Determinants Of Fraud Prevention Of Procurement Of Goods And Services In Government Agency

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Abstract

This study aims to obtain empirical evidence of the factors that influence efforts to prevent fraud in the procurement of goods and services in the public sector. Institutional theory and Agency theory are used as the theoretical basis. This study examines the effect of the implementation of accountability, effectiveness, internal control system and the application of e-procurement on the prevention of fraud in the procurement of goods and services. This research was conducted in the work units of the Central Statistics Agency (BPS) spread throughout Indonesia. The sampling technique used a systematic random sampling method with a total sample of 258 from 517 populations. The mailed survey was conducted using google forms and obtained as many as 236 responses from the total sample. This quantitative study uses the Structural Equation Modeling-Partial Least Square (SEM-PLS) analysis method. Data processing using Smart PLS 3.2.9 program. The results of the analysis show that the implementation of accountability, effectiveness, internal control system and the implementation of e-procurement has a positive and significant impact on the prevention of fraud in the procurement of goods and services.

Keywords: Accountability, Internal Control System, E-procurement, Procurement Fraud Prevention

INTRODUCTION

Fraud is an unlawful act that is carried out intentionally through the manipulation of misinformation to harm other parties (ACFE Indonesia, 2020). According to ACFE Indonesia (2020), fraud schemes are divided into three main classifications, namely asset misappropriation, financial statement fraud, and corruption. Based on the 2019 Indonesia Fraud Survey, corruption schemes were the most common schemes, there were 167 cases (69.9%) during 2019 with a total loss of Rp. 373.65 billion (ACFE Indonesia, 2020). In this case, the government agency became the most
disadvantaged organization, the loss reached Rp. 10 billion (20.8%) (ACFE Indonesia, 2020). Most of these corruption schemes are caused by the ineffective use of the budget for the procurement of goods and services in the public sector or government agencies (KPK, 2020).

The KPK's TPK Per Type of Case data states that there has been a spike in corruption cases caused by the procurement of goods and services for the last 5 years (KPK, 2020). There was a spike in the number of cases from the previous 14 cases (in 2015) to 30 cases (in 2020) (KPK, 2020). This data shows that the corruption scheme in the procurement of goods and services ranks second most after bribery cases (KPK, 2020).

The Central Statistics Agency (BPS) is a government agency that uses most of its budget to carry out goods and services procurement activities. Data from the BPS Electronic Procurement Service (LPSE) website, in 2016 the total budget for the procurement of goods and services to carry out the 2016 Economic Census (SE) activities reached Rp. 79.07 billion and in 2017 the highest total budget value for the procurement of goods and services reached Rp. 9 billion, in 2018 it reached 5.3 billion and in 2021 it reached Rp. 1.056 billion.

Fraud Prevention is a unitary effort to prevent the factors causing fraud (Pangaribuan, 2019). These efforts include: reducing opportunities for fraud, reducing pressure on officials to meet needs and eliminating further fraud rationalization actions (Abdullahi & Mansor, 2018). The fraud prevention process must be accompanied by efforts to establish policies, systems, and procedures to assist all aspects of the organization in achieving effectiveness, operating efficiency, and compliance with the law (Faisol et al., 2014).

A good procurement system for the procurement of goods and services will function effectively if there is clarity about functional responsibilities and accountability (Septiawan & Dini Fitria Ningsih, 2020). A good application of accountability in the procurement process will reduce the chances of fraud in the procurement process (Sian & Smyth, 2021). With good accountability/accountability, employees in the procurement sector will always act by agreed procedures so that stakeholders' trust, namely providers or the public can believe that the performance of the procurement process and use of the budget has been carried out by applicable standards and regulations (Kumar & Ganguly, 2021). Pangaribuan (2019) and Rahmawati et al (2020), mention that accountability has a positive effect on fraud prevention. This is contrary to research from Kartini (2018), namely increasing accountability does not have a direct impact on fraud prevention efforts.

Fraud prevention efforts must be supported by the effectiveness of an adequate internal control system (Faisol et al., 2014). With an effective internal control system in the procurement process, it will be easier for organizations to monitor and control the process of using the procurement budget and the procurement auction process (Abbaszadeh et al., 2019). The implementation of an effective internal control system will facilitate the risk assessment process in the procurement process (Faisol et al., 2014). This risk assessment process is useful for identifying possible errors that occur so that it will minimize errors or fraud in the tender process and administration of the use of the procurement budget (Kumar & Ganguly, 2021). This is to the research of Hermiyatti (2010), which states that the application of the effectiveness of internal control system has a positive effect on preventing fraud in the procurement of goods and services. However, this study contradicts the research of Pratiwi et al. (2020) and Jenifer et al. (2019) which states that an internal control system has no effect.
on fraud prevention, which is due to the less than optimal implementation of the internal control system in the company which will lead to fraud in terms of opportunities.

