

Determinant of Accounting Fraud Control

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Abstract

This study aims to determine the effect of internal audit, good government governance and whistleblowing system on accounting fraud control in the Sekretariat Dana Bagi Hasil Cukai Hasil Tembakau Situbondo. The population of this study were all employees totaling 52 people. The sampling technique used in this study was a saturated sample, so that a sample of 52 people was obtained. The data collection method used in this study was the distribution of questionnaires. The data analysis methods used are validity and reliability tests, classical assumption tests, hypothesis testing and multiple linear regression analysis. The results of this study indicate that internal audit, good government governance and the whistleblowing system simultaneously affect accounting fraud control in the Sekretariat Dana Bagi Hasil Cukai Hasil Tembakau Situbondo. Partially, the whistleblowing system affects accounting fraud control. Meanwhile, internal audit and good government governance have no partial effect on accounting fraud control at the Sekretariat Dana Bagi Hasil Cukai Hasil Tembakau Situbondo.

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1. Introduction

The role of tax revenue for development in Indonesia, which finances all or most of the State Budget (APBN), makes the government continue to improve itself in its tax collection efforts. Audit as a form of supervision is very important in testing the extent of taxpayer compliance in fulfilling their tax obligations. The government in this case, namely the Director General of Customs (DGCE) and the Director General of Taxes (DGT), as one of the tax collecting agencies conducts audits of importers in accordance with their respective scope (Pusdiklat Bea Cukai, 2011).

Mohamad (2013) argues that rogue importers have been doing tax evasion and tax smuggling both on the customs and taxation side, by utilizing opportunities due to the limitations of the inspection carried out by the Director General of Customs (DGCE) and the Director General of Taxes (DGT). In this case, it often triggers the smuggling of goods, both imported and exported, related to illegal goods that go unnoticed and unattended so that they enter and spread in stalls and shops, especially illegal goods that often occur, namely the smuggling of illegal cigarettes without excise bands or unknown legality. This has happened in the Asembagus area, Situbondo Regency, where 900 thousand illegal cigarettes were found in 2021 which resulted in a State loss of 1.2 billion. It happened again in 2022 where around 1.3 million illegal cigarettes were found and confiscated with a loss of 1.3 billion. Situbondo Regent, Karna Suswandi said "the circulation of illegal cigarettes is very detrimental to the State, because there is no income from the cigarette excise sector, and the losses suffered due to these illegal cigarettes reached 1.5 billion.

Fraudulent acts that have always existed and also still occur today, until various laws and regulations are made to overcome fraud, but this does not reduce the level of fraud. According to Cressey (2015), fraud is a deliberate act by individuals among management, parties responsible for governance, employees or third parties involving the use of fraud to obtain unfair or illegal benefits. Fraud cases in the public sector are increasingly being reported in various media and newspapers, which is evidenced by the number of public officials from the central government and local governments caught in fraud cases. The Indonesian Association of Certified Fraud Examiners (ACFE) survey on fraud in Indonesia shows that corruption is the type of fraud that occupies the first position that occurs most in Indonesia. Then in second place is misappropriation of assets, and the last is fraudulent financial statements. Discussing further about fraud, there are several theories used to determine a person's actions when committing fraud, namely the Fraud Triangel Theory initiated by Cressy (1953), Fraud Diamond Theory (Wolfe and Hermanson, 2004), Fraud Pentagon Theory (Horwath, 2011), and Fraud Hexagon Model (Georgios L. Vousinas, 2019).

Internal audit in this case is very necessary where an audit is an examination and evaluation if in an entity's activities there are errors both in the accounting transaction recording system and in the operational system. According to Mulyadi (2016), an audit is a systematic process for obtaining and evaluating evidence objectively regarding statements about economic activities and events, with the aim of determining the level of conformity between these statements and predetermined criteria and delivering the results to interested users. Internal audit itself does not only examine accounting and financial activities, but in other types of programs within an entity, which focus on compliance with policies and regulations and efforts to improve operational efficiency (Agoes, 2017). Internal audit is implemented to deal with business risk and fraud, which is by reducing pressure, opportunity and improving individual morale. If an entity has implemented this, it can be said to have a low level of risk of fraud, and fraud that may occur can be minimized.

Whistleblowing in this case, is a report made by active and non-active members of the organization regarding violations, illegal or immoral actions to parties inside and outside the organization (Khan, 2009). The importance of whistleblowing in government will act as a warning or witness to someone who commits financial statement fraud. However, this is very rarely done in the world of work. The thought of being fired from work, the social status that will be shunned by coworkers and can even threaten his own life and his family is a difficult choice to provide the truth.

The objectives in this study are: (1) To analyze internal audit, good government governance and whistleblowing system simultaneously affect accounting fraud control (2) To analyze internal audit partially affects accounting fraud control (3) To analyze good government governance partially affects accounting fraud control (4) To analyze the whistleblowing system partially affects accounting fraud control.

