



JOURNAL OF ACCOUNTING AND BUSINESS EDUCATION

P-ISSN 2528-7281 E-ISSN 2528-729X

E-mail: jabe.journal@um.ac.id

<http://journal2.um.ac.id/index.php/jabe/>

Can Internal Characteristics Prevent Fraud in Procurement of Goods and Services?

Krisna Mukti Wibowo¹

Pancawati Hardiningsih²

^{1,2} *Accounting Department, Faculty of Economic and Business, Universitas Stikubank, Indonesia*
email: Krisnamukti387@gmail.com

DOI: <http://dx.doi.org/10.26675/jabe.v7i2.26771>

Abstract: Fraud in procurement of goods and services is not something new. There are many cases of fraud in procurement of goods and services, demanding us to review what factors can prevent fraud in procurement of goods and services. This research aimed to test whether organizational commitment, internal control, and integrity can prevent fraud in procurement of goods and services. This quantitative research used multiple regression analysis. The research samples, obtained using convenience sampling method, were 54 employees and village officials who had participated in procurement of goods and services. The research results show that organizational commitment and internal control do not influence prevention of fraud in procurement of goods and services, while integrity positively influences prevention of fraud in procurement of goods and services. The results of this research can be used to optimize the application of goods and services procurement system (e-procurement) by minimizing possible/potential constraints which may arise. Village government needs to optimize monitoring and evaluation routinely and continuously and assess any risks before decision making. It is also necessary to build the commitment of each of village officials as organizations responsible for village government's better accountability capable of suppressing potential fraud.

Article History

Received
18 January 2022

Revised
15 August 2022

Accepted
16 August 2022

Keywords

Fraud, Goods and Services, Organizational Commitment, Integrity, Internal Control

Citation: Wibowo, K.M., & Hardiningsih, P. (2023). Can Internal Characteristics Prevent Fraud in Procurement of Goods and Services?. *Journal of Accounting and Business Education*, 7 (2), 1-13

INTRODUCTION

That there are many cases of fraud, misappropriation, and corruption by some individuals in almost all levels of government organizations in Indonesia makes the people worried (Leatemia, 2020). In fact, as KPKs' 2020 annual report reveals, KPK successfully recovered, put in order, and optimized the State's 632.5 trillion Rupiah assets (KPK's Annual Report, 2020). This shows that the fraud often occurring in public sector is procurement of goods and services. Donation or fund that should be received by the people does not match the budget proposed. That there are many cases of cut aid for the people is a matter of great concern for the Indonesians. One of the efforts to prevent corruption is to emphasize organizational commitment (Mauro, 2005). An individual with high organizational commitment will have low level of absence and have a longer work period and tend to work harder and show a better performance (Seputro et al., 2021). High organizational commitment may reduce the rate of fraud by employee. The research

conducted by [Seputro, et al. \(2021\)](#) finds that organizational commitment can moderate the correlation of end user training, re-engineering process with prevention of fraud in procurement of goods and services. This shows that organizational commitment is the initial point which may underlie prevention of fraud in procurement of goods and services. Meanwhile, in the contest of re-engineering process, it shows that higher organizational commitment of those involved in e-procurement process will contribute to bigger influence of re-engineering process on fraud prevention. This result shows that organizational commitment may be an important factor in understanding and explaining employees' working behaviors. Therefore, e-procurement and re-engineering can prevent fraud in procurement of goods and services.

Besides organizational commitment, which can reduce fraud rate, internal control can also plays an important role in the effort to prevent fraud in procurement of goods and services ([Oguda et al., 2015](#)). Internal control is an important component in preventing fraud in procurement of goods and services. Therefore, evaluation is needed to observe the effectiveness of internal control in an organization ([Leatemia, 2020](#)). This role is performed by internal auditor who is assigned to evaluate correctly and systematically designed and arranged system and procedures through observation, investigation and examination of the implementation of duties delegated to each work unit in an institution ([Muna & Harris, 2018](#)). The research conducted by [Riyadi \(2021\)](#) finds that internal control influences the accounting fraud tendency.

After application of organizational commitment and internal control to procurement of goods and services, individual's integrity is needed for commitment not to do any fraud in procurement of goods and services ([Schlenker, 2008](#)). The concerned integrity refers to enforcement of the standards of ethics, moral and honesty, professionalism, and righteousness that are the basis in assuring justice, non-discrimination and compliance with the process of procurement of goods and services ([Schlenker, 2008](#)).

Some results related to fraud like the research conducted by [Seputro, et al. \(2021\)](#) finds that organizational commitment can moderate the correlation of end user training, re-engineering process with fraud in procurement of goods and services. This shows that organizational commitment is the initial point which may underlie prevention of fraud in procurement of goods and services ([Croom & Brandon-jones, 2007](#)). In the context of re-engineering process, meanwhile, it shows that higher organizational commitment of those involved in e-procurement process will contribute to bigger influence of re-engineering process on fraud prevention ([Neupane, 2014](#)); and ([Gelderman et al., 2006](#)). The result shows that organizational commitment can be an important factor in understanding and explaining employees' working behaviors. Therefore, e-procurement and re-engineering can prevent fraud in procurement of goods and services ([Thai, 2001](#)). This result, however, contradicts to [Pristiyanti \(2012\)](#) that organizational commitment positively influences fraud in governmental sector. This research result indicates that employees' commitment to the institution where they work does not prevent them from committing fraud. This is different from [Widiutami et al. \(2017\)](#) that organizational commitment negatively influences the fraud tendency in village credit agencies in Buleleng Regency. A different result is found by [Sumbayak and Jelfani \(2017\)](#); [Purwitasari \(2013\)](#); [Natasya et al \(2017\)](#); [Kanning & Hill \(2013\)](#) that organizational commitment cannot prevent fraud.

