



THE EFFECT OF SERVANTS' COMPETENCE AND WHISTLEBLOWING ON FRAUD PREVENTION IN FUND MANAGEMENT

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Abstract: Currently, people's demands for clean, fair, transparent, and accountable governance must be taken seriously and systematically. To be more accountable a strategy is needed in preventing fraud by maximizing the competency of the apparatus and whistleblowing. The purpose of this study was to determine and analyze the influence of Servants' Competence, Whistleblowing, on Fraud Prevention in Village Fund Management. This research method uses descriptive and verification surveys, and field data collection uses a questionnaire technique, this research is associative research, where in this study there are variables that are related and can influence other variables. The population of this research is village government officials in the Madang Suku II sub-district, East OKU district. Data processing using SEM PLS 3.0 analysis tool. The results of this study are: (1) there is an influence of Servants' Competence, on the prevention of fraud in the management of village funds, (2) there is an effect of whistleblowing on the prevention of fraud in the management of village funds.

Keywords: Fraud Prevention; Servants' Competence; Whistleblowing

INTRODUCTION

The management of village funds requires the competence of professional Servants and meets the criteria so that the socio-economic village can be achieved. The competence of the Servants has a positive influence on the prevention of fraud in the management of village funds, the higher the competence of the Servants, the higher the quality of preventing fraud in managing village funds. A poor internal control system triggers a person to commit fraud and violates the law, concluding that the internal control system has a positive influence on fraud prevention, because various kinds of financial fraud that occur in the organization can be prevented by an adequate internal control system (Adhivinna et al., 2022).

The increasing public demand for good governance has encouraged local governments to carry out financial management properly and correctly (Rizqa, 2019). This is because many fraudulent acts occur in state and regional governments. The Association of Certified Fraud Examinations (ACFE). Rizqa (2019) explains that there are three types of fraud, namely fraudulent financial statements, asset misappropriation, and corruption.

The increasing demands of society for the administration of a clean, fair, transparent, and accountable government must be taken seriously and systematically. All levels of state administrators, both at the executive, legislative and judicial levels, must have a shared commitment to upholding good governance and clean government. However, the current condition is that there are still regions in the administration of their government that are not ready with a new system of government to administer the regional government under good governance. There have been many cases in many areas related to corruption, irregularities, abuse of authority and position, violations, and many other criminal cases.

In Indonesia, cases of fraud that often occur are corruption cases, corruption cases are one of the biggest cases that always occur every year in Indonesia. According to the corruption perception index, in 2018 Indonesia was ranked 89th out of 180 countries,

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previously in 2017, Indonesia was ranked 96th out of 180 countries. the implementation of regional government and course the impact on the wastage of regional budgets and finances.

Meanwhile, in the province of South Sumatra, corruption prevention has been carried out, and one of them is by conducting socialization. This is also applied in one of the districts in the province of South Sumatra, namely East OKU District. The district government of Ogan Komering Ulu Timur held socialization on the prevention and eradication of corruption and an external government survey. This is done to avoid budget misappropriation and criminal acts of corruption against those involved in the procurement of goods and services in the district of Ogan Komeing Ulu Timur.

The budget sourced from the APBN that flows into the village treasury is divided into 2 (two) distribution mechanisms, the transfer of funds to the regions (on top) in stages known as the Village Fund and the mechanism of transferring funds through the district/city APBD which is allocated 10% by the regional government. to be distributed to the village treasury in stages known as the Village Fund Allocation (ADD).

This large budget allocation policy has consequences for its management which should be carried out in a professional, effective, efficient, and accountable manner based on the principles of good public management to avoid the risk of irregularities, fraud, and corruption. Village financial management follows the pattern of regional financial management where the Village Head is the holder of the power to manage village finances. Village income, expenditure, and financing must be determined in the Village Revenue and Expenditure Budget (APB) set out in village regulations by the Village Head together with the Village Consultative Body (BPD).

Minister of Home Affairs Regulation No. 113 of 2014 concerning Guidelines for Village Financial Management is expected to be a guide in managing village finances because it includes various village financial management procedures ranging from planning, implementation, administration, and reporting to accountability. Besides that, Permendagri No. 113 of 2014 requires that village financial management be carried out in a transparent, accountable, and participatory manner as well as orderly and budgetary discipline.

The Supreme Audit Agency of the Republic of Indonesia (BPK) as one of the high state institutions has implemented the Ministerial Regulation of RB Number 10 of 2019 by building an Integrity Zone towards a Corruption Free Area (WBK) and a Clean Serving Bureaucratic Area (WBBM) which are very important and strategic parts for the CPC. The supervisory strengthening program that has been implemented by BPK includes the implementation of a whistleblowing system and a gratification control program. The whistleblowing system has been implemented since 2011 under the Decree of the Secretary General of the BPK Number 507/K/X-XIII.2/12/2011 concerning the Handling of Whistleblowing in the BPK.