According to Mulyadi (2010) internal audit is an independent assessment activity contained in an organization that is carried out by examining financial accounting and other activities to provide services for management in carrying out these responsibilities. Good Government Governance focuses on the growth of a synergistic public sector to manage the resources of a country with good governance effectively and efficiently for the benefit of society responsibly in line with applicable laws and regulations and avoid self-interest such as corruption, collusion and nepotism. Whistleblowing system is defined as a system of disclosing violations or disclosing unlawful acts or other acts that can harm the organization and stakeholders (Semendawai, 2011). Based on previous research according to Prameswari (2022) which explains the effect of internal audit, Good Government Governance and whistleblowing system, it is found that these variables simultaneously affect accounting fraud control.

H1: Internal audit, Good Government Governance and whistleblowing system simultaneously affect accounting fraud control.

Internal auditors can identify the potential and risk of fraud that may occur. Internal audit plays a role in testing and evaluating organizational activities in the form of an audit plan, which will reduce the potential for fraud. According to Jannah et al (2023) audits conducted by professional accountants with ethical perceptions can suppress fraud in the company. Research on the effect of internal audit on fraud conducted by Trijayanti, et al (2021) shows that internal audit has a positive effect on accounting fraud control. Then the research was also strengthened by Utami (2019) which explained the effect of internal audit on fraud disclosure and showed significant results.

H2: Internal audit partially affects accounting fraud control.

A good government requires a leader who is trustworthy, so that he can convey suggestions from the public. If Good Government Governance has been implemented properly and well, it will be able to create quality financial reports so that it can be one of the actions to prevent fraud. Research conducted by Gunawan (2018) and Hidayati, et al (2019) states that Good Government Governance has a positive influence on the prevention of fraud.

H3: Good Government Governance has a partial effect on accounting fraud control.

Lavena's (2016) study confirms that intrinsic individual motives, along with organizational culture and leadership, must be considered in developing and maintaining policies, such as whistleblowing systems to promote ethical behavior and responsible public services. Thus strengthening the role of an effective whistleblowing system can reduce the occurrence of fraud cases. According to Wulandari (2017) which shows the whistleblowing system is the most dominant independent variable influencing accounting fraud control. This research is also reinforced by Utami (2018), Budiman (2019), then Trijayanti, et al (2021), which states that the whistleblowing system has a significant effect on accounting fraud control.

H4: Whistleblowing system partially affects accounting fraud control.

2. Methodology

The research used is exploratory quantitative research, which is a study that wants to explore something new and unknown to the audience, so that it wants to be studied more deeply regarding current phenomena. This study uses primary data and distributes questionnaires to collect data. The questionnaire is a data collection technique in which the researcher can know exactly the variables being measured (Sugiyono, 2019). The object of this research is Sekretariat Dana Bagi Hasil Cukai Hasil Tembakau Situbondo dan Kantor Bea Cukai Tipe Madya Pabean C Jember. The population in this study were all employees who worked at the Sekretariat Dana Bagi Hasil Cukai Hasil Tembakau Situbondo dan Kantor Bea Cukai Tipe Madya Pabean C Jember. The sampling technique in this study was a saturated sample, namely a sampling technique if all members of the population were sampled as many as 52 samples. The variables in this study are internal audit, good government governance and whistleblowing system as independent variables, and accounting fraud control as the dependent variable.

This study uses internal audit variables with indicators referenced from Boynton and Kell's (1996) namely independence, professional ability and scope of work of the examination. GCG variables are measured using indicators of Transparency, Accountability, Effectiveness, Participation (Sedarmayanti, 2012). For the whistleblowing system variable, measurements based on the National Committee on Governance Policy (2008) in Semendawai et al (2011) are used, namely the effectiveness of the implementation of the whistleblowing system, how to report violations and the benefits of the whistleblowing system. The measurement indicators used in controlling accounting fraud taken from SPAP (2011) are Manipulation, falsification or alteration of accounting records in the presentation of financial statements, Application of accounting principles relating to amount, classification, manner of presentation or disclosure, Misrepresentation in or omission from financial statements, events, transactions, or significant information.

The data analysis technique used is the classic assumption test using multiple linear regression models. According to Firdaus (2019) multiple linear regression models are used to measure how much influence between the independent variable and the dependent variable. The last step is to test the hypothesis, namely the t test and F test to determine the effect of variables both partially and simultaneously.

3. Results and Discussion

3.1. Results

The research respondents in this study were workers at the Situbondo DBHCHT Secretariat and the Jember TMP C Customs Supervision and Service Office. Respondents who were involved in becoming the object of this research amounted to 56 respondents, including 16 workers at the Situbondo DBHCHT Secretariat and 40 at Kantor Bea Cukai Jember. The sample that was successfully collected amounted to 52 respondents.

