

**ANALYSIS OF INTERNAL CONTROL AND EFFORTS TO PREVENT
FRAUD ACCOUNTING IN EDUCATION SECTOR DURING THE PANDEMIC
(School Operational Assistance Fund)**

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ABSTRACT

Corruption cases in the public sector have increased in recent years. The practice of misuse of the budget in the education sector during a pandemic. This happens because the internal control system is ineffective, the budget in the education sector during the pandemic. This happens because the internal control system is already effective so that it provides an opportunity to commit fraud. The objectives of this study are (1) to determine the application of internal control based on the concept of Good Corporate Governance (GCG) as an effort to prevent potential accounting fraud, (2) to determine the obstacles faced in implementing internal control based on the concept of Good Corporate Governance (GCG) as an effort to prevent potential for accounting fraud, (3) knowing the steps taken to overcome the obstacles faced in implementing internal control based on the concept of Good Corporate Governance (GCG) as an effort to prevent potential accounting fraud. This research uses a qualitative approach with a descriptive approach. The data used in this research are primary and secondary data in the form of interviews, observations, documentaries, and literature studies. The results showed that the implementation of internal control in the public sector on the concept of Good Corporate Governance (GCG) has not run optimally.

Keywords : Accounting Reform, Public Sector , Unintended Outcome, Fraud

INTRODUCTION

Fraud has developed in various countries, including Indonesia. Generally, fraud is related to corruption. Indonesia is a country with a high level of corruption. In the last two decades, Indonesia is still subject to high levels of corruption. Of the 168 countries reviewed, Indonesia ranks 88th in the corruption perception index (Transparency International 2016). Various attempts have been made to eradicate corruption. Indonesia's corruption perception index has not changed significantly. Corruption is one of the causes for the low index of Indonesia's global competitiveness. Corruption and inefficient government bureaucracy have become major obstacles to the business world in Indonesia. Efforts to suppress and minimize fraud incidents are activities that should be carried out seriously both by management and by internal audit in the central and regional government sectors. The factors that cause fraud cannot be separated from the concept of the fraud triangle, namely pressure, opportunity, and rationalization which is called the fraud triangle (Nahartyo &., 2018).

Opportunities to carry out fraud exist throughout the organization and are greatest in areas where internal control is weak (Dewi & Ratnadi, 2017). The education sector is also inseparable from fraudulent practices. The education sector has long been pointed out as one of the wetlands for corrupt practices in this Republic. Education is one of the areas that receive the highest budget. Indonesia Corruption Watch considers the education office to be one of the most corrupt institutions in Indonesia. Indonesia Corruption Watch noted that in the education sector, the most dominant mode of corruption is mark-ups for procurement of goods and services. Education budget. One of them is the School Operational Assistance (BOS) fund. The obligation of the school to report the detailed School Operational Assistance budget to the Ministry of Education and Culture still does not fully guarantee that BOS funds are safe from corrupt practices if they are not accompanied by other efforts, such as transparency and supervision from the community. School Operational Assistance Fund is a government program that is used to provide non-operational costs in accordance with the technical guidelines for School Operational Assistance funds.

The government has decided that the School Operational Assistance funds during the Covid-19 pandemic can be used more flexibly, including to support online teaching and learning activities, including purchasing internet quotas by teachers and students, procuring disinfectants, and other supporting facilities. However, in terms of accountability, the use of these education support funds must still meet the aspects of transparency and accountability. Moreover, from experience so far, the risk of fraudulent management of School Operational Assistance funds can occur at all levels. Fraud in the management of School Operational Assistance funds occurs in almost all processes, from planning, implementation, reporting, even supervision / monitoring. At the planning stage, fraud on BOS funds was in the form of planning that was not in accordance with the real conditions, collusion in fulfilling the criteria for BOS recipients, bribes, and gratuities for applying for School Operational Assistance. At the implementation stage, fraud was found in the form of setting certain parties as vendors,

gratuities in the procurement process, inflating prices, fictitious activities, and the use of School Operational Assistance funds for personal gain. Other fraud in this stage is in the form of use that is not in accordance with the provisions, embezzlement of BOS funds, and illegal fees in channeling funds. In the reporting process, there was accountability that was not in accordance with the regulations, evidence of fictitious accountability, double financing, to falsification of evidence of accountability. While at the supervision stage, violations in the form of bribes and gratuities are in the process of supervising school operational assistance.