However, until now there are still many cases of misappropriation of village funds carried out by village officials and even with local government interference, a way is needed to minimize misuse of village funds, in addition to optimizing community participation, a form of anticipation to prevent similar cases from happening. indispensable, such as Servants' competence, and Whistleblowing.

The factor that can affect the prevention of fraud in the management of village funds is the competence of the Servants. With adequate Servants' competence in managing village finances, it is hoped that the economic and social objectives of the village government can be achieved. Therefore, the participation of parties outside the village government and the Village Consultative Body (BPD) such as village leaders, religious leaders, farmers, village entrepreneurs, and other community representatives must synergize and be involved in managing village funds. Muis & Prasetyo (2015)



stated that the supervision of village financial management should be carried out professionally, strictly, controlled, and with integrity. According to Amrizal (2015), fraud prevention has five objectives, namely: Prevention, Deterrence, Disruption Identification, and civil action prosecution.

Another factor that affects the prevention of fraud in the management of village funds is whistleblowing. One of the whistleblowing efforts is reporting by members of the organization (active or non-active) regarding violations, illegal acts, or immoral acts to parties inside and outside the organization. This system is a forum or channel for whistleblowers to uncover and report fraudulent acts. This effort is carried out with the aim of detecting, minimizing, and then eliminating fraud or fraud committed by the organization's internal parties. According to Zimbelman (2016) a good whistleblowing program can be a very effective tool in detecting and preventing fraud. (Widiyarta et al., 2017); (Islamiyah et al., 2020); (Romadaniati et al., 2020) showed that: servant competence, whistleblowing, and internal control systems had a partially positive and significant effect on fraud prevention in the management of village funds.

Competence can be defined as the abilities and characteristics possessed by a person in the form of knowledge, skills, and behavioral attitudes needed in carrying out his duties, so that a person can carry out his duties professionally, in other words, competence is mastery of a set of knowledge, skills, values, and attitudes that lead to performance and are reflected in the habit of thinking and acting under their profession (Government Regulation No.23 of 2004).

Whistleblowing is reporting when there is unethical or immoral behavior or actions that are contrary to the law carried out by organizational leaders or employees in an organization that can be detrimental to the organization or parties who have an interest (Rizqa, 2019). The existence of a whistleblowing system provides an opportunity for a whistleblower to report fraud or violations committed by the organization's internal parties. The purpose of whistleblowing is to report or reveal actions that are suspected to be detrimental to an organization and prevent fraudulent actions that may occur.

Zelmiyanti & Anita (2015) added that whistleblowing can occur internally (internally) or externally (externally). Internal whistleblowing occurs when an employee member learns of the fraud of his superior. Meanwhile, external whistleblowing occurs when an employee learns of fraud committed by the company and then notifies the public because the fraud will harm the community. The purpose of this study was to determine and analyze the Effect of Servants' Competence, Whistleblowing, on Fraud Prevention in Management

METHODS

Total Population In this study was conducted in villages that received Village Funds in the Village Servants of Madang Tribe II sub-district in East OKU District Regency. Villages included in the Madang Tribe II sub-district are Kota Negara Village, Pandan Agung, Margotani, Rasuan Baru, Sri Mulyo, Kerta Negara, Jati MulyoII, Pandan Jaya, Karang Negara, Banbanrejo, Riang Agung, Sukanegara, Sri Kencana, Dadi Mulyo, Riang Bandung Ilir, Margotani II, Kotanegara Timur, Talang Plate, Kalirejo. The study was conducted from August through October 2021.

The sampling used is purposive, namely the selection of samples based on criteria. The criteria determined are Villages that are members of the Village Servants of the East Ogan Komering Ulu Regency, the village head, the village secretary, the village treasurer, and the village consultative body in the Village Servants of the East Ogan Komering Ulu Regency. The closest village can be reached easily and not too far from the sub-district capital and obtained 10 villages with 4 village officials each so that the selected sample is 40 village Servant respondents



The variables of this study consist of one dependent variable, namely fraud prevention, and two independent variables, namely Servants' competence and whistleblowing. Servants Competence is the ability and characteristics possessed by a person in the form of knowledge, skills, and behavioral attitudes needed in carrying out the duties of his position so that a person can carry out his duties professionally with indicators; Abilities, Characteristics in the form of knowledge, skills and values and attitudes.

Whistleblowing is reporting when there is unethical or immoral behavior or actions that are contrary to the law carried out by organizational leaders or employees in an organization so that it can harm the organization or parties who have an interest. The indicators of Whistleblowing are the effectiveness of the implementation of the whistleblowing system, the method of reporting violations, and the benefits of the whistleblowing system.