The research conducted by [Leatemia \(2020\)](#) shows that internal control significantly, positively influences fraud prevention in procurement of goods in government hospital in Ambon City. Good internal control can be applied in other government and private hospitals. Similar result is also found by [Aprishella \(2014\)](#); [Singgih et al. \(2017\)](#) that internal control positively influences accounting fraud prevention. On the contrary, the research conducted by [Meutia \(2021\)](#) shows that internal control does not influence fraud prevention in Local Public Hospital in East Aceh. This shows that better and more effective internal control system does not influence fraud in the institution. Similar result is also found by [Nurlina et al. \(2018\)](#) that internal control does not influence fraud detection in the provincial and regency religious affairs department offices in Papua. [Haerunisa, et al. \(2021\)](#) also claims that internal control does not influence the trend of accounting fraud in TBBM PT Pertamina (persero) kota Malang. A different result is found by [Chandrayatna and Sari \(2019\)](#); and [Lestari and Supadmi \(2017\)](#) that internal control negatively influences the accounting fraud tendency.

The research conducted by [Avianto et al. \(2019\)](#) shows that integrity does not influence fraud in procurement of goods and services. The reason is that when the planning and supervision are still weak,

fraud in procurement of goods and services can still occur. This is different from Singgih et al. (2017) that integrity negatively influences accounting fraud in Local Government Agency in Denpasar City. Anggara and Suprasto (2012) also find that integrity negatively influences accounting fraud in 37 local government organizations in Badung Regency, Bali. The same result is confirmed by Lestari & Supadmi (2017). On the contrary, the research conducted by Yasmin (2018) shows that integrity positively, significantly influences fraud in procurement of goods and services. This is based on the definition that when an employee has good integrity, he will not act that leads to fraud and this will indirectly prevent fraud by that employee, since an employee with integrity can control himself well not to do fraud. This finding is also supported by Huslina and Syah (2016) that integrity positively influences accounting fraud prevention. This means that with employee's high integrity, any accounting fraud will be lower. Similarly, employee's integrity is one of the aspects influencing accounting fraud prevention system.

The same also occurred in the village level government system of Wonocoyo Village, that most of its people complained about BLT (unconditional cash transfer) given by the central government. In practice, however, it was distributed unevenly, and even missed its target. Some poor people did not get the aid. The aid that should be given to families who were really poor was, however, given to non-poor families. This signifies lack of internal control and in-depth observation by supervisor in the aid distribution. However, all this time none of the people complained about the undistributed aid. This is a plus point for the government employees in Wonocoyo village, in terms of fraud in procurement of goods and services. This research aimed to analyze the influence organizational commitment, internal control, and integrity on the prevention of fraud in procurement of goods and services in Wonocoyo Village, Wonoboyo District, Temanggung Regency. The novelty of this research was performed by modifying the instrument integrity of the research conducted by Lestari and Supadmi (2017) and Singgih et al. (2017) since some instruments used in previous researches were invalid in prevention of fraud in procurement of goods and services.

LITERATURE REVIEW AND HYPOTHESES

Fraud Triangle

The fraud triangle theory was developed by Donald R. Cressey, stating that fraud occurs because of three main factors. The first factor is pressure. An individual can commit fraud due to pressure he receives (Cohen et al., 2010). The pressure is divided into financial pressure, bad habit pressure, work pressure, and other pressures. The second factor is opportunity, that opportunity is an external factor which may drive an individual to do fraud. This fraud will emerge when there is weak control mechanism, such as lack of supervision or audit, making individual see a gap and make use of it for personal benefit (Monte & Papagni, 2007). The third factor is rationalization, that is individual's internal factor regarding thinking assuming that fraud is something reasonable and morally acceptable (Abri, A et al., 2019); (Aksa, 2018). The fraud triangle theory was developed to the fraud diamond theory, emerging with one additional factor which can influence individual to do fraud (Belloli, 2006). The factor is capacity, stating that individual does fraud because of internal drive (capacity and rationalization) and external drive (pressure and opportunity) (Kristiyani & Hamidah, 2020); (Zimbelman et al., 2012).

Fraud in Procurement of Goods and Services

Fraud is planned deception such as misrepresentation, concealing, or not revealing material fact, harming others (Boynton et al., 2003). Meanwhile, according to Hardianto (2011), fraud is an unlawful act performed by people in or out of organization aiming for their personal and group benefit which indirectly harms other parties. Fraud can also be defined as fraud bearing deviating meaning and unlawful act, intentionally done for a certain purpose, such as deceiving or giving false picture to others, performed by people, either in or out of organization (Kolstad & Wiig, 2009). The fraud is designed to make use of chances dishonestly, which directly or indirectly harms others (Jourdan & Balgobin, 2003). According to Tunggal (2011), an act can be declared fraud when the following five requirements are met: Misrepresentation, with false statement or non-disclosure of something. Material fact, which is a substantial

factor to drive an individual to act. Intention, which is the intention to deceive or awareness that certain party's statement is wrong. Justifiable dependence, which is misrepresentation that is a substantial factor, that the harmed party depends on him. Damage or loss, which is fraud that causes fraud victim damage or loss.