For internal control, all parties related to the management of BOS funds are asked to report cases they encounter to the authorities, or make the whistleblower's system effective towards clean governance. Public sector accountants are also expected to play an optimal role in guarding the accountability of these School Operational Assistance funds.

THEORETICAL BASIS

The theoretical basis used in this research is:

1. **Fraud Triangle** The Fraud Triangle is a Model Fraud Triangle (Cressy 1953) shows that corruption can occur due to three conditions: pressure to engage in acts of corruption, opportunity, and rationalization. Pressure can take the form of a need to achieve performance targets, personal satisfaction, or fear of failure (Murphy and Free 2016). Opportunities to commit fraud can be materialized when organizational control systems are weak or when organizational culture and management styles support corruption (Laxman, S., R. Randles, 2014). Rationalization is associated with a person's willingness to commit corruption and his ability to shift responsibility to other parties (Nahartyo, 2018)

2. **Perception theory** is a psychological factor that has an important role in influencing a person's behavior. Each individual or group has very different perceptions influenced by individual interpretations. Perception according to Robbins (2005) is a process where individuals organize and interpret their sensory impressions in order to give meaning to their environment. However, what a person receives can fundamentally differ from objective reality. Individual behavior is based on their perception of reality, not reality itself (Yanti & Purnamawati, 2020)

3. **Fraud** According to Tuanakotta (Tuanakotta, Theodorus, 2012) is an illegal act committed by one person or group of people on purpose or in a planned manner that causes a person or group to get profit, and harm other people or groups. Fraud can occur due to a number of reasons, namely weak internal controls, lack of understanding of regulations so that compliance with rules or regulations is weak or can lead to the establishment of policies that are not up to date, and weak monitoring. One of the ways that companies can do to prevent fraud is to reduce the chances of fraud by paying attention to policies in an organization (Yanti & Purnamawati, 2020).

4. **Internal Control** The Committee Of Sponsoring Organization Of Treadway Commission (COSO, 2013) defines internal control as follows: "Internal control is a process, effective by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement. of objectives relating to operations, reporting, and compliance ". Referring to the above definition, internal control is a process that is an integral part of an organization's operational activities that aims to provide adequate assurance on the effectiveness and efficiency of the organization, the reliability of financial reporting, and the organization's compliance with laws. Internal control creates a basis for job descriptions that must be done by individuals according to their function because it is expected to guarantee the protection of the organization's funds, ensure that there is effective and efficient asset management, and that the financial reports are accurate (Lingga, 2017).

RESEARCH METHODOLOGY

This research is a descriptive study, using a qualitative approach. In this study, we want to gain an understanding of the implementation of internal control based on Good Corporate Governance (GCG) in an effort to prevent potential fraud in the education sector during a pandemic, to find out the obstacles in implementing internal control based on the concept of Good Corporate Governance (GCG) in an effort to prevent potential fraud and also the steps used in dealing with obstacles in implementing internal control based on the concept of Good Corporate Governance (GCG) in an effort to prevent potential fraud. The focus of this research is on the policies implemented in Schools for Beneficiaries in Lamongan Regency, East Java. Related to internal control as an effort to prevent potential fraud during a pandemic. Sources of data used in this study are divided into two data categories, namely: Primary data is data obtained from interviews with informants in this study: Principals, Deputy Principals, Treasurers, Teachers and employees in schools receiving aid funds, data secondary in this study in the form of notes or historical reports of school operations. The data collection methods used in this research are observation, interview, documentation, and literature study.

The data analysis technique used in this study refers to the Milles and Huberman concept, namely the interactive model data analysis method. Milles and Huberman (1984) (Miles, 1984). Activities in data analysis according to Milles and Huberman, namely: Data reduction, data display, Conclusion drawing / verification. Testing the validity of the data is carried out to prove whether the research being carried out is truly scientific research as well as to test the data obtained. Data validity tests in qualitative research include credibility, transferability, dependability, and confirmability tests (Sugiyono, 2017).