In the auction process for the procurement of goods and services, efforts to prevent fraud in the procurement of goods and services can be carried out with the help of IT equipment in the form of e-procurement” (Sánchez-Rodríguez et al., 2020). E-procurement will improve the process of accountability, and transparency and facilitate control over the process of procurement of goods and services (Kumar & Ganguly, 2021). A transparent e-procurement process will create good governance of procurement of goods and services, increase cost-effectiveness and accountability, and reduce collusion among vendors (Rotchanakitumnuai, 2013). With the implementation of effective e-procurement, vendors who do not pass verification/administrative defects will automatically be eliminated (Neupane et al., 2014). This will directly reduce efforts to regulate auctions to win one of the service providers (Doherty et al., 2013). Septiawan & Ningsih (2020), Akbar et al. (2019), and Rotchanakitumnuai (2013), states that the implementation of e-procurement has an effect on fraud prevention, namely a transparent e-procurement process will have a positive impact on good procurement governance practices, increase cost-effectiveness and accountability, and can reduce collusion between vendors. Different results were found in the study of Romaissah et al. (2019), which states that the implementation of e-procurement does not affect efforts to prevent fraud in the procurement of goods and services.

The inconsistency of the results shown by previous studies has prompted a review and re-analysis of the effect of the variables of accountability, effectiveness of internal control system, and the application of e-procurement on the prevention of fraud in the procurement of goods and services and seek answers as to why the results of previous studies show different results. In contrast to previous research, this research will be conducted at Central BPS, Provincial BPS and Regency/City BPS with a relatively large sample of course with the hope that it will give different results from previous research because BPS has characteristics, broad organizational coverage, and distinctive organizational culture. different from other agencies. In addition, previous studies were mostly conducted on organizations with small coverage and with relatively small samples.

The unit analysis in this study is an organizational analysis involving representatives from Central BPS, Provincial and District/City BPS while previous studies tend to use indicators/questions with an individual approach. From the discussion described above, this study will analyze what factors are needed to build a good fraud prevention system for the procurement of goods and services at BPS.

LITERATURE REVIEW

Institutional Theory

The institutional theory explains that an organization is formed by the surrounding institutional environment and is formed because of institutional pressures that result in institutionalization (DiMaggio & Powell, 1983). This theory discusses organizational dynamics (Brignall & Modell, 2000). Organizations also tend to adapt to their surroundings by imitating other organizations (isomorphism) (DiMaggio & Powell, 1983). Isomorphism is
coercive, coercive in the sense of forcing organizations to resemble other organizations or forcing organizations to look the same as other organizations when faced with conditions or situations in a certain environment (DiMaggio & Powell, 1983). According to DiMaggio & Powell (1983), there are three ways that organizations can do to look the same as other organizations, namely Coercive Pressure (coercive pressure), Mimetic Pressure (mimetic pressure), and Normative Pressure (normative pressure).

The implementation of accountability is the implementation of coercive pressure that occurs due to coercion from the state in the form of government regulations in the form of Presidential Decree no. 54 of 2010 concerning Government Procurement of Goods/Services which requires every procurement actor to be open (transparent) in planning and implementing the process of procurement of goods and services at Government Agencies.

The implementation of the internal control system is the implementation of coercive pressure, which is an attempt to adopt certain characteristics or traits due to coercion from the state through government regulations (DiMaggio & Powell, 1983). In the context of preventing fraud in the procurement of goods and services, the pressure to adopt this internal control system is mandated by Presidential Decree No. 60 of 2006 concerning Government's Internal Control System.

The application of e-procurement can be associated with coercive pressure, which is an attempt to adopt and imitate certain characteristics or traits due to coercion from the state through government regulations (DiMaggio & Powell, 1983). In the context of preventing fraud in the procurement of goods and services, the pressure to adopt e-procurement is mandated by Presidential Decree No. 54 of 2010 concerning Government Procurement of Goods/Services, which states that procurement of goods and services carried out by using information technology and electronic transactions and electronic transactions by the provisions of the legislation.