Organizational Commitment

Organizational commitment is employee's commitment to the organization where he is working. That employees have organizational commitment may show their seriousness of work (Leatemia, 2020). Organizational commitment can also describe the extent an individual identifies himself with the organization and his willingness to keep staying in the organization (Mowday et al., 2017). Organizational commitment is shown in acceptance of and strong belief in the values and objectives of an organization, strong drive to maintain the membership in the organization to achieve the organization's goals (Rahayu & Pratiwi, 2015). Employees' organizational commitment is formed from work environment and through self-development process that they perform. The organizational commitment instilled in each employee may drive them to give their good effort to achieve the organization's goals and it is not easy to find a job outside the company where they work in (Meyer & Allen, 2017).

Integrity

Integrity is important in effort to prevent fraud in procurement of goods and services (Sukriah, 2009), that it is a quality underlying public trust and is the benchmark for members to test all decisions (Arnold & Ponemon, 2019). Integrity refers to the enforcement of ethical standards and moral value of honesty, professionalism, and righteousness as the basis to assess justice, non-discrimination, and compliance in the process of procurement of goods and services public (OECD, 2016). Integrity also involves honesty, trust, and loyalty in keeping individual's mandate and obligations, with determination not to commit or violate the existing principles while disregarding temptation, costs and others' persuasion (Schlenker, 2008).

Internal Control

Internal control is a process performed by board of commissioners, management, and other personnel of entity designed to give sufficient assurance of reliability of financial statements, effectiveness, and efficiency of operation and compliance with prevailing laws and regulations (Belloli, 2006). Effective internal control plays an important role in an organization to minimize fraud, making it capable of closing any chances for deviating behaviors (Mulyadi, 2002) and (Cuomo, 2007). Internal control is organization's plan and a method used to keep or protect assets, produce accurate and trusted information, enhance efficiency and encourage compliance with management's policy (Krismaji, 2015). Internal control is performed aiming for reliability in financial statements, compliance with prevailing laws and regulations, and creation of operation effectiveness and efficiency (Muna & Harris, 2018); (Cuomo, 2007).

Organizational Commitment's Influence on Prevention of Fraud in Procurement of Goods and Services.

Organizational commitment is employee's commitment to the organization where he works in. Employee's organizational commitment can show his seriousness about his work. High organizational commitment can help instill honesty, openness, and sense of mutual help in self-involvement as part of an organization (Rahayu, 2015). Organizational commitment can also make employee consider the effort and performance that they give to their organization have positive meaning, creating loyalty towards the organization. Instilled in an employee's mind, this can help the effort to prevent fraud in procurement of goods and services. The research conducted by Meutia (2021) states that organizational commitment positively influences prevention of fraud. This result indicates that organizational commitment can help instill honesty, openness and sense of mutual help in self-involvement as part of organization, thus this can help the effort to prevent fraud. This is supported by Meyer & Allen (2017); Natasya et al. (2017); and

Aulya (2015), that organizational commitment can build employee's loyalty towards their organization, and the loyalty can minimize deviation, thus it can help prevent fraud.

H1: Organizational commitment positively influences prevention of fraud in procurement of goods and services.

Integrity's Influence on Prevention of Fraud in Procurement of Goods and Services.

Integrity is a character or condition showing an intact unity with potential for making an individual dignified and honest. Integrity can also be defined as honesty and sense of responsibility in working world, including acknowledging one's weakness. Integrity is individual's choice to do work well or otherwise do fraud intentionally for personal benefit (Sukriah, 2009). There are many cases of fraud in an entity as the result of individual employed disregarding honesty and integrity. That an individual has integrity can prevent him from committing fraud. The research conducted by Utami, et al. (2020) states that integrity negatively, significantly influences prevention of fraud in procurement of goods/services in the government of Makasar City. This means that the higher the integrity of the Government of Makasar City, the lower the fraud in procurement of goods and services is. Likewise, Yasmin (2018); and Huslina & Syah (2016) state that integrity influences prevention of accounting fraud. This means that when employees' integrity is high, accounting fraud is lower. Similarly, in the accounting fraud prevention system, employees' integrity is one of the influencing aspects. Lestari & Supadmi (2017); Singgih & Yulianti (2017); and Anggara & Suprasto (2012) show the higher an individual's integrity, the lower the act of fraud is.

H2: Integrity negatively influences prevention of fraud in procurement of goods and services.

Internal Control's Influence on Prevention of Fraud in Procurement of Goods and Services

In the Gone theory, the factors to cause fraud include greed, opportunity, needs, and exposure (Karyono, 2013). Greedy individual can cause individual to be dishonest and overlook his responsibilities in order to satisfy his personal interest and disregard others' interest, including his organization's goals. Such act may occur with the existing chance to do fraud (Meutia, 2021). Internal control is a process performed by board of commissioners, management, and other personnel of an entity designed to give sufficient assurance of the reliability of financial statements, the effectiveness and efficiency of operation and compliance with the existing laws and regulations. Good and sufficient internal control can limit chances; thus, it can prevent fraud in procurement of goods and services. The research conducted by Sumbayak (2017) reveals that an effective internal control system influences fraud. Similar results were presented by Natasya, et al. (2017), finding that internal control positively influences fraud risk in the implementation of health insurance. Soleman (2013); Purwitasari (2013); Oguda et al. (2015); Nuryanti (2015); Akbar et al. (2019); Larasati & Surtikanti (2019); and Hambani et al. (2020) find that internal control positively influences the prevention of fraud in the process of procurement of goods/services. Lastly, Riyadi (2021) finds internal control's influence on the tendency of accounting fraud.

