

**THE INFLUENCE OF VILLAGE APPARATUS COMPETENCE,
WHISTLEBLOWING AND INTERNAL CONTROL SYSTEM ON PREVENTION
FRAUD IN VILLAGE FINANCIAL MANAGEMENT**

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Abstract – This study aims to determine the effect of village apparatus competence, *Whistleblowing* and internal control systems on prevention *Fraud* in village financial management carried out in Ciwaru village, Mekarsakti village and Mandrajaya village, Ciemas district, Sukabumi district, this study uses quantitative research methods with a quantitative approach. parametric statistics for data collection techniques using questionnaires, interviews, literature and documentation, the number of samples In this study as many as 100 people, when the questionnaire was distributed, the researcher would spread the number of questionnaires more than the predetermined number of samples, namely as much as the number of samples added 10% of the sample namely 100 people plus 10% or as many as 110 questionnaires which will be distributed to 110 people. The data analysis technique used is validity test, reliability test, classical assumption test, multiple regression test, and hypothesis testing. This research was assisted by SPSS24 software by coming to the conclusion that the competence of village apparatus has no significant effect on the prevention of *Fraud* in village financial management, while *Whistleblowing* and internal control systems are positively and significantly impacted on the prevention of *Fraud* in village financial management in Ciwaru Village, Mekarsakti Village and Mandrajaya Village, Ciemas Subdistrict, Sukabumi Regency.

Keywords: Village Apparatus Competence, Whistleblowing, Internal Control System, and Prevention Fraud.

INTRODUCTION

Law No. 6 of 2014 explains that village finances are all village rights and obligations that can be valued in money and everything in the form of money and goods related to village implementation and obligations. The rights and obligations in question are income, expenditure, financing, and village financial management and the village is entitled to receive funds from the APBN (Law No 6 of 2014). Village funds in terms of accountability are included in public financial accountability, which is vulnerable to *Fraud* when managing village funds, so it does not rule out the possibility of *Fraud* or *Fraud* (Putu Ayu Armelia, 2020) Competence is mastery of a set of knowledge, skills, values and attitudes which leads to performance and is reflected in the habit of thinking and acting in accordance with their profession (PP RI No 23 Tahun 2004). Then the competence of the village apparatus can be improved by covering several aspects, namely the skills of knowledge, skills and insights

gained through learning, training, experience and education, then the village apparatus is an important factor that greatly determines the success of the implementation of the tasks assigned to him especially in managing reports. finance (Islamiyah et al., 2020). (Ismet Ismatullah & Lusi Andari, 2019) in their research entitled *The Effect of Internal Control on Fraud Prevention* states that *Fraud* prevention can be analogized as a disease, it is better to be prevented than treated so supervision is needed, so to get good supervision effective internal control is needed, because internal control plays an important role in minimizing the occurrence of *Fraud*, then in addition to internal control, the use *Whistleblowing* of effective also plays an important role in preventing *Fraud* in village financial management (Jayanti & Suardana, 2019).

(Gatot Wahyu Nugroho 2020) in his book entitled *Whistleblowing in Prevention Fraud (Case Study in Indonesia)* stated that based on the guidelines for the reporting system of violations issued by the national government policy *committee* that *Whistleblowing* is the disclosure of acts of violation or disclosure of unlawful acts, unethical, immoral or other actions that may be detrimental to organisasi or stakeholders committed by employees or organizational leadership to the leadership of the organization or institution others to take action on these violations With their funding large villages have the consequence of *Fraud* committed by certain parties, especially those who have been trusted by the community (Jayanti & Suardana, 2019). Evidenced by cases of misuse of village funds that still occur frequently, one of which is the case of investigators from the District Attorney's Office of North Central Timor (TTU), East Nusa Tenggara. who detained the village head of Naikake with the initials BHT and his treasurer MT because it was seen the alleged corruption case of village funds amounting to Rp 800 million (Kontributor Kupang, 2021). Then the case where the residents of Mandrajaya village, Ciemas sub-district, Sukabumi, accompanied by an NGO, the state money saving activist movement (Gapura) reported that the head of the village Mandrajayato the Cibadak District Attorney, Sukabumi Regency for alleged corruption in the 2018 to 2020 village fund budget with losses reached hundreds of millions of rupiah (Sukabumi update, 2021).

Based on the analysis above, there are several previous studies that are in line with those carried out by Ismet Ismatullah dan Lusu Andari (2019) with the title "The Effect of Internal Control on *Fraud* Prevention" which shows that internal control has a positive influence on the prevention of *Fraud* or *Fraud*.