Agency Theory

Agency theory is a theory that explains the contractual relationship between two parties, namely the principal (capital owner) and the agent to carry out several services from the principal by distributing tasks and authority to agents in decision-making efforts (Jensen & Meckling, 1976). Agency theory assumes that an agent and principal will have individual interests (Conflict Of Interest) and tend to differ in terms of point of view (Jensen & Meckling, 1976). Principals and agents will have their respective interests (Conflict Of Interest) to be able to maximize their profits so that they can maximize their profits so that which can cause a conflict which is called agency conflict (Jensen & Meckling, 1976). The agent will have an information advantage over the principal, so the principal will not be able to accurately assess the extent to which the agent will choose an action that is in the interests of the principal (Jensen & Meckling, 1976). There needs to be supervision and control that is carried out to assess the actions that will be chosen by the agent to be by the wishes of the principal, so that an agency fee is needed to be used to finance the supervision and control activities (Jensen & Meckling, 1976). In this study, agency theory is used to provide an overview of the need for accountability development efforts, the implementation of an internal control system, and a good E-procurement application to be able to support the
supervisory and control duties of the principal to the agent to prevent fraud in the procurement of goods and services in Indonesia government agencies.

Prevention of Procurement of Goods and Services Fraud

According to Purnamasari & Amaliah (2015), Fraud is a general term, which includes various meanings such as cunning, a human trick used by someone to take advantage of others in a negative way. Based on Presidential Decree No. 12 of 2021, the procurement of goods and services is an activity of procuring goods or services carried out by the Ministry/Agency/SKPD which is financed by the APBN/APBD and the process starts from the identification of needs until the handover of the results of the work. government is an activity that is very prone to fraud in the form of a corruption scheme (Faisol et al., 2014). Many factors cause fraud in the procurement of goods and services carried out using conventional procurement methods, including the limitations of the information, prices of goods/services, limited market access, unfair business competition, poor governance, collusion (conflict of interest) and also a less credible procurement process (Faisol et al., 2014). According to Albrecht et al. (2012). Five factors can be used to eliminate a person’s opportunity to commit fraud and can be used as indicators in measuring fraud prevention, namely:

1. Have good internal control.
2. Minimize cooperation between employees and customers or suppliers and provide clear information to suppliers and other parties outside the company regarding company policies related to fraud.
3. Supervise employees and provide a whistleblowing system.
4. Create legal expectations.
5. Carry out the auditing stages proactively.

Accountability

According to Mardiasmo (2018), accountability is a form of obligation to be responsible for the success and failure of the organization's mission to achieve predetermined goals and objectives by using accountability media which is carried out periodically. Public accountability is also related to the obligation to explain and answer questions about what has been, is being, and is planned to be done by public sector organizations (Mahmudi, 2015).

Effectiveness of Internal Control System

According to COSO (2019), the internal control system is a representation of all activities within the organization that must be carried out, where this process is carried out by the board of commissioners/supervisors to provide adequate assurance about achieving the objectives of effective and efficient operational control, reliability of financial reports, and compliance with applicable laws and regulations. The internal control system is designed to secure organizational property/assets, if internal control does not function properly and effectively as a means of control, there will be a high potential for fraud to occur (N’Guilla
Sow et al., 2018). According to COSO (2019), there are five main components of internal control system, namely the control environment, control activities, risk assessment, communication and information, and monitoring.

Application Of E-Procurement

According to Sánchez-Rodríguez et al. (2020), e-procurement is an e-business capability that combines the use of information technology and purchasing resources in processing purchase orders and exchanging information with suppliers that are used to support decisions in purchasing goods/services. Meanwhile, according to Kumar & Ganguly (2021), e-procurement is an information and communication technology (IT) intervention in the purchasing domain of an organization and usually includes all processes ranging from material requests from users to vendor payments. In its application in Indonesia, Presidential Decree No. 54 of 2010 concerning Government Procurement of Goods/Services, states that the procurement of goods and services is carried out using information technology and electronic transactions and electronic transactions by statutory provisions.

Hypothesis Development

The Effect of Accountability on Prevention of Fraud Procurement of Goods and Services

Accountability is needed to explain an action by presenting and reporting on all behaviours and activities, especially in the field of administration to a higher level Kartini (2018). The creation of good accountability is very much needed in an effort to prevent fraud (Pangaribuan, 2019). In Institutional theory, the application of accountability can be associated with coercive pressure, which is an attempt to adopt and imitate certain characteristics or traits due to coercion from the state through government regulations (DiMaggio & Powell, 1983).