H3: Internal Control positively influences prevention of fraud in procurement of goods and services.

METHODS

The population of this quantitative research was all employees working in the village government office of Wonocoyo Village, Wonoboyo District, Temanggung Regency, Central Java Province. The research samples were taken through convenience sampling method. There were 54 participants as the research samples, all of whom were village government employees and officials who had participated in procurement of goods and services. This research used primary data, that were obtained through distribution of questionnaires to several villages. The analysis technique used to test the research hypotheses was multiple regression analysis.

Measurement

Fraud is intentionally committed unlawful act aiming to manipulate or give false report of others by people from in or out of organization for personal or group benefit that directly or indirectly harms others (Yudhistira, 2017). The indicators of fraud variable measurement adopt the fraud instruments of research conducted by Wulandari & Nuryanto (2018), covering fraud policy, anti-fraud policy, fraud prevention, fraud act, internal control, operational activity evaluation, double tasks, monitoring, control, and fraud reporting.

Organizational commitment describes the condition of an employee in taking side of certain organization that he follows aiming and desiring to keep his membership in the organization (Robbins and Judge, 2017). Organizational commitment can be observed in individual's attitudes of behaving well, honestly, and always attempting to achieve the organization's goals. The indicators of organizational commitment variable was developed from Mowday, Steer and Porter's instrument validated by Kanning & Hill (2013) consisting of part of institution, pride in institution, assignment, achievement inspiration, care, overtime, performance, and loyalty.

Integrity involves honesty, trusted, and loyalty in keeping someone's mandates and obligations, and inability or hesitancy of violating a principle disregarding temptation, costs and others' preference (Schlenker, 2008). The indicators of integrity refers to Law Number 5 Year 2014, Article 69 paragraph 4 that it is measured using honesty, compliance with the laws and regulations, ability to cooperate, and service for the public, people and nation.

Internal control is organization's plan and business method used to maintain assets, give accurate and reliable information, drive and improve organization's efficiency and drive conformity to established policy (Tunggal, 2011). Internal control is performed aiming for reliability of financial statements, compliance with prevailing laws and regulations, and realization of operation effectiveness and efficiency (Muna & Harris, 2018). The indicators of internal control use the approach instrument by Wilopo (2006) covering authority and responsibility, work orientation, SOP, data manipulation, target, monitoring and evaluation, business risk, and training.

RESULTS AND DISCUSSION

The description of respondent in this research includes name, sex, age, domicile, occupation, level of involvement in procurement of goods and services, and type of procurement of goods and services. The description of analysis is as presented in the table below:

Table 1. Responden profile

No	Sex	Total	Percentage
1	Male	36	66.7%
2	Female	18	33.3%
Total		54	100%

Source: Processed primary data, 2021

Table 1 shows that the respondents participating in this research consisted of 66.7% men and 33.3% women. Most of the research respondents were male village officials.

Table 2. Age of Respondent

No	Age	Total	Percentage
1	<19	2	3.7%
2	20-29	14	25.9%
3	30-39	13	24.1%
4	>40	25	46.3%
Total		54	100%

Source: Processed primary data, 2021

Table 2 shows that most of the respondents were >40 years old of 46.3%. The other respondents were 20-29 years old (25.9%) and 30-39 years old (24.1%). The youngest one was <19 years old of 3.7%. This condition describes that many of the village officials or near to retirement, thus the employee regeneration was relatively non-proportional.

Table 3. Level of Involvement in Procurement of Goods and Services

No	Frequency	Total	Percentage
1	1 time	18	33.3%
2	2-3 times	22	40.7%
3	>3 times	14	26%

Source: Processed primary data, 2021

Table 3 shows the respondents involved in procurement of goods and services for 1 time were 33.3%, for 2-3 times were 40.7%, and for >3 times were 26%. This condition clarifies that most of the village officials had been involved in procurement of goods and services for more than 1 time.

Table 4. Types of Activities in Procurement of Goods and Services

Types of Activities in Procurement of Goods and Services	Total
Social aid	27
Village Development Fund	13
Sports Gears	2
Art Instruments	5
Covid-19	5
PKK	1
All	1
Total	54

Source: Processed primary data, 2021

Table 4 describes that most of the respondents had been involved in social aid (27 respondents), 13 respondents had been involved in procurement of village development fund, and 5 respondents had been involved in procurement of Covid-19 and art instruments fund aid.

Hypotheses Test Result

The results of hypotheses test in this research are presented in the table 5 below.

Table 5. Hypothesis Test

Variable	Coefficient	t	Significant	Remark
Constant	6.147	3.344	.002	
Organizational Commitment	.107	1.369	.177	H1 is rejected
Internal Control	.210	1.416	.163	H2 is rejected
Integrity	.222	-2.039	.047	H3 is accepted