RESULTS AND DISCUSSION

According to Tuanakotta (2012: 28) Cheating is an action carried out by one person or group that is carried out illegally with a planned purpose that causes a person or group to benefit, and harms other people or groups. Fraud can occur due to a number of reasons, namely weak internal controls, lack of understanding of regulations so that compliance with rules or regulations is weak or can lead to the establishment of policies that are not up to date, and weak monitoring. One of the ways that schools can do to prevent fraud is by reducing the chances of fraud by paying attention to policies and regulations in school. School X to prevent the potential for accounting fraud, it is necessary to improve the policies that apply to school X by implementing the concept of Good Corporate Governance (GCG) as an internal control in preventing potential accounting fraud. To minimize risks to the management of BOS funds, the government is currently trying to simplify the bureaucracy for the distribution of BOS funds. Starting this year, the mechanism for channeling BOS funds is carried out from the State General Treasury directly to schools, so that it can cut bureaucracy, minimize delays, maintain accountability, and distribute simultaneously in 34 provinces. In addition, Regular School Operational Assistance during the Covid-19 emergency can be used to purchase pulses, data packages, and / or paid online education services for educators and / or students in the context of implementing learning at home. BOS funds can also be used to purchase hand sanitizing fluids or soaps, disinfectants, masks, or other hygiene and health support. Sutanto said, based on Permendikbud Number 19 of 2020 concerning Technical Guidelines for Operational Assistance for Regular Schools, the allocation of funding for school administration activities can be used to purchase hand sanitizing liquids or soap, disinfectants, masks or other hygiene support. BOS funds can also be allocated to finance power and service subscriptions, to purchase pulses, data packages, and / or paid online education services for educators and / or students in the context of implementing learning from home. Meanwhile, the payment of honorariums, the percentage of honorarium of 50% does not apply during the Covid-19 emergency period, according to changes in the policy of the BOS funds 2020 (Sari, Rifki, & Karmila, 2020)

This was expressed by the Principal: "The policy that I took to prevent fraud cases applied the concept of Good Corporate Governance (GCG) as an internal control, namely transparency, accountability, responsibility, independence and fairness.

The implementation of internal control is based on the concept of Good Corporate Governance (GCG) as an effort to prevent potential accounting fraud at School X.

The policy on internal control which is based on the concept of Good Corporate Governance (GCG) applies to Principals, Deputy Principals, Treasurers, Teachers and school employees. As a first step to gain understanding by interviewing several informants related to the implementation of internal control based on the concept of Good Corporate Governance (GCG) in an effort to prevent potential accounting fraud as a whole. The Internal Control Process of an organization consists of five elements by the 2013 Committee of Sponsoring Organizations (COSO), namely the control environment, risk assessment, control activities, information and communication and supervision. The results of interviews obtained various statements from informants about the implementation of internal control based on the concept of Good Corporate Governance (GCG) in an effort to prevent potential accounting fraud in accordance with the components of internal control according to COSO (2013), the concept of Good Corporate Governance (GCG) can be implemented accordingly. with internal control components, namely:

1. Organizational Control Environment is implemented by: Transparency in the management of school funds. The first principle in the application of good governance is transparency. Transparency is a form of reciprocity between an organization and external parties or the public through organizational information disclosure. The practice of school transparency is seen from the management of education funds in these schools, both in the management of education guidance funds and school operational assistance funds. Schools still disclose the limited use of BOS funds and education guidance funds. The use of school funds was not fully realized, in this case the use of BOS funds in a transparent manner. Most of its management is known only by the internal school. Likewise with school funds that are routinely paid by students every month, parents / guardians only know the nominal amount and the general use of these funds. In theory, the control environment is related to the Glifandi Attribution theory, 2011 which explains that the actions taken

by a person are caused by causal attributes. So the actions of a leader or person who is given authority or power are influenced by the attributes of the cause. Fraudulent actions can be influenced by the existence of an internal control system and monitoring by superiors. To deal with the problem of accounting fraud, monitoring is needed, to get good monitoring results, an effective internal control is needed (Wilopo, 2006).