With the creation of good accountability in the organization, it will be very supportive of effective fraud prevention efforts, because good accountability will reduce the opportunity to take fraudulent actions. After all, all processes of using the budget will be held accountable and more accountable and transparent (Pangaribuan, 2019). Agency theory assumes that an agent and principal will have individual interests (Conflict Of Interest) and will lead to the emergence of moral hazard in carrying out their duties and authorities (Jensen & Meckling, 1976). To prevent fraud in the procurement of goods and services, the implementation of good accountability will be able to reduce the occurrence of contractual problems in the form of information asymmetry which leads to the creation of moral hazard actions by agents, namely employees of the Procurement Service Unit (ULP) in the process of procuring goods and services. This explanation is reinforced by the results of research from Pangaribuan (2019) and Rahmawati et al (2020), which state that accountability has a positive effect on fraud prevention. Thus, the first hypothesis in this study is:

H1: Accountability has a positive effect on preventing fraud in the procurement of goods and services
The Effect of the Effectiveness of internal control system on the Prevention of Fraud in the Procurement of Goods and Services

The application of internal control system is one of the fraud prevention programs that can ensure that the procurement implementation is by the policies and procedures expected by the principal (KPA/Head of BPS). The implementation of effective internal control will make it easier for the principal (KPA/Head of BPS) to control and ensure the information provided by ULP employees (agents) in the procurement process, to limit the behaviour of agents who have different goals from the principal. Therefore, it is very necessary to implement an effective internal control system to prevent fraud in the procurement of goods and services within BPS. This explanation is strengthened by the results of research from Ibnu Rachman (2021); Hamilah & Sihotang (2020); Hermiyetti (2010); N’Guilla Sow et al. (2018); Bregitta & Bayunitri (2021); Akbar et al. (2019) which states that internal control has a positive and significant influence on fraud prevention. Thus, the second hypothesis in this study is:

H2: The effectiveness of internal control system has a positive effect on preventing fraud in the procurement of goods and services

The Effect of E-procurement Implementation on the Prevention of Fraud Procurement of Goods and Services

In its application, e-procurement will have a positive impact on the creation of efficient, effective, and transparent procurement performance (Kumar & Ganguly, 2021). When associated with institutional theory, the application of e-procurement can be associated with coercive pressure, which is an attempt to adopt and imitate certain characteristics or traits due to coercion from the state through government regulations (DiMaggio & Powell, 1983). In the context of preventing fraud in the procurement of goods and services, the pressure to adopt e-procurement is mandated by Presidential Decree No. 54 of 2010 concerning Government Procurement of Goods/Services, which states that the procurement of goods and services carried out by using information technology and electronic transactions and electronic transactions by the provisions of the legislation. In the development of a fraud prevention system for the procurement of goods and services, the adoption of the application of e-procurement serves to reduce the opportunities for fraud in the form of corruption in the process of procurement of goods and services in Government Agencies (Neupane et al., 2014). Effective adoption of e-procurement will be able to minimize the occurrence of meetings between interested parties in the auction process for the procurement of goods and services so that there is less opportunity for collusion to occur (Faisol et al., 2014). In addition, with the adoption of an effective e-procurement application, transparency will be created in the auction process for the procurement of goods and services so that it will automatically prevent fraud in the tender process or auction for the procurement of goods and services (Halbouni et al., 2016). Agency theory assumes that an agent and principal will have individual interests (Conflict Of Interest) and will lead to the emergence of moral hazard in carrying out their duties and authorities (Jensen & Meckling, 1976).
The implementation of e-procurement will be able to solve procurement problems related to information asymmetry, monopoly power as well as transparency and accountability of the procurement process (Neupane et al., 2014). This explanation is reinforced by the results of research from Akbar et al. (2019); Faisal et al. (2014); Pandu Wicaksono et al. (2017); Krisnawati (2022); Septiawan & Ningsih (2020); and Rotchanakitumnuai (2013), which states that the implementation of e-procurement affects the prevention of procurement fraud, the process of implementing e-procurement properly will reflect the creation of better governance practices and cost accounting in the process of preventing fraud in the process of procurement of goods and services in the Government. Thus, the second hypothesis in this study is:

**H3: The implementation of e-procurement has a positive effect on preventing fraud in the procurement of goods and services.**

From the description of the development of the hypothesis above, the framework of this research is as follows:

![Figure 1. Research Framework](image-url)