Source: Processed primary data, 2021

Table 5 shows organizational commitment's influence on the prevention of fraud in procurement of goods and services resulting in t count value of 1.369 with significance value of 0.177 > 0.05. We can conclude that organizational commitment does not influence prevention of fraud in procurement of goods and services (H1 is rejected). This shows that village administrators did not do their tasks in compliance

with prevailing rule guidance or implementing guidance. This occurred in giving social aid to the villagers affected by covid-19 that was taken from village development fund and shifted to covid-19 prevention. The social fund aid was in the form of basic necessities and unconditional cash transfer (BLT). Some village administrators evidently distributed the aid off target and the nominal was evidently lower than what it should be. This occurred during data recording, making inaccurate distribution of fund aid. This research result conforms to the research conducted by [Chandra & Ikhsan \(2015\)](#) that institution employee's higher organizational commitment is not evidently capable of suppressing fraud in governmental sector. This finding also conforms to [Sumbayak and Jelfani \(2017\)](#); [Purwitasari \(2013\)](#); [Natasya et al \(2017\)](#); [Kanning & Hill \(2013\)](#) that organizational commitment cannot prevent fraud. There are two factors influencing individuals in their behaviors: internal and external factors. Internal factors are the biggest drive from individual's mind. External factors can be stimulation or influence from surrounding environment. These can influence an employee to do fraud, such as greed, desire for glamorous lifestyle, and better acknowledgement of work outcomes. These conditions stimulate individuals to do fraud. This finding does not support the fraud triangle theory since an individual with organizational commitment still has the possibility of doing fraud as the result of internal and external factors encouraging them to commit such an act. This research also shows that village administrators' organizational commitment is only used or made use of for them to keep in their institution. Such condition does not rule out an individual to do fraud in procurement of goods and services.

Internal control on prevention of fraud in procurement of goods and services resulted in t count value of 1.416 with significance value of $0.163 > 0.05$. We may conclude that internal control variable does not influence prevention of fraud in procurement of goods and services (H2 is rejected). The reason is that the control system found was still weak. With lack of the existing internal control related to procurement of goods and services, in the procurement of art instruments and materials for village development there was reduction of the planned quantity without clear reason. This occurred since in any activities of procurement of goods/services there was no transparent accountability. This might reduce internal control, thus there was no special control to supervise the procurement of goods/services activities. This is one of the weaknesses of village government's internal control. The internal control was still insufficient as proven with the village government's inability to prevent fraud in procurement of goods/services. This research result conforms to [Mustikasari \(2013\)](#) on occurrence of collusion practice in government institution, that those who commit fraud collectively may cover their wrongdoing that it is not detected by internal control. This research result also conforms to [COSO \(2013\)](#) that internal control is a process in an organization that is designed in such a way to give sufficient assurance of an achieved goal related to operation, reporting and compliance. Effective internal control may reduce fraud, thus an ineffective internal control system tends to make individuals to have the chance to do fraud which may inflict a their company loss ([Singleton, 2002](#)). This finding also conforms to [Meutia \(2021\)](#); [Haerunisa, et al. \(2021\)](#); and [Nurlina et al. \(2018\)](#) that internal control does not influence fraud prevention. This shows that better and more effective an internal control system does not influence fraud prevention. This finding does not confirm the fraud triangle theory since with existing internal control there is still possible fraud occurring, especially in village government.

Integrity on prevention of fraud in procurement of goods and services resulted in t count value of 1.809 with significance value of $0.047 < 0.05$. We may conclude that the integrity variable negatively, significantly influences prevention of fraud in procurement of goods and services (H3 is accepted). This finding proves that integrity is capable of preventing fraud in procurement of goods and services. This proves that higher technical requirements greatly determine individual's integrity. The lower the specification of some goods at negotiable price, and supported with high integrity, can prevent the chance for employees to do fraud. This condition shows village officials' seriousness in participating in training to distribute fund aid, whether it is under supervision or not, including not receiving anything of any form, demanding work as per actual condition, and being honest despite pressure from others to influence their attitude. This makes village officials more careful in distributing the fund in order to minimize fraud. This finding conforms to the research conducted by [Lestari & Supadmi \(2017\)](#); and [Singgih et al. \(2017\)](#) that integrity negatively on accounting fraud in SKPD of Denpasar City. [Anggara & Suprasto \(2012\)](#) also find that integrity negatively influences accounting fraud in local government organizations of Badung Regency,

Bali. This finding also conforms to [Utami, et al. \(2020\)](#); [Yasmin \(2018\)](#); [Huslina & Syah \(2016\)](#); and [Anggara & Suprasto \(2012\)](#) that integrity negative influences prevention of fraud in procurement of goods/services. This means that the higher an individual's integrity, the lower the fraud in procurement of goods/services. This finding confirms the fraud triangle theory that high integrity can assure an individual not to do fraud. The reason is that the level of honesty in performance of duties from data recording to distribution of fund requires carefulness and accuracy, aiming to alleviate the people who are affected by Covid-19, thus it can prevent officers' behaviors from committing fraud.

CONCLUSION

We may conclude the following results: (1) organizational commitment does not influence prevention of fraud in procurement of goods and services. This means that fraud in procurement of goods and services still occurs, but it cannot be detected from individual's commitment; (2) internal control does not influence prevention of fraud in procurement of goods and services. This means that fraud in procurement of goods and services still occurs, but it cannot be detected from regulation with monitoring and evaluation of operational activities to assess internal control implementation; (3) integrity influences prevention of fraud in procurement of goods and services. This means that fraud in procurement of goods and services is evidently detectable from individual's integrity; and (4) this research is only capable of explaining prevention of procurement in village area for 31.1%, and this means there are still other factors that determine village administrators' act of fraud more greatly.

This research is limited in the object used that was only focused on governmental institution administrators in certain village, thus the research results cannot be generalized for other villages. The research results only have low contribution. With the limitation, the following suggestions are to be taken into consideration: (1) Further researches are expected to extend the research objects, including government institutions at district, regency and provincial levels; (2) It is necessary to develop some objects in governmental institutions that fraud is likely to occur in other areas; and (3) Further researches needs to develop other variables which may prevent fraud in procurement of goods and services at village level, given that the management of fund aid from the government is vulnerable to abuse.