2. Risk assessment, independence in educational institutions such as schools can be seen from the role of leaders in managing and managing the organization. School independence focuses on minimizing conflicts of interest between leaders and other parties. The policies in BOS funds, investment and utilization of surplus funds are still influenced and dependent on other parties, by identifying the risks that may occur after the implementation of an internal control policy based on the concept of Good Corporate Governance (GCG) is not implementing an internal control policy based on the concept of Good Corporate Governance (GCG).) well. The causes are self-awareness of each individual, the influence of socio-cultural factors, environmental factors where he lives and a lack of understanding of the concept of Good Corporate Governance (GCG). Assessment of risk is associated with the fraud scale theory, where the fraud scale theory is a theoretical development of the fraud triangle theory. In this scale fraud theory, one can find out the possibility of fraud or fraud by observing the pressure, opportunity and integrity of the perpetrators who will commit fraud, while risk assessment is the process of identifying, analyzing, monitoring and managing risks that may occur in the implementation of implemented policies. So, the risk assessment and the fraud scale theory have a similarity where the risk assessment and the fraud scale theory both observe or identify the possibilities that will occur in the future.
3. Control activities in the financial department at School X are implemented by means of: accountability in the management of school funds. The implementation of good organizational governance is seen from the accountability of the organization. Accountability in the management of school funds is a form of accountability for the use of funds that have been obtained, both for school funds which are accountable to the school principal and the accountability of BOS funds to the Education Office. The form of school responsibility for the use of school funds sourced from students by reporting all activities whose sources of funding are school funds. Based on the audit that has been carried out on the school, it shows that there are gaps caused by the information that does not reflect the existing information. The results of the examination from the government regarding the use of operational assistance funds, the school has used it according to its designation as regulated in Permendikbud No.3 of 2019 regarding technical instructions for regular school operational assistance. Until now, schools still have the trust of the government to manage aid funds from the government. Control activities are carried out to ensure that the direction of the principal is carried out in order to minimize the risk of achieving the school's vision and mission. When controlling activities are associated with the Gone theory, there are four factors that cause fraud, namely greed, opportunity, need and disclosure. These factors can be minimized by having good control activities.
4. Information and communication. Information refers to the existing accounting system, Fairness in School Fund Management. The indicator for assessing the governance of an organization is fairness (equality). Equality meant in schools is fair treatment of recipients or users of school funds. For example, in the distribution of BOS funds that were given to students, there was no standard mechanism related to screening of recipients, only based on the results of interviews when registering. There was no direct survey regarding the condition of potential beneficiaries. Based on school regulations, the priority recipients of school assistance funds are students who are poor and students who excel. However, all decisions in determining the recipient of these assistance funds are largely within the full authority of the School Principal. So that the distribution of BOS funds is vulnerable to being channeled to the wrong people. The factor of closeness between parents / guardians of students and the principal can reduce the principal's objectivity in distributing school funds so that the principle of justice is ignored. The assessment of the feasibility of being a beneficiary based on the results of the interview still contains high subjectivity, moreover, it is not followed by a direct observation of the condition of the prospective beneficiary in the field. Based on this information, there are findings that may occur, that based on the results of an interview a student is entitled to receive this grant. Meanwhile, communication is reflected in how to communicate in conveying opinions or ideas. Signaling theory is a theory that relates to existing information which shows the existence of information asymmetries between company management and parties with an interest in company information such as financial reports. Melewar (2008: 100) states signal theory shows that companies will provide signals through action, information and communication. By providing signals through good information and communication from the company.
5. Supervision can be done with responsibility in the management of school funds, the implementation of good governance must also be supported by the quality of organizational responsibility. Schools as educational sector institutions that provide educational services to the community must be able to account for the allocation of school funds to interested parties in the form of financial reports. Accountability for the use of BOS funds must be reported through a mechanism established by the government. The form of reporting is carried out using an information system that has also been required by the government. This has an impact

on the obligations that must be fulfilled by the school in relation to the responsibility for making financial reports. Similar to the responsibility for making school internal fund financial reports, the school is also obliged to make financial reports in accordance with established rules. Responsibility for allocating school funding is seen from the level of conformity of the realization of school funding with the rules or procedures established by the school or legally conformity. In general, the realization of school funds must be in accordance with the planning of school funds. The allocation of funds for education in schools is still found in activities that were not originally budgeted for by the school, but were still held. If it is related to the Gone Theory, it is a theory that causes or encourages fraud proposed by Bologna in 1999 which consists of greed, opportunity, need and disclosure.