**METHOD**

The population in this study were all work units of the Central Statistics Agency (BPS) throughout Indonesia, amounting to 517 work units spread over 34 provinces. The total sample is 258 work units. Sampling was carried out using a systematic random sampling method. The criteria for respondents to be sampled are employees who are involved and responsible for the implementation of goods and services procurement activities to represent their work units, namely the Procurement Officer of Goods and Services (PPBJ) / Commitment Making Officer (PPK) / Head of General Section / Head of the Goods Procurement Work Unit. And Services (UKPBJ) for Provincial BPS + Statistical Polytechnic STIS + Central BPS and Head of General Subdivision/PPBJ/PPK for Regency/City BPS. Each work unit will be represented by one employee who will be the respondent to fill out the questionnaire.
<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Reference</th>
<th>Measurement</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention of Fraud Procurement of Goods and Services</td>
<td>“Fraud prevention is an effort to eliminate, eliminate the causes of fraud”</td>
<td>(Rahmawati et al., 2020)</td>
<td>11 question items</td>
<td>(Albrecht et al., 2012); Andari (2020)</td>
</tr>
<tr>
<td>Accountability</td>
<td>Accountability is “a form of obligation to take responsibility for the success and failure of the implementation of the organization's mission to achieve predetermined goals and objectives by using accountability media which is carried out periodically”</td>
<td>(Mardiasmo, 2018)</td>
<td>8 question items</td>
<td>(Sedarmayanti, 2009); Andari (2020)</td>
</tr>
<tr>
<td>The effectiveness of the Internal Control System</td>
<td>The effectiveness of the Internal Control System “is a representation of all activities within the organization that must be carried out, where this process is carried out by the board of commissioners/supervisors which aims to provide reasonable assurance about the achievement of the objectives of effective and efficient operational control, reliability of financial statements, and compliance with applicable laws and regulations”</td>
<td>(The Committee of Sponsoring Organizations of the Treadway Commission, 2012)</td>
<td>14 question items</td>
<td>(The Committee of Sponsoring Organizations of the Treadway Commission, 2012); Wardhani (2018)</td>
</tr>
<tr>
<td>Application of E-procurement</td>
<td>“E-procurement is an e-business capability that combines the use of</td>
<td>(Sánchez-Rodríguez et al., 2020)</td>
<td>5 question items</td>
<td>(Nugroho et al., 2015); Wardhani</td>
</tr>
</tbody>
</table>
Measurement of each variable was carried out using a 5-point Likert scale (Strongly Disagree-Strongly Agree). This research uses Structure Equation Modeling Partial Least Square (SEM-PLS) analysis with the analysis tool SmartPLS 3.2.9.

RESULTS AND DISCUSSION

Questionnaire Return Rate

This research questionnaire was filled out from April 14 to April 30, 2022. Until the deadline for filling out there were 236 respondents who had filled out or 91.47% of the response rate and 22 respondents who did not respond.

Respondents Overview

Table 1. Distribution of Respondents Based on Geographical Location and Age of Work Unit

<table>
<thead>
<tr>
<th>Region</th>
<th>Age Unit of Work (Years)</th>
<th>Total</th>
<th>Persentase (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 10 years</td>
<td>10-20 years</td>
<td>&gt; 20 years</td>
</tr>
<tr>
<td>Sumatera</td>
<td>4</td>
<td>33</td>
<td>35</td>
</tr>
<tr>
<td>Jawa</td>
<td>0</td>
<td>7</td>
<td>56</td>
</tr>
<tr>
<td>Kalimantan</td>
<td>1</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>Sulawesi</td>
<td>2</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>Bali Nusa Tenggara</td>
<td>1</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Maluku Papua</td>
<td>5</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13</strong></td>
<td><strong>71</strong></td>
<td><strong>152</strong></td>
</tr>
</tbody>
</table>

Source: Processed Primary Data, 2022

Most respondents are in Sumatra with 72 work units or 30.5% and the least is Maluku and Papua with 16 work units or around 6.8%. In terms of the age of the work unit, 5.5% of the total respondents or 13 are work units under the age of 10 years, namely work units that have only been formed in the last 10 years due to the regional expansion policy.
Table 2. Distribution of Respondents Based on Geographical Location and Amount of Budget Managed

<table>
<thead>
<tr>
<th>Region</th>
<th>Budget Amount (Billion)</th>
<th>Total</th>
<th>Persentase (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 5</td>
<td>5-10</td>
<td>11-15</td>
</tr>
<tr>
<td>Sumatera</td>
<td>29</td>
<td>33</td>
<td>4</td>
</tr>
<tr>
<td>Jawa</td>
<td>4</td>
<td>32</td>
<td>16</td>
</tr>
<tr>
<td>Kalimantan</td>
<td>4</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td>Sulawesi</td>
<td>12</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td>Bali Nusa Tenggara</td>
<td>4</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>Maluku Papua</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>123</strong></td>
<td><strong>29</strong></td>
</tr>
<tr>
<td><strong>Persentase (%)</strong></td>
<td><strong>24,2</strong></td>
<td><strong>52,1</strong></td>
<td><strong>12,3</strong></td>
</tr>
</tbody>
</table>

Source: Processed Primary Data, 2022

Viewed from the perspective of the amount/amount of budget being managed, the majority of work units at BPS manage a budget of between Rp. 5 billion to Rp. 10 billion, namely 123 BPS work units manage the budget or about 52.1% of the total work units sampled in the study.