The implication of this research can be used by village government to optimize the application of procurement of goods and/or services system (e-procurement) by attempting to minimize any potential constraints which may arise. Village government needs to optimize the application of internal control system by regularly and continuously monitoring and evaluating and assessing the risks better before decision making by village leader. For effective monitoring and evaluation, village head needs to assure there is no double functions/tasks of village officials in performing their duties. Village government also needs to build village officials' commitment as an integral part of village organization well and responsibly covering superiors and subordinates. This aims to help realize village government's better accountability which can certainly hold down potential/prevent fraud.

REFERENCES

- Abri, A. F. (2018). *Impact of the corporate governance on the financial statement fraud: A study focused on companies in Tanzania* (Doctoral dissertation, Asia Pacific University).
- Akbar, A. G., & Andayani, W. (2019). Pengaruh Implementasi E-Procurement Dan Sistem Pengendalian Internal Pemerintah Terhadap Pencegahan Fraud Pengadaan Barang/Jasa Dengan Budaya Etis Organisasi Sebagai Pemoderasi. *Jasa dengan Budaya Etis Organisasi sebagai Pemoderasi The Impact of a Procurement Implementation and Government Internal Control System on Goods/Services Procurement Fraud Prevention by Using Organization Ethical Culture as a Moderating Variable*, 69-81.

- Albrecht, W., Albrecht, C., & Zimbelman, M. (2012). *Fraud Examination* (J. W, Calhoun, R. Dewey, & M. Filimonov (eds.); Fourth Edi). Cengage Learning. www.cengage.com
- Anggara, I. K. Y., & Suprasto, H. B. (2020). Pengaruh integritas dan moralitas individu pada kecurangan akuntansi dengan sistem pengendalian internal sebagai variabel mediasi. *E-Jurnal Akuntansi*, 30(9), 2296-2310.
- Arnold, D. F., & Ponemon, L. A. (1991). Internal auditors' perceptions of whistle-blowing and the influence of moral reasoning: An experiment.
- Avianto, H., Alim, M. N., & Tarjo, T. (2019). The Effect Of Monopoly Power And Integrity On The Tendency To Commit Fraud In E-Procurement. *Asia Pacific Fraud Journal*, 4(1), 112-120.
- Belloli, P., & McNeal, A. (2006). Fraudulent overtime: access to the company's time recording system enables a local site manager to commit fraud. *Internal Auditor*, 63(3), 91-94.
- Boynton, W. ., Jhonson, R. N., & Walter, G. K. (2003). *Modern Auditing* (7th Editio). Jhon Wiley 7 Sons, Inc.
- Chandra, D. P., & Ikhsan, S. (2015). Determinan terjadinya kecenderungan kecurangan akuntansi (fraud) pada Dinas Pemerintah Se Kabupaten Grobogan. *Accounting Analysis Journal*, 4(3).
- Chandrayatna, I. D. G. P., & Sari, M. M. R. (2019). Pengaruh pengendalian internal, moralitas individu dan budaya etis organisasi pada kecenderungan kecurangan akuntansi. *E-Jurnal Akuntansi*, 27(2), 1063-1093.
- Cohen, J., Ding, Y., Lesage, C., & Stolowy, H. (2012). Corporate fraud and managers' behavior: Evidence from the press. In *Entrepreneurship, governance and ethics* (pp. 271-315). Springer, Dordrecht.
- Commission, C. of S. O. (COSO) of T. T. (2013). *Internal Control-Integrated Framework: Executive Summary*. COSO.
- Croom, S., & Brandon-Jones, A. (2007). Impact of e-procurement: experiences from implementation in the UK public sector. *Journal of Purchasing and Supply management*, 13(4), 294-303.
- Cuomo, A. (2007). *Internal Controls and Financial Accountability for Not-for-Profit Boards*. www.oag.state.ny.us/charities/charities.html, retrieved on 27 March 2022
- Del Monte, A., & Papagni, E. (2007). The determinants of corruption in Italy: Regional panel data analysis. *European Journal of Political Economy*, 23(2), 379-396.3
- Faisal, A. A. (2018). Pencegahan dan deteksi kasus korupsi pada sektor publik dengan fraud triangle. *Jurnal Ekonomi, Bisnis, dan Akuntansi*, 20(4).
- Falah, S., & Asnawi, M. (2018). The Effect Of Procurement System and Internal Control System On Accountability Of Instanst Performance In Preventing Fraud. *International Journal Of Management (IJM)*, 9(4), 29-39.
- Gelderman, C. J., Ghijssen, P., W, T., & Brugman, M. J. (2006). *Public procurement and EU tendering directives – explaining noncompliance*, Faculty of Management Sciences, Open University of The Netherlands, Heerlen, The Netherlands.
- Haerunisa, N. S. A., & J. (2021). Pengaruh Pengendalian Internal, Ketaatan Aturan Akuntansi, dan Perilaku Tidak Etis Terhadap Kecenderungan Akuntansi Studi Pada TBBM [The Influence of Internal Control, Accounting Regulation Obediance, and Non-Ethical Behavior on the Tendency of Accounting Study on TBBM]. *E-Jra*, 09(02), 47–57.
- Hambani, S., Warizal, W., Kusuma, I. C., & Ramadianti, R. (2020). Analisis Faktor Yang Berpengaruh Terhadap Pencegahan Fraud Dalam Proses Pengadaan Barang/Jasa (Persepsi Pegawai Dinas Pemerintah Kota Bogor). *Jurnal Akunida*, 6(2), 147-162.