The next step is for researchers to distribute questionnaires to respondents and then conduct data analysis tests as follows:

Results of classic assumption test

Normality test

From the results of the normality test using the Kolmogorov-smirnov test, it shows that the Asymp. Sig (2-tailed) of 0.053 which means > 0.05 , so it can be concluded that the data in this study is normally distributed (table 1).

Table 1. Normality test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		52
Normal Parameters ^{a,b}	Mean	1,4776
	Std. Deviation	1,25667
Most Extreme Differences	Absolute	0,121
	Positive	0,109
	Negative	-0,121
Test Statistic		0,121
Asymp. Sig. (2-tailed)		0,053 ^c

Source: Data Processed (2023)

Multicollinearity test

To test the presence or absence of multicollinearity, it can be seen from the tolerance value and VIF (Variance Inflation Factor). The results of this analysis show that all variables have a tolerance value > 0.10 and a VIF value < 10, so it can be said that all independent variables in this study do not occur multicollinearity (table 2).

Table 2. Multicollinearity test

Model	Coefficients ^a					Collinearity Statistics		
	Unstandardized Coefficients		Standardized Coefficients		T	Sig.	Tolerance	VIF
	B	Std. Error	Beta					
(Constant)	-3,736	5,090			-,734	,467		
Audit Internal	,086	,099	,108		,864	,392	,979	1,022
Good Government Governance	,203	,120	,223		1,685	,098	,872	1,146
Whistleblowing System	,582	,213	,365		2,731	,009	,856	1,168

Source: Data Processed (2023)

Heteroscedasticity Test

Heteroscedasticity testing in this study was carried out by looking at the presence or absence of a scatterplot graph pattern between SPESID and ZPRED. The analysis results show that the points spread above and below zero on the Y axis and do not form a certain pattern. So it can be said that there is no heteroscedasticity problem in this research (figure 2).

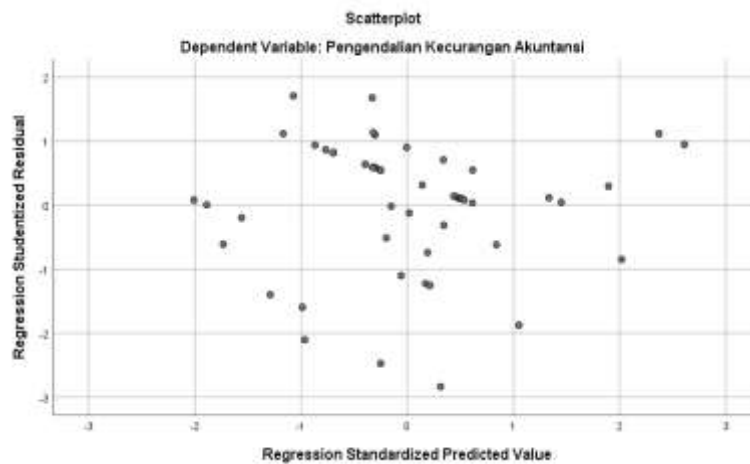


Figure 2. Heteroscedasticity Test
Source: Data Processed (2023)

Results of multiple linear regression models

Table 3. multiple linear regression models

Model	Coefficients ^a					
	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	-3,736	5,090			-,734	,467
Audit Internal	,086	,099	,108		,864	,392
Good Government Governance	,203	,120	,223		1,685	,098
Whistleblowing System	,582	,213	,365		2,731	,009

Source: Data Processed (2023)

The results of the multiple linear regression equation are as follows:

$$Y = -3,736 + 0,086X_1 + 0,203X_2 + 0,582X_3 + 5,090$$

The multiple linear regression equation above can be explained as follows:

- a. The constant value (α) shows a value of -3.736, explaining the situation when the independent variables of internal audit, good government governance and whistleblowing system are assumed to be zero or cost, the amount of accounting fraud control is decreased (-3.736).
- b. The coefficient value for the internal audit variable (X1) is 0.086. This value shows a positive value so that it can be concluded that if the internal audit variable increases by one unit, then the control of accounting fraud will increase by 0.086.
- c. The coefficient value for the good government governance variable (X2) is 0.203. This value shows a positive value so that it can be concluded that if the good government governance variable increases by one unit, then the accounting fraud control will increase by 0.203.
- d. The coefficient value for the whistleblowing system variable (X3) is 0.582. This value shows a positive value so that it can be concluded that if the whistleblowing system variable increases by one unit, then the control of accounting fraud will increase by 0.582.