Table 3. Distribution of Respondents Based on Geographical Location and Number of Employees

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Employees</th>
<th>Total</th>
<th>Persent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Small (&lt; 20 Employees)</td>
<td>Currently (20-40 Employees)</td>
<td>Big (&gt; 40 Employees)</td>
</tr>
<tr>
<td>Sumatera</td>
<td>30</td>
<td>36</td>
<td>6</td>
</tr>
<tr>
<td>Jawa</td>
<td>4</td>
<td>46</td>
<td>13</td>
</tr>
<tr>
<td>Kalimantan</td>
<td>8</td>
<td>19</td>
<td>1</td>
</tr>
<tr>
<td>Sulawesi</td>
<td>5</td>
<td>30</td>
<td>2</td>
</tr>
<tr>
<td>Bali Nusa Tenggara</td>
<td>5</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>Maluku Papua</td>
<td>4</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>56</strong></td>
<td><strong>154</strong></td>
<td><strong>26</strong></td>
</tr>
<tr>
<td><strong>Persent (%)</strong></td>
<td><strong>65,3</strong></td>
<td><strong>11,0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed Primary Data, 2022

Based on the data above, the distribution of respondents from the perspective of the number of employees shows that the majority of work units that are sampled in this study are work units of the medium category (work units with several employees between 20-40
employees) totalling 154 work units (65.3% of the total number of employees), work unit sample). The sample of work units in the large category (work units with the number of employees > 40 employees) amounted to 26 work units (11% of the total sample of work units) consisting of Provincial BPS work units and several Regency/City BPS work units in the Java region. The remaining 56 work units (23.7% of the total sample of work units) are small category work units with < 20 employees.

**Descriptive Statistics**

**Table 4. Descriptive Statistics of Variables**

<table>
<thead>
<tr>
<th>No</th>
<th>Variable.</th>
<th>Theoretical Range..</th>
<th>Actual Range (Results)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PBJ Fraud Prevention</td>
<td>6</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>Accountability</td>
<td>8</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td>Spi Effectiveness</td>
<td>11</td>
<td>55</td>
</tr>
<tr>
<td>4</td>
<td>E-Procurement</td>
<td>5</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Processed Primary Data, 2022

All variables were measured using a Likert scale of 1-5. In all variables, the mean of test results from all respondents is always greater than the mean theoretical value. This shows that the perception of the implementation of the prevention of fraud in the procurement of goods and services, accountability, the application of internal control system and the implementation of e-procurement at BPS is quite high. The standard deviation shows the measure of the variation of the data used. The standard deviation of all research variables is always smaller than the mean, which means that the overall data variation indicates that the data is homogeneous or the data variance is relatively smaller.

**Test Outer Model**

**Convergent Validity Test**

**Table 5. Outer Loading Value After Respecific**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Indicator</th>
<th>Outer loading</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>Accountability (Akun)</td>
<td>Akun_1</td>
<td>0.729</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Akun_2</td>
<td>0.810</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Akun_3</td>
<td>0.775</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Akun_4</td>
<td>0.820</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Akun_5</td>
<td>0.791</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Akun_6</td>
<td>0.803</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Akun_7</td>
<td>0.789</td>
<td>Valid</td>
</tr>
</tbody>
</table>
After the convergent validity test, 8 indicators were declared invalid, namely indicators PF_3, PF_5, PF_6, PF_7, PF_9, SPI_7, SPI_8, and SPI_13. According to Ghozali (2021), the model can be improved by re-specifying the indicators whose outer loading value is < 0.70, by removing indicators whose outer loading value is < 0.70. The table above is the result of re-specification by eliminating 8 indicators that do not meet the outer loading requirements. The results show that all indicators used for this study have passed the convergent validity test.
Discriminant Validity Test

Table 6. Cross Loading Value Specification

| Source: Processed primary data, 2022 |

The output of the cross loading in table 6 shows that the value of the indicator construct relationship exceeds the value of the other construct relationships, so it can be concluded that all latent constructs predict indicators better than other blocks. This indicates that all latent variables / dependent variables have good determinant validity or meet the discriminant validity requirements for use in research.

Reliability Test

Table 7. Cronbach Alpha Value and Composite Reliability

| Source: processed primary data, 2022 |

These results show that the Cronbach Alpha and Composite Reliability values of each variable are greater than 0.70 which means that all constructs are reliable or meet the reliability test.
Inner Model Test

R-square analysis

Table 8. Table of R square (R²)

<table>
<thead>
<tr>
<th>Source: Processed Primary Data, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBJ Fraud Prevention</td>
</tr>
</tbody>
</table>

Table 8 shows that the R² value of the research model is 0.694. These results indicate that the value of R² is greater than 0.20. According to Ghozali (2021), the value of R² = 0.694 is included in the good category. This means that the research model used in this study is in a fit or good condition.