Furthermore, the research conducted by Putu Ayu Armelia dan Made Ari Wahyuni 2020 with the title "The Influence of Competence of Village Apparatus, Effectiveness of Internal Control and *Moral Sensitivity* to Prevention *Fraud* in Village Financial Management". The results of his research stated that internal control and *moral sensitivity* had a positive and significant effect on village financial management, but the competence of village officials did not affect prevention *Fraud* in village financial management in Banjar District. Based on the background of the above problems researchers interested in conducting research with the title "**The Effect of Competence for Administrative Village, Whistleblowing and the Internal Control System Against Fraud in Financial**

How does the competence of village apparatus affect the prevention of *Fraud* in

village financial management? How does *Whistleblowing* affect *Fraud* prevention in village financial management? How does the internal control system affect *Fraud* prevention in village financial management? How is the influence of competence of village apparatus, *Whistleblowing* and internal control system on *Fraud* prevention in village financial management Purpose and Research Usability

Based on the above problem formulation, the researchers have the following objectives: To know and explain the influence of competence of village apparatus on the tendency of *Fraud* in village financial management in Ciwaru Village, Mekarsakti Village, and Mandrajaya Village. To know and explain the influence of *Whistleblowing* on *Fraud* tendencies in village financial management in Ciwaru Village, Mekarsakti Village, and Mandrajaya Village. To know and explain the influence of control system on *Fraud* tendencies in village financial management in Ciwaru Village, Mekarsakti Village, and Mandrajaya Village. To know and explain the influence of competence of village apparatus, *Whistleblowing* and internal control system on *Fraud* tendencies in village financial management in Ciwaru Village, Mekarsakti Village, and Mandrajaya Village.

According to the Decree of the Head of State Employment Agency Number 46A year 2003 On 21 November 2003 November 2003 Competence is the ability and the characteristics possessed a Civil Servant in the form of knowledge, skills, and attitudes that necessary in carrying out their duties, so that the Civil Servant can carry out their duties professionally, effectively and efficiently. Competence is the mastery of a set of knowledge, skills, values and attitudes that lead to performance and is reflected in the habit of thinking and acting in accordance with the profession (PP RI No 23 Tahun 2004).

Based on the two definitions above, the researcher concludes that competence is an individual characteristic and ability that describes the knowledge of performance in completing the work given by the leader.

According to Spenser (Sastra, 2017)), (Nugroho 2020) in his book entitled *Whistleblowing in Prevention Fraud* states that according to the System Guidelines Reporting Violations issued by the National Committee on Governance Policy 2008) states that *Whistleblowing* is the disclosure of acts of violation or disclosure of unlawful acts, unethical acts, immoral acts or other acts that can harm the organization or stakeholders committed by employees or organizational leaders to the leadership of other organizations or institutions can take action on such violations. (Nugroho 2020) explains Availability of ways to deliver important and critical information for the company to those who must immediately handle it safely. The emergence of reluctance to commit violations, with increasing willingness to report violations, due to trust in an effective reporting system; Availability of an early warning system for possible problems resulting from a violation; Availability of opportunities to deal with violations internally first, before they escalate into public violations; Reducing the risks faced by the organization, resulting from violations in terms of finance, operations, law, work safety, and reputation. Reduce costs in dealing with the consequences of violations; Increasing the company's reputation in the eyes of stakeholders, regulators, and the general public; and

h. Provide input to the organization to look further into critical areas and work processes

that have internal control weaknesses, as well as to design necessary corrective actions. COSO (Sugiarto 2016) Internal Control is a process in which there are various activities that are followed by all employees in the company accompanied by various rules and policies in matters such as reporting, effectiveness, efficiency of a company and also following the provisions of the applicable law. Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Number 19 Tahun 2015 concerning the Implementation of the Internal Control System Government within the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration defines that the Internal Control System (SPI) is a process integral to the actions and activities carried out continuously by leadership and all employees to provide adequate confidence in the achievement of organizational goals through effective and efficient activities, reliable reporting finance, safeguarding state assets, and compliance with laws and regulations.

According to IAI quoted by Agoes (Husna, 2017) defines internal control as a process carried out by the board of commissioners, management designed to provide reasonable assurance about the achievement of the following three classes of objectives:

- a) Reliability of financial reporting.
- b) Effectiveness and efficiency of operations.
- c) Compliance with applicable regulations.

According to kamus Inggris-Indonesia (Suginam, 2017) Meanwhile, *Fraud* means cheating, *Fraud* or embezzlement. According to the KBBI, *Fraud* is dishonesty or deceit. In short it can be said that *Fraud* is cheating (*cheating*) relating to the amount of money or property (Nugroho, 2020). In classifying *Fraud*, Cressey research is known as the *Fraud* triangle and has been used by many professional organizations to describe the factors of *Fraud*, namely:

- a) Opportunity
- b) Pressure
- c) Rationalization

One of the three factors above illustrates the existence of financial needs that cannot be shared to others as a driving factor (pressure). The second factor describes the opportunity and the third factor is the rationalization/justification of the actions taken.

