to provide inputs for management of BPK RI Regional Office of West Java to take actions or further monitoring of the groups resulted from the research.

Keywords: Gustafson-Kessel; clustering