Hypothesis Testing

Table 9. Hypothesis Testing

<table>
<thead>
<tr>
<th>Source: Processed Primary Data, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Hypothesis 1</td>
</tr>
</tbody>
</table>

The first hypothesis is that the implementation of accountability has a positive effect on preventing fraud in the procurement of goods and services. It is known that the t-statistic value generated is 6.392 > 1.6514 and the resulting p-value is 0.000 < 0.05, which means that the hypothesis is accepted. The original sample value is positive +0.474. The higher the implementation of accountability in the procurement of goods and services, the higher the fraud prevention efforts related to the procurement of goods and services will be.

Efforts to implement accountability are also by the institutional theory proposed by DiMaggio & Powell (1983), the implementation of accountability will be one of the implementations of the isomorphism in the form of coercive pressure which is pressure due to coercion from the state in the form of government regulations in the form of Presidential Decree No. 54 of 2010 concerning Government Procurement of Goods/Services, which requires that every procurement actor must be transparent in planning and implementing the process of procurement of goods and services at Government Agencies. This openness can be implemented with the provision of adequate public information facilities, and the determination of policy targets that are appropriate, clear, and by the organization's vision and mission.

Efforts to implement accountability are also in line with the Agency theory proposed by Jensen & Meckling (1976). The implementation of accountability with transparency and openness in the use of the budget for the procurement of goods and services will be able to reduce the occurrence of contractual problems in the form of information asymmetry which
leads to the creation of moral hazard actions by agents (PPK and PPBJ) in the process of procuring goods and services. The implementation of accountability in the procurement process in the form of clarity about tasks, authorities, performance targets, and work programs will make it easier for the principal (KPA/Head of BPS) to control the process of procurement of goods and services carried out by agents (PPK and PPBJ) at ULP so that the possibility of fraud related to the procurement of goods and services will be prevented. In this case, with the implementation of good accountability, the fraud prevention process in the procurement of goods and services will be more effective, so that fraud related to the procurement of goods and services will be minimized.

The positive effect of implementing accountability on the prevention of fraud in the procurement of goods and services is supported by the results of similar conceptual research conducted by Pangaribuan (2019) and Rahmawati et al (2020). With the conformity of the results between previous researchers, it can be concluded that one of the factors that support and can be used for the development of a fraud prevention system related to the procurement of goods and services is the implementation of good accountability.

b) Hypothesis 2

The second hypothesis is that the effectiveness of the Internal Control System has a positive influence on the prevention of fraud in the procurement of goods and services. It is known that the t-statistic value generated is 3.613 > 1.6514 and the p-value is 0.000 <0.05, which means that the hypothesis is accepted. The original sample value is positive +0.324. The higher the effectiveness of the implementation of internal control system in the procurement of goods and services, the higher the fraud prevention efforts related to the procurement of goods and services will be.

Efforts to implement an effective internal control system are also by the institutional theory proposed by DiMaggio & Powell (1983). The effective application of internal control system will be one of the implementations of isomorphism in the form of coercive pressure which is pressure due to coercion from the state in the form of government regulations in the form of Presidential Decree No. 60 of 2006 concerning the Government Internal Control System (SPIP) which requires every government agency to adopt and implement the 5 main elements in the SPIP. The success of implementing the effectiveness of internal control system will be able to suppress the opportunity to take fraudulent actions in the field of procurement of goods and services because with the implementation of a good internal control system effectiveness/internal control in the procurement unit within an agency, it is very likely that the opportunity for fraud to occur will be prevented (Akbar et al., 2019).

Efforts to implement an effective internal control system are also in line with the Agency theory proposed by Jensen & Meckling (1976). The effectiveness of the implementation of internal control system is a form of a delegation from the principal (KPA / Head of BPS) with the agent (PPK and PPBJ at ULP) to build an effective Internal Control System to oversee procurement management activities, and services within the organization. The implementation of an effective internal control system will support the creation of a fraud prevention system that can ensure that the procurement implementation is by the policies and procedures desired by the principal (KPA / Head of BPS). The implementation
of effective internal control will make it easier for the principal (KPA/Head of BPS) to control and ensure the information provided by procurement actors/PPK and PPBJ (agents) in the procurement process, to limit the behaviour of agents who have different goals from the principal. With the process of implementing and developing an effective internal control system in the procurement unit in the agency, fraud related to the procurement of goods and services may be prevented and less likely to occur.