Results of hypothesis test

Simultaneous Test (F Test)

The F test is used to determine the simultaneous influence between all independent variables (X) on the dependent variable (Y) with a significance of 5% and comparing F count and F table. Based on Table 2 shows that the significant test result is 0.002, which means that the significance value is less than 0.05. Testing is also carried out by comparing F count and F table, which is sought with F table = $(n-k-1) = (52 - 3 - 1) = 48$, so the F table value of 48 = 2.80, so it can be concluded that the independent variable is accepted, with a significance value of 0.002, and the value of F count > F table are $5,820 > 2,80$, so simultaneously there is an influence of internal audit variables, good government governance and whistleblowing systems on accounting fraud control.

Table 4. Simultaneous Test (F Test)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	70,598	3	23,533	5,820	,002 ^b
Residual	194,075	48	4,043		
Total	264,673	51			

Source: Data Processed (2023)

Partial Test (t Test)

Partial test (t test) is used to explain how far the influence of the independent variable (X) individually in explaining the dependent variable (Y) with a significant level value of 0.05 and comparing t count and t table.

Based on table 3 it can be concluded that:

- a. Internal Audit (X1) on accounting fraud control (Y) has a t value of 0.864 and a t table of 2.010, meaning that if t count < t table and a significance value > 0.05 of 0.392, so it is stated that it has no effect on accounting fraud control or H1 is rejected.
- b. Good Governance Government (X2) on accounting fraud control (Y) has a t count value of 1.685 and a t table of 2.010, meaning that if t count < t table and a significance value > 0.05 of 0.098, so it is stated that it has no effect on accounting fraud control or H1 is rejected.

Whistleblowing System (X3) on accounting fraud control (Y) has a t count value of 2.731 and a t table of 2.010, meaning that if t count > t table and a significance value < 0.05 of 0.009, so it is stated to have an effect on accounting fraud control or H1 is accepted.

3.2. Discussion

The Effect of Internal Audit, Good Government Governance, and Whistleblowing System on Accounting Fraud Control

The results showed that the variables of internal audit (X1), good government governance (X2) and whistleblowing system (X3) had a significant effect on accounting fraud control (Y). The hypothesis stating the effect of internal audit, good government governance and whistleblowing system on accounting fraud control is accepted.

The Effect of Internal Audit on Accounting Fraud Control

The results showed that the internal audit variable had no effect on accounting fraud control. The hypothesis stating the effect of internal audit on accounting fraud control is rejected. The customs office as a government organization focuses more on auditing the central / state government, but the customs office carries out several audit activities in carrying out its duties, several auditing activities carried out at the customs office, namely evaluating each employee's performance and also regarding the administration carried out and the activities of receiving and spending financial cash.

The Effect of Good Government Governance on Accounting Fraud Control

The results showed that the good government governance variable had no effect on accounting fraud control. The hypothesis stating the effect of good government governance on accounting fraud control is rejected. This can occur because the supervision and management system that has not been maximized to be carried out considering that the Jember customs must supervise 3 districts at once, namely, Jember, Situbondo and Bondowoso. This shortcoming is utilized by irresponsible people with the aim of enriching themselves.

The Effect of Whistleblowing System on Accounting Fraud Control

The results showed that the whistleblowing system variable had an effect on accounting fraud control. The hypothesis stating the effect of the whistleblowing system on accounting fraud control is accepted. The whistleblowing system in this case is very helpful because the customs office provides a forum for complaints for all people if there is something that is not good or there is a violation, in terms of services or things that are not informed, for example in the collection of duties or administrative procedures. The existence of a mechanism for submitting these complaints can be used as evaluation and improvement material to increase the effectiveness of the violation reporting system program.

5. Conclusion

The independent variables of Internal Audit, Good Government Governance and Whistleblowing System simultaneously affect the dependent variable of Accounting Fraud Control. Based on the partial test results, it is known that only the whistleblowing system has an effect on accounting fraud control, while internal audit and Good Government Governance have no effect. The results of this study indicate that of the three variables, namely, internal audit, good government governance and whistleblowing system, which have a significant partial effect on accounting fraud control, only the whistleblowing system (X3). However, the three variables, namely internal audit, good government governance and whistleblowing system, simultaneously affect accounting fraud control. The existence of internal audits that are used to evaluate and improve the effectiveness of entity governance, as well as the existence of good government governance that is implemented, of course, provides satisfaction to the public through reporting disclosures of abuse of authority and increasing supervision of the whistleblower itself, all done in order to take trust and satisfaction to the public. Internal supervision is carried out effectively through the role of internal audit and building a violation reporting mechanism such as a whistleblowing system as a medium for internal and external parties to report if they know of any fraud that occurs. A good synergy of governance structures such as internal audit, efforts to implement good government governance and strengthened by a whistleblowing system will detect opportunities for fraud so as to reduce the potential for fraud cases. This can be done by efforts in achieving goals through regular, periodic coordination and within a period of time can provide training on the urgency of internal audits and operational and financial management systems that are transparent in an effort to improve good governance.

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