Hypothesis

Based on the above exposure the author will determine the provisional hypothesis as follows:

- H1 = There is a significant influence on the competence of village apparatus on *Fraud* prevention in village financial management.
- H2 = There is a significant influence of internal control systems on *Fraud* prevention in village financial management.
- H3 = There is a significant influence of *Whistleblowing* on *Fraud* prevention in village financial management.
- H4 = There is a significant influence on the competence of village apparatus, whistleblowing, and internal control systems against the prevention of *Fraud* in

village financial management.

METHODS

The research method used in this research is to use quantitative methods by using an associative approach. The research method is a scientific way to obtain valid data with the aim of being able to find, develop and prove certain knowledge so that in turn it can be used to understand, solve and anticipate problems (Sugiyono, 2017). (Sugiyono 2017)an associative approach is used to find out how much influence the competence of village apparatus, *Whistleblowing* and internal control systems has on prevention *Fraud* in village financial management. The population in this study are village officials, village supervisors and the community with a sample of 100 people. When the questionnaire is distributed, the researcher will distribute the number of questionnaires more than the predetermined number of samples, namely as much as the number of samples added 10% of the sample, namely 100 people. plus 10% or as many as 110 questionnaires which will be distributed to 110 people.

RESULTS AND DISCUSSION

Data Quality Test

In this study, researchers used several tests such as validity and reliability tests. The results obtained from the validity test on the village apparatus competency system variable (X1) are above 0.779 and the significance value is less than 0.05 with the meaning that the data declared are valid. Furthermore, the calculated *r* value generated from the *Whistleblowing* variable validity test (X2) is above 0.689 and the significance value is less than 0.05, which means it can be declared valid. Furthermore, the calculated *r* value generated from the test of the validity of the internal control system variable (X3) is above 0.842 with a significance value of less than 0.05 which means it can be declared valid. Then for the next calculated *r* value and *r* table value obtained from the results of the validity test of the *Fraud* Prevention variable (Y), which is above 0.767 with a significance value of less than 0.05 which means it is valid. As for the reliability test, Cronbach Alpha results were obtained with results of 0.895 more than 0.06 for each variable tested. So from all the descriptions it can be concluded that all variables are valid and reliable.

Classical Assumption Test

For the results obtained from the Kolmogorof Smirnov test, the Asym.Sig.(2-tailed) value is 0.200 which is greater than 0.05. So it can be said that the data is normally distributed. From the results of the multicollinearity test, the collinearity tolerance value of the village apparatus competency system variable is 0.983 with a meaning greater than 0.10 and the VIF value is less than 10, namely 1.017. The Internal Control variable has a Collinearity Tolerance value with a total of 0.983 which can be interpreted as greater than 0.10 and has a VIF value of less than 10, which is 1.017. It can be concluded that the independent variable does not occur multicollinearity. The results from the processed data are listed in the following:

Table 1.Normality Test

One-Sampel Kolmogorov-Smirnov Test

		Unstandardized Residual
N		102
Normal Parameters^{a,b}	Mean	0.0000000
	Std. Deviation	2.64358708
Most Extreme Differences	Absolute	0.112
	Positive	0.073
	Negative	-0.112
Test Statistic		0.112
Asymp. Sig. (2-tailed)		.200c,d

Source of data: processed (2021)

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Table 2. Multicollinearity Test

Coefficients^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	0.454	2.363		0.192	0.848		
KAD	-0.11	0.122	-0.102	-0.894	0.373	0.572	1.749
WH	0.313	0.134	0.317	2.338	0.021	0.408	2.453
SPI	0.321	0.12	0.311	2.668	0.009	0.552	1.813

Source of data: processed (2021)

- a. Dependent Variable: F (Y)

TESTING HYPOTHESES

Table 3.T Test (Partial)

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.454	2.363		0.192	0.848
	KAD (X1)	-0.11	0.122	-0.102	-0.894	0.373
	WH (X2)	0.313	0.134	0.317	2.338	0.021
	SPI (X3)	0.321	0.12	0.311	2.668	0.009

Source: Processed Data 2021

a. Dependent Variable: F (Y)

Testing the Competence Coefficient of Village

Apparatus From the results obtained in the table above shows that t count = -0.894 and t table (Df = n-k) = 2,000 which means t count is smaller than t table. Meanwhile, the significance value is 0.373, which means the sig value is more than 0.05. So it can be concluded that H0 is accepted and H1 is rejected which indicates that the Village Apparatus Competence (X1) has no effect on *Fraud* prevention (Y).

Testing the Coefficient *Whistleblowing*

From the results obtained in the table above show that t count = 2,338 and t table (Df = n-k) = 2,000 which means t count is greater than t table. Meanwhile, the significance value is 0.021, which means the sig value is less than 0.05. So it can be concluded that H0 is rejected and H1 is accepted which indicates that *Whistleblowing* (X2) has a partially significant effect on *Fraud* Prevention (Y).