- Huslina, H., & Islahuddin, N. S. (2015). Pengaruh Integritas Aparatur, Kompetensi Aparatur, dan Pemanfaatan Teknologi Informasi Terhadap Efektivitas Sistem Pencegahan Fraud. *Jurnal Administrasi Akuntansi: Program Pascasarjana Unsyiah*, 4(1).
- Joseph, O. N., Albert, O., & Byaruhanga, J. (2015). Effect of internal control on fraud detection and prevention in district treasuries of Kakamega County. *International Journal of Business and management invention*, 4(1), 47-57.
- Jourdan, R., & Balgobin, N. (2003). *Analyzing the Public Procurement Process to Identify and Eliminate Risks of Corruption. Controlling Corruption in Asia and Pacific, 4th Regional Anti Corruption Conference of the Organisation for Economic Co-operation and Development Asian Development Ban*. 105–110.
- Kanning, U. P., & Hill, A. (2013). Validation of the Organizational Commitment Questionnaire (OCQ) in six languages. *Journal of business and media psychology*, 4(2), 11-20.
- Karyono. (2013). *Forensic Fraud, Edition 1*. Andi.
- Kolstad, I., & Wiig, A. (2009). Is transparency the key to reducing corruption in resource-rich countries?. *World development*, 37(3), 521-532.
- Krismaji. (2015). *Sistem Informasi Akuntansi [Accounting Information System]*. Unit Penerbit [Publisher Unit].
- Kristiyani, D., & Hamidah, H. (2020). Model Penerapan Akuntansi Sektor Publik Untuk Mencegah Fraud Pada Sektor Publik Di Era Digital. *Jurnal Bisnis dan Akuntansi*, 22(2), 289-304.
- Larasati, Y. S., & Surtikanti. (2019). Analisis Faktor yang Berpengaruh Terhadap Pencegahan Fraud di Dalam Proses Pengadaan Barang/Jasa (Riset Empiris Pada Direktorat Jendral Pengelolaan Ruang Laut Kementerian Kelautan dan Perikanan) [Analyzing Factors influencing the Prevention of Fraud in Goods/ Services Procurement Processes (Empirical Research at the Directorate General of Marine Spatial Management, Ministry of Marine and Fishery)]. *JAFTA*, 1(1), 31 – 43.
- Leatemia, S. Y., & Febryanti, N. F. (2020). Pengaruh Pengendalian Internal dan Komitmen Organisasi terhadap Pencegahan Fraud Pengadaan Barang (Studi Empiris pada Rumah Sakit Pemerintah di Kota Ambon). *Arika*, 14(1), 15-22.
- Lestari, N. K. L., & Supadmi, N. L. (2017). Pengaruh pengendalian internal, integritas dan asimetri informasi pada kecurangan akuntansi. *E-jurnal Akuntansi*, 21(1), 389-417.
- Mauro, P. (2005). Corruption and Growth. *The Quarterly Journal of Economics*, Vol. 110, 681–712.
- Meutia, T. (2021). Pengaruh Pengendalian Internal Dan Komitmen Organisasi Terhadap Pencegahan Fraud Pada Rumah Sakit Umum Daerah Aceh Timur. *Jurnal Mahasiswa Akuntansi Samudra*, 2(2), 79-90.
- Meyer, J., & Allen, N. (2017). Testing the “Side Bet Theory” of Organizational Commitment: Some Methodological Considerations. *Journal of Applied Psychology*, 69, 372–378.
- Mowday, R. T., Porter, L., & Steers, R. (2017). *The measurement of organizational commitment*. Academic Press.
- Mulyadi. (2002). *Auditing*. Salemba Empat.
- Muna, B. N., & Haris, L. (2018). Pengaruh pengendalian internal dan asimetri informasi terhadap kecenderungan kecurangan akuntansi. *Jurnal Akuntansi, Ekonomi Dan Manajemen Bisnis*, 6(1), 35-44.
- Mustikasari, D. P. (2013). Faktor-faktor yang mempengaruhi fraud di sektor pemerintahan Kabupaten Batang. *Accounting Analysis Journal*, 2(3).