The positive influence of the effectiveness of the application of internal control system on the prevention of fraud in the procurement of goods and services is supported by the results of similar conceptual research conducted by Ibnu Rachman (2021); Hamilah & Sihotang (2020); Hermiyetti (2010); Bregitta & Bayunitri (2021); Akbar et al. (2019); and N’Guilla Sow et al. (2018). From the results of previous studies that there is congruence of results, it can be concluded that another factor that supports and can be used for the development of a fraud prevention system related to the procurement of goods and services is the effective application of internal control system.

c) Hypothesis 3

The third hypothesis is that the application of e-procurement has a positive effect on preventing fraud in the procurement of goods and services. It is known that the t-statistic value generated is $1.721 > 1.6514$ and the p-value is $0.043 < 0.05$, which means that the hypothesis is accepted. The original sample value is positive at $+0.098$, the higher the implementation of e-procurement in the procurement of goods and services, the higher the fraud prevention efforts related to the procurement of goods and services will be.

Efforts to prevent fraud in the procurement of goods and services using e-procurement are by the institutional theory proposed by DiMaggio & Powell (1983). The implementation of e-procurement will be one of the implementations of the isomorphism in the form of coercive pressure which is pressure due to coercion from the state in the form of government regulations in the form of Presidential Decree No. 54 of 2010 concerning Government Procurement of Goods/Services, which states that procurement of goods and services carried out using information technology and electronic transactions and electronic transactions by statutory provisions. Effective adoption of e-procurement will be able to minimize the occurrence of meetings between interested parties in the auction process for the procurement of goods and services so that there is less opportunity for collusion to occur (Faisol et al., 2014). In addition, with the adoption of an effective application of e-procurement, transparency will be created in the auction process for the procurement of goods and services so that it will automatically prevent fraud in the tender process or auction for the procurement of goods and services (Halbouni et al., 2016).

This effort to implement effective e-procurement is also in line with the Agency theory proposed by Jensen & Meckling (1976). In the context of preventing fraud in the procurement of goods and services, the implementation of e-procurement will be able to solve procurement problems related to information asymmetry, monopoly power, and transparency and accountability of the procurement process (Neupane et al., 2014). In this case, the implementation of e-procurement will be able to reduce agency problems that arise, such as the problem of information asymmetry between the Head of the Agency as KPA
(principal) and ULP employees (agent) which will lead to moral hazard actions that lead to fraudulent actions in the procurement process. With the implementation of e-procurement in the process of procurement of goods and services, the planning and control process for the Procurement of Goods and Services will be easier so that the Head of the Agency (as the Principal) will find it easier to control the PPK and PPBJ (agent). With the existence of e-procurement, PPBJ and PPK (agent) will be more careful in carrying out the auction process so that an administrative process for the procurement of goods and services will be carried out in a transparent and accountable manner and will reduce moral hazard actions that occur due to information asymmetry.

The positive influence of the implementation of e-procurement on the prevention of fraud in the procurement of goods and services is supported by the results of similar conceptual research conducted by Akbar et al. (2019); Faisol et al. (2014); Pandu Wicaksono et al. (2017); Septiawan & Ningsih (2020), Krisnawati (2022), and Rotchanakitumnuai (2013). The results of previous studies that have concordance with the results, it can be concluded that the factors that support and can be used for the development of a fraud prevention system related to the procurement of goods and services are in the form of an effective application of e-procurement.

CONCLUSION

The results of this study indicate that the implementation of accountability, the effectiveness of the implementation of internal control system and the implementation of e-procurement have a significant positive effect on the prevention of fraud in the procurement of goods and services.

The results of this study provide theoretical implications for the literature review on fraud prevention efforts. In particular, the literature on fraud prevention efforts in the procurement of goods and services using institutional theory and agency theory approaches. The results of the PLS-SEM analysis show empirical evidence that internal control factors, namely the implementation of accountability, the effectiveness of the application of internal control system and the application of e-procurement are factors that can encourage fraud prevention efforts related to the procurement of goods and services. The results of this study can also be used as input for government agencies to build an appropriate fraud prevention system in the procurement of goods and services through three variables driving the prevention of fraud in the procurement of goods and services, which have been presented in this study. These three variables are important to be able to improve fraud prevention efforts from elements of accountability implementation, the effectiveness of internal control system implementation, and e-procurement implementation.

This study has several limitations that may affect the results of the study. Some of these limitations include the time of the study so that this study only examines a small number of factors that can affect the prevention of fraud in the procurement of goods and services in a government agency.
For further research, it is recommended to increase the number of respondents, not only from one agency so that the research results can be generalized, add data collection methods, namely questionnaires and interviews and add moderating variables, such as leadership or organizational culture development.

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