The concept of Good Corporate Governance (GCG) can be implemented in accordance with the components of internal control, namely the control environment, risk assessment, control activities, information and communication, supervision. From the results of observations using the recommendations of the COSO (Committee of Sponsoring Organizations of Tradeway Commission) which consists of 5 elements, it can be seen that the internal control system applied to school X has not been fully said to be good, where there are still weaknesses in the risk assessment which is influenced by several individual factors.

The obstacles faced in implementing internal control with the concept of Good Corporate Governance (GCG) as an effort to prevent potential accounting fraud at school X

Policies made by schools do not always run well, there are still obstacles. Internal control is based on the concept of Good Corporate Governance (GCG) in an effort to prevent potential accounting fraud in school X, there are still obstacles. including:

1. Pressure. Fraud or fraud in the world of goods / services procurement by means of marking up the procurement of goods and services could be because the treasurer is under pressure from superiors or other parties who need money from the process incorrectly. Superiors or other parties put pressure on the treasurer at school.
2. Justification (Rationalize), this happens because of self-justification in committing fraudulent procurement of goods / services because they have bad actions, dishonest character, lack of self-integrity and lack of compliance with legislation so that it can hinder the implementation of internal control policies based on the concept of Good Corporate Governance (GCG). Where this is due to a lack of understanding of the concept of Good Corporate Governance (GCG) so that it is not maximal in implementing the policies set by school X.
3. Ordinary opportunities were created when they were created through a planning system carried out by the leadership such as when preparing a school operational budget plan.

The obstacles that exist are associated with the fraud triangle theory, where this theory was put forward by Donald Cressey in 1953 which explains the factors a person commits fraud or fraud. These factors are pressure, opportunity, and rationalization. Moral education is very influential on cheating where if someone has a low moral education, that person will take advantage of the opportunity to meet their needs and rationalize all ways to get benefits.

The steps used to overcome obstacles in the implementation of internal control with the concept of Good Corporate Governance (GCG) as an effort to prevent the potential for accounting fraud in school X

1. Prevention of fraud due to pressure factors is to jointly improve the procurement ecosystem and integrity of Government PBJ actors.
2. Because fraud on the basis of this justification causes someone to behave greedily, the prevention in the procurement of goods and services at school is through the imposition of a firm witness in the event of fraud.
3. Continuous improvement of regulations and automation of procurement implementation, starting from the introduction of electronic tenders (e-procurement), with the SIPLAH application. In addition to these general provisions, there are many internal control techniques that can be carried out by each work unit involved in the implementation of Procurement. Goods and services at school.

CONCLUSION

Based on the results of the discussion in this study, it can be seen that in implementing the principles of governance, there are still obstacles, namely pressure, opportunity, and rationalization. Based on the discussion related to transparency, schools are still not open to achieving good school governance. On the other hand, the application of the principle of responsibility in schools has actually gone quite well. However, schools still find

weaknesses in applying the principle of responsibility in the management of school funds. Likewise, the application of the principles of independence and fairness in schools is still not optimal. Thus, of the five principles of good management of school funds, it shows that schools are still not optimal in implementing all these principles. The implementation of good organizational governance in schools must improve the existing pattern of activities to fulfill each of these principles. The five principles that are applied optimally can improve the implementation of good governance in schools.

This study analyzes the implementation of good governance in schools in only one small part of the activity, namely the school fund management activities. This research has not focused on other activities, so this research cannot represent the condition of good governance in schools as a whole. This study cannot see the application of corporate governance in terms of school financial reports, because school financial data is sensitive school data so that the information on school financial data obtained is only based on the results of interviews obtained. Another limitation is that there is no concept that specifically describes good governance in schools.

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