Prevention is an effort or a process to refuse or hold something from happening. Meanwhile, the Institute of Internal Auditors (IIA) stated that: that fraud includes a series of unreasonable and illegal acts that are intentionally carried out to deceive or deceive. These actions can be carried out for the benefit or loss of the organization and by people outside the organization. Indicators of prevention are oversight by the audit committee, management's responsibility to evaluate fraud prevention, a culture of honesty, and high ethics.

Qualitative data and quantitative data are used in this study. Qualitative data is data obtained not in the form of numbers or in the form of a description of words to complete the discussion (Sugiyono, 2016). For quantitative data, namely the data used in the form of numbers or measurements such as data, population numbers, and the results of questionnaire data. Research data is sourced from primary and secondary data. Primary data obtained directly from respondents and secondary data obtained from other sources that support this research were obtained not by the first researcher but from other data sources (Sugiyono, 2016). For data collection techniques by conducting literature studies, questionnaires, observation, and documentation.

Data analysis using Partial Least Square SEM is "an analysis used by research to predict and develop an existing theory" (Sarwono & Narimawati, 2015). This study uses the analysis tool "Software SmartPLS" 3.0. Structural model analysis has several stages, namely "formulating structural model theory, then outer model analysis, then inner model analysis, and hypothesis testing" (Husain, 2015).

RESULTS AND DISCUSSION

The purpose of testing the outer model is to see the validity and reliability of a model form. The results of the analysis of this test will show the influence of the Loading factor, then Average Variance Extracted (AVE), then Discriminant Validity, and composite reliability. The initial stage in testing the validity of a model is the loading factor, the loading factor requirements must be > 0.6 so that the indicator is said to have passed the valid test. If it does not pass the validation test, it is removed from the existing model (Husain, 2015). The results of the outer analysis of this research model are shown in figure 1 below:

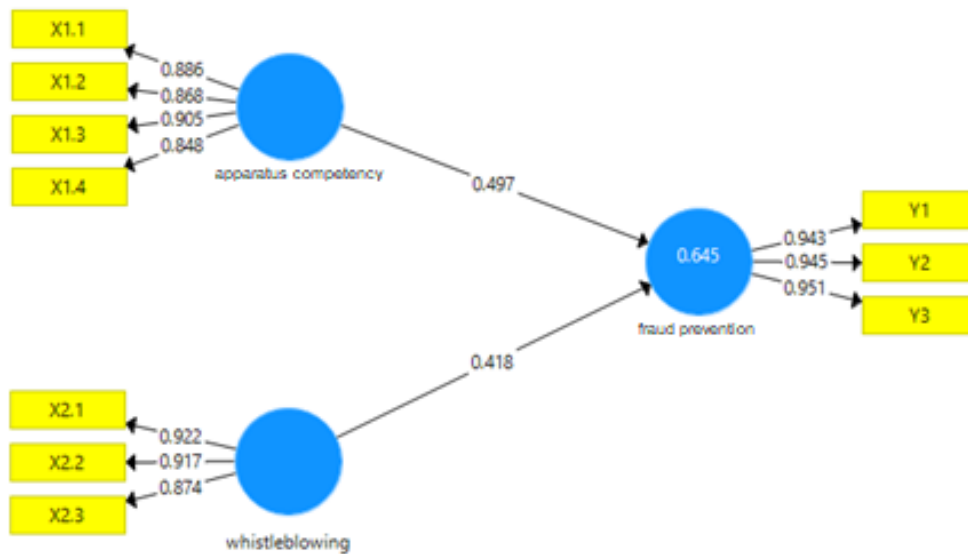


Figure 1. Calculation results of the outer SEM PLS model

Source: Processed data (2022)

Based on the results of the outer loading test, all indicators have a value greater than 0.6, in testing the validity of a model the loading factor is the loading factor, and the loading factor requirements must be greater than 0.6 so that the data is considered valid and can be continued to the next test.

Table 1. Outer Loading

	Apparatus Competency	Fraud Prevention	Whistleblowing
X1.1	0.8857		
X1.2	0.8682		
X1.3	0.9045		
X1.4	0.8480		
X2.1			0.9225
X2.2			0.9172
X2.3			0.8736
Y1		0.9426	
Y2		0.9446	
Y3		0.9508	

Source: Processed data (2022)

The value used in the convergent validity test is the Average Variance Extracted (AVE) value because this value is obtained from the convergent validity output. The research requirements for the required AVE value are greater than > 0.5 and when viewed from the results of the calculated latent variable constructs, all construct values obtained have a value greater than 0.5 for more details on the AVE results, it can be seen in the following table:



Table 2. Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)
Apparatus Competency	0.7688
Fraud Prevention	0.8949
Whistleblowing	0.8185

Source: Processed data (2022)

The results of the AVE calculation did not find problems with convergent validity, then the next test related to discriminant validity. Discriminant Validity is done by looking at the cross-loading table, the results are to test the validity of the discriminant with the indicator with the condition that the correlation between the indicator and the results of the calculation of the latent variable is greater than the results of the calculation of the correlation between the indicator and other latent variables.