Internal Control System Coefficient Testing

From the results obtained in the table above show that t count = 2,668 and t table (Df = nk) = 2,000, which means t count is greater than t table. Meanwhile, the significance value is 0.009, which means the sig value is less than 0.05. So it can be concluded that H0 is rejected and H1 is accepted which indicates that *Whistleblowing* (X2) has a partially significant effect on *Fraud* Prevention (Y).

Table 4.f test (simultaneous)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	143.797	3	47.932	16.961	.000 ^b
	Residual	276.957	98	2.826		
	Total	420.755	101			

Source: Data processed in 2021

a. Dependent Variable: F

b. Predictors: (Constant), SPI, KAD, WH

Based on the results of the table above, it can be seen that F count = 16,961 and F table (Df1 = k-1, Df2 = n-k) obtained a value of 2.71 which means F count is greater than F table, and the significance value is 0.000, which means the sig value is less than 0.05. From the following statement, it can be concluded that H0 is rejected and H1 is accepted which indicates that the Competence of the Village Apparatus (X1), *Whistleblowing* (X2) and the Internal Control System have a significant effect simultaneously on *Fraud* Prevention (Y).

Table 5. Coefficient of Determination

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.585 ^a	0.342	0.322	1.681

Source: Processed Data 2021

a. Predictors: (Constant), SPI (X1), KAD (X2), WH (X3)

b. Dependent Variable: F (Y)

Based on the table above, it can be seen that the R Square value is 0.342 or (34.2%). So this shows that the percentage value of the variables X1 (Village Apparatus Competence), X2 (*Whistleblowing*) and X2 (Internal Control System) on the Y variable (Prevention *Fraud*) has an effect of 34.2%, while the remaining 65.8% is influenced by other variables that are not included in this research.

Discussion

The Effect of Competence of Village Apparatus on Prevention *Fraud*

The results of hypothesis testing using the t test which show that t count = -0.894 and t table (Df = nk) = 2,000 which means t count is smaller than t table. Meanwhile, the significance value is 0.373, which means the sig value is more than 0.05. Therefore, it can be concluded that there is a partially significant positive effect between the variables of Village Apparatus Competence on *Fraud* Prevention. This is in line with the research conducted by PutuAyuArmelia, Made (Wahyuni 2020) with the title "The Influence of Village Apparatus Competence, Effectiveness of Internal Control and *Moral Sensitivity* to Prevention *Fraud* in Village Financial Management" states that village apparatus competence does not affect prevention. *Fraud* in village financial management.

The Effect of *Whistleblowing* on Prevention *Fraud*

The results of hypothesis testing using t-test which show that t count = 2,338 and t table (Df = nk) = 2,000, which means t count is greater than t table. Meanwhile, the significance value is 0.021, which means the sig value is less than 0.05. So it can be concluded that H0 is rejected and H1 is accepted which indicates that *whistleblowing*(X2) has a partially significant effect on *Fraud* Prevention (Y).

This is in line with previous research conducted by Luh Sri Isa DewiJayanti, Ketut Alit

Suardana (2019) entitled "The Influence of HR Competence, Morality, *Whistleblowing*, and SPI on Prevention *Fraud* in Village Financial Management" which resulted in the conclusion that *Whistleblowing* has a positive effect and significant.

The Effect of Internal Control System on prevention *Fraud*

The results of hypothesis testing using t test which show that t count = 2,668 and t table (Df = nk) = 2,000 which means t count is greater than t table. Meanwhile, the significance value is 0.009, which means the sig value is less than 0.05. So it can be concluded that H0 is rejected and H1 is accepted which indicates that *Whistleblowing* (X2) has a partially significant effect on *Fraud* Prevention (Y).

This is in line with previous research conducted by Ismetlsmatullah and LusiAndari (2019) with the title "The Effect of Internal Control on *Fraud* Prevention" which resulted in the conclusion that internal control has a positive influence on the prevention of *Fraud*

CONCLUSION

Based on the hypothesis test, it can be concluded that the Competency of Village Apparatus (X1) has no significant effect on the prevention of *Fraud* in village financial management with a significance value in the t test of $0.373 > 0.05$. So it can be concluded that H0 is accepted and H1 is rejected which indicates that the Competence of Village Apparatus (X1) has no effect on *Fraud* prevention (Y), while *Whistleblowing* and Internal Control System has a significance value on the t test of 0.021 and 0.009 which means the sig value is less than 0.05. So it can be concluded that H0 was rejected and H1 was accepted which shows that *Whistleblowing* (X2) and Internal Control System (X3) have a positive and significant influence on *Fraud* prevention (Y) in village financial management in Ciwaru Village, Mekarsakti Village and Mandrajaya Village, Ciemas District, Sukabumi Regency.

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