- Natasya, T. N., Karamoy, H., & Lambey, R. (2017). Pengaruh Komitmen Organisasi Dan Pengendalian Internal Terhadap Resiko Terjadinya Kecurangan (Fraud) Dalam Pelaksanaan Jaminan Kesehatan Di Rumah Sakit Bhayangkara Tk. Iv Polda Sulut. *Going Concern: Jurnal Riset Akuntansi*, 12(2).
- Neupane, A. (2014). *The potential of public e-procurement technology to reduce corruption in public procurement* (Doctoral dissertation, University of Southern Queensland).
- Nuryanti, D. R. P. (2015). *Pengaruh Implementasi E-Procurement Dan Pengendalian Internal Terhadap Pencegahan Fraud Pengadaan Barang Dan Jasa (Survey Pada Dua BUMN di Bandung)* (Doctoral dissertation, Fakultas Ekonomi Unpas).
- Pristiyanti, I. R. (2012). Persepsi Pegawai Instansi Pemerintah Mengenai Faktor-Faktor yang Mempengaruhi Fraud di Sektor Pemerintahan. *Accounting Analysis Journal*, 1(1).
- Purwitasari, A. (2013). Pengaruh Pengendalian Internal dan Komitmen Organisasi Dalam Pencegahan Fraud Pengadaan Barang (Survey Pada 5 Rumah Sakit Di Bandung) [Perceptions of Government Institution Employees on Factors Influencing Fraud in the Procurement of Goods]. *JAP*, 2(2), 344–49. [https://doi.org/https://doi.org/10.1016/S0140-6736\(79\)91018-3](https://doi.org/https://doi.org/10.1016/S0140-6736(79)91018-3)
- Putri, A. A. P. A. (2014). Pengaruh keefektifan pengendalian internal dan kepuasan kerja terhadap kecenderungan kecurangan akuntansi pada Dinas Pendapatan Pengelolaan Keuangan Aset Daerah Istimewa Yogyakarta. *Nominal: Barometer Riset Akuntansi dan Manajemen*, 3(1), 61-74.
- Rahayu, A. W., & Pratiwi, C. W. (2011). Pengaruh opini audit tahun sebelumnya, pertumbuhan perusahaan, leverage dan reputasi auditor terhadap penerimaan opini audit going concern. *Proceeding PESAT (Psikologi, Ekonomi, Sastra, Arsitektur & Sipil)*.
- Riyadi, W. (2021). Pengaruh Pengendalian Internal dan Kesesuaian Kompensasi terhadap Kecenderungan Kecurangan Akuntansi pada Perumda BPR Majalengka. *Entrepreneur: Jurnal Bisnis Manajemen Dan Kewirausahaan*, 2(1), 206-213.
- Schiavo-Campo, S., & Sundaram, P. (2000). *To serve and to preserve: Improving public administration in a competitive world*. Asian Development Bank.
- Schlenker, B. R. (2008). Integrity and character: Implications of principled and expedient ethical ideologies. *Journal of social and clinical psychology*, 27(10), 1078.
- Seputro, H. Y., & Alim, N. (2021). The Moderating Effect Of Organisational Commitment On End-User Training, And Re-Engineering Process As Procurement Fraud Prevention. *Review of Business, Accounting, & Finance*, 1(3), 249-265.
- Singgih, D. W., Yuliati, N. N., & Amrul, R. (2017). Pengaruh pengendalian internal dan integritas pada kecenderungan kecurangan akuntansi (Studi Kasus Pada Dinas SKPD Kota Mataram). *Jurnal Aplikasi Akuntansi*, 2(1), 42-42.
- Singleton, T. (2002). Stop fraud cold with powerful internal controls. *Journal of Corporate Accounting & Finance*, 13(4), 29-39.
- Soleman, R. (2013). Pengaruh pengendalian internal dan good corporate governance terhadap pen cegahan fraud. *Jurnal Akuntansi dan Auditing Indonesia*, 17(1), 57-74.
- Sukriah, I. A., & Inapty, B. A. (2009). Biana Adha Inapty. 2009. Pengaruh Pengalaman Kerja, Independensi, Obyektifitas, Integritas, dan Kompetensi Terhadap Kualitas Hasil Audit [The Influence of Work Experince, Inpedence, Objectivity, Integrity and Competence to the Quality of Audit Results]. *Symposium Nasional Akuntansi XII [National Accounting Symposium XII]. Palembang*.
- Sumbayak, J. S., Anisma, Y., & Hasan, M. A. (2017). *Pengaruh Keadilan Organisasi, Sistem Pengendalian Intern, Komitmen Organisasi Dan Gaya Kepemimpinan Terhadap Kecurangan (Fraud)(Studi*

- Empiris Pada Kantor Cabang Utama Perusahaan Leasing Di Kota Pekanbaru*) (Doctoral dissertation, Riau University).
- Thai, K. V. (2001). Public procurement re-examined. *Journal of public procurement*.
- Tunggal, A. W. (2011). *Teori dan Kasus Internal Auditing [Internal Auditing Theories and Cases]*. Harvarindo.
- Utami, D., & Haliah, A. I. The Effects Of E-Procurement Implementation And Integrity to Fraud Prevention Against The Government Procurement Of Goods/Services Fraud With Intention As The Moderating Variable On The Government Of Makassar City.
- Widiutami, N. P. S., Sulindawati, N. L. G. E., Atmadja, A. T., & SE, A. (2017). Pengaruh Efektivitas Pengendalian Internal, Ketaatan Aturan Akuntansi, Dan Komitmen Organisasi Terhadap Kecenderungan Kecurangan (Fraud) Akuntansi (Studi Empiris Pada Lembaga Perkreditan Desa Di Kabupaten Buleleng). *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, 7(1).
- Wilopo. (2006). Analisis Faktor-Faktor yang Mempengaruhi Kecenderungan Kecurangan Akuntansi [Analyzing Factors Influencing the Tendency of Accounting Fraud]. *Symposium Nasional Akuntansi IX [National Accounting Symposium IX]*.
- Wulandari, D. N., & Nuryanto, M. (2018). Pengaruh pengendalian internal, kesadaran anti-fraud, integritas, independensi, dan profesionalisme terhadap pencegahan kecurangan. *Jurnal Riset Akuntansi Mercu Buana*, 4(2), 117-125.
- Yasmin, A. (2018). Pengaruh Penghasilan Karyawan, Kepuasan Kerja, dan Integritas Karyawan terhadap Pengendalian Diri dalam Melakukan Kecurangan Pengadaan Barang. *Monex: Journal of Accounting Research*, 7(1).
- Yudhistira, B. (2017). *Institute For Development of Economics and Finance*. Bank Indonesia.