So that there are no problems related to measurement, the last step in evaluating the outer model is to test the unidimensionality of the developed model. This unidimensionality test is carried out by looking at the results of the calculation of composite reliability and Cronbach's alpha. For the two indicators discussed, the cut-off value point is 0.7.

Table 3. Composite Reliability and Cronbach's Alpha

	Cronbach's Alpha	Composite Reliability
Apparatus Competency	0.8997	0.9301
Fraud Prevention	0.9414	0.9623
Whistleblowing	0.8891	0.9311

Source: Processed data (2022)

The table 3 above shows that all constructs have a composite reliability value above 0.7. Therefore, there is no problem of unidimensionality affecting the competence of the Servants and whistleblowing and fraud prevention.

Table 4. Coefficient of Determination

	R Square	R Square Adjusted
Fraud Prevention	0.645	0.626

Source: Processed data (2022)

In calculating the PLS-SEM hypothesis testing, this is done by using and paying attention to the t arithmetic value (T) obtained and compared with the t_{table} (t) value from the SPSS table. The t_{table} value with a significance of 5 percent and the degree of freedom (DF) = the number of data (n)–2 i.e., $40 - 2 = 48$ is 2,024 (t_{table}).

Table 5. Test Statistics

Influence	T Statistics (O/STDEV)	P Values
Apparatus Competency -> Fraud Prevention	4.629	0.000
Whistleblowing -> Fraud Prevention	3.131	0.002

Source: Processed data (2022)

Based on the results of the calculation table 5 above, the t_{value} of the Servants' competence statistic affects fraud prevention of $4,629 > t_{table}$ of 2,024 and the significance



of the p_{value} is $0.000 < 0.05$. This means that the competence of village government Servants can be utilized to manage village funds so that it is better and touches all village communities

Competence can be defined as the abilities and characteristics possessed by a person in the form of knowledge, skills, and behavioral attitudes needed in carrying out his duties, so that a person can carry out his duties professionally, in other words, competence is mastery of a set of knowledge, skills, values, and attitudes that lead to performance and are reflected in the habit of thinking and acting by their profession (Government Regulation No.23 of 2004). Marwah Yusuf's research states that there is a significant influence of all existing variables, namely, individual morality, Servants' competence, and internal control system on preventing village fund fraud in the village government in the Adonara Tengah sub-district (Yusuf et al., 2018). Then this study is not in line with the research of Adhivinna et al. (2022), the results of this study found that the variable competence of the Servants did not affect the prevention of fraud in the management of village funds.

Based on the results of the calculation table 5 above, the t value of the whistleblowing statistic that affects fraud prevention is $3,131 > t_{table} 2,024$, and the significance with the p -value of $0.002 < 0.05$ that there is an effect of whistleblowing on fraud prevention in the management of village funds. This means that village government whistleblowing can be used to better manage village funds and touch all village communities. Whistleblowing is reporting when there is unethical or immoral behavior or actions that are contrary to the law by organizational leaders or employees in an organization. so that it can harm the organization or parties who have an interest. This study is in line with the research of Riyanto & Arifin (2022). The results of this study indicate that the whistleblowing system has a significant influence on fraud prevention (Riyanto & Arifin, 2022).

CONCLUSION

The results of the calculation of the t -value of the Servants' competence statistics affect fraud prevention This means that the competence of the village administration Servants can be utilized to better manage village funds and touch all village communities to village government officials in Madang Suku II sub-district, East OKU Regency. The result of calculating the t statistical value of whistleblowing affects fraud prevention indicates that there is an effect of whistleblowing on fraud prevention in village fund management. This means that village government whistleblowing can be used to manage village funds so that it is better and touches all village communities. Whistleblowing is reporting when there is unethical or immoral behavior or actions that are contrary to the law carried out by organizational leaders or employees in an organization so that this can harm the organization or parties who have an interest. For fraud prevention, you can increase the competence of village government officials, by for example conducting training and workshops so that the ability of village officials can properly carry out their work for managing village funds, and for fraud prevention, you can increase village government whistleblowing, for example conducting a hotline number / or reporting number that given to the entire village community so that if something is not good it can be reported. This will increase the prevention of fraud by users of the village budget.



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