

FRAUD FINANCIAL MANAGEMENT OF SCHOOL OPERATIONAL ASSISTANCE (BOS): STUDY AT STATE ELEMENTARY SCHOOL IN EAST LOMBOK, INDONESIA

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Abstract

Lack of capacity and capabilities of a manager particularly in administration aspect and accountability in the management of school operational assistance funds give rise to fraud or corruption. This study aims to interpret the occurrence of fraud or corruption management of school operational assistance funds in Indonesia with taking a case study at elementary school in East Lombok. Qualitative research through phenomenological approach, is used to explore the experience of 16 informants, consisting of financial operators and related elements in the school, school committees, auditors inspectorate and related agencies who were around fraud or corruption. The findings suggest that school operational assistance funds that violated accounting rules and manipulative responsibility report that is a form of fraud or corruption in management of school operational assistance funds caused in part by the lack of ability of the resource of manager. Prevention efforts are essential to minimize the occurrence of fraud, one of them is reached through the development of a system or a computer-based application for designing the control mechanism in transparent and accountable management of school operational assistance funds.

Keywords: Finance, Corruption, School Operational Assistance Funds, Indonesia

INTRODUCTION

Corruption gives the big contribution toward the occurrence of poverty and the deterioration of a country. Indonesia is among countries that are affected by corruption. Study about International Transparency in 2016 revealed that the Corruption Perception Index (CPI) or rank corruption Indonesia is in 90 position of 176 countries. Compared with 2015, corruption rank of Indonesia increased 1 point. During 2016, the region is still the epicenter of the occurrence of corruption, one of corruptions is in the management of school operational assistance funds of Elementary School.

Data in Indonesia Corruption Watch (ICW) notes since 2005 to 2017, there were 425 cases of corruption of school operational assistance funds with state losses of Rp. 1.3 trillion or 0.56% from Rp. 230.29 trillion total of school operational assistance funds disbursed by the central government in this period (www.cnnindonesia.com). Audit results of Supreme Audit Agency toward management of school operational assistance funds for fiscal year 2008 found Rp.1,56 trillion budget problems, one of the causes is not formulated the Schools Indonesian Proposed Budget. It caused that the accountability of the school reception on a variety of financing sources is not transparent and it has the potential for misuse (www.bpk.go.id).

The problem of poor administrative management of school operational assistance funds into the entrance of the fraudulent or corrupt practices. Based on the findings of the examination results of the Regional Inspectorate of East Lombok Year 2017, the fundamental problem of school operational assistance fund management at primary school is located in the administration and accountability mechanisms. Bad Administrative management of school operational assistance funds and not transparent and accountable presentation of financial statements are the parts of problems.

Another problem revealed in the Report of Examination (LHP) in 2016 and 2017 are: 1) there is a personnel expenditure in the form of honorarium in which this activity is the duty of teachers and violate applicable regulations; 2) there is a fictitious official travel expenditures; 3) there is the costliness / overpayment; 4) there is the procurement of goods that are not in accordance with RKAS; 5) there is the procurement of goods that do not fit the needs of the school; 6) there is a procurement up to the physical inspection of goods that has not been accepted by the school; 7) there are taxes that are not withheld and paid to the state treasury and regional treasury.

In this context, the focus of this research article is to analyze how the fraud happens in the management of school operational assistance funds in Indonesia by taking a case study at a primary school in East Lombok. The research aimed to: (1) identify patterns or forms of fraud of school operational assistance fund management, (2) analyze fraud of school operational

assistance fund management, (3) what the solutions adopted to address the problem of fraud in school operational assistance fund management as a preventive measure / prevention. This research article is composed of four parts including theoretical basis, methodology, research and cover.

LITERATURE REVIEW

Fraud in the form of corruption within the government bureaucracy in Indonesia has been the focus of many researchers, including the issue of corruption at the school level. Some researchers have tried to analyze the corruption that occurred in the village of various approaches. Research conducted by Handayani (2009), reveals that corruption in the education sector has led to increase the budget that is less significant impact toward education services, because of irregularities and leakage. The increase in the education budget actually increases the potential for corruption education sector, this happens due to poor governance, so that the public especially the poors must bear the burden of reduced expenditure. Corruption also occurs due to lack of public participation in setting, monitoring and evaluating of policies and the education budget. Decentralization of education is supposed to bring services to the community and increase community participation, even the actors have given rise to a new level corruption, especially at local government level.

Another study conducted by Suastawan et al. (2017), it saw corruption in schools occurred that can not be separated because of the organizational culture. The results showed that organizational culture influenced positively significantly toward the efforts to reduce the occurrence of fraud in the management of school operational assistance funds to schools. This means that the higher culture of the organization is, the higher prevention of fraud in the management of school operational assistance funds.

As the results of Jones (1985: 22) explains that aspect of the financial management of school is a vulnerable point of fraud. It was Stated that the function of financial management of the school has three important stages, namely financial planning (budgeting), execution (actuating) and assessment (auditing). As according Mulyasa (2014: 20) the management is an integral component and this can not be separated from the overall educational process. It is necessary to understand the basic functions of management: planning, implementation, monitoring and coaching. The hope is to avoid the occurrence of fraud. Therefore, according to Suryana (2008), financial management of the school should be based on the ultimate goal of improving the effectiveness and efficiency of school finance; then increase accountability and financial transparency of school; as well as minimizing the abuse of school budgets.

Talking about fraud or corruption in the school, the cause factor was also not separated by personal aspects of the principal, so it needs to look at it from another approach that is leadership behavior. Research Green et al.(1979) have shown that corruption in the use of the budget is strongly influenced by the behavior of the leader. As well as research of Jones (2005); Goldman (2006); Guo et al. (2016); Alemu (2016) strengthens this research. The results revealed that there is a strong positive correlation between the effectiveness of leadership (performance leader) with organizational behavior. Based on the dimensions of deviant behavior at work contribute to the occurrence of irregularities in the company or public organization (Robinson, 2009).

Paino et al. (2011) states that the aspects of behavior has also become important if the organization wants to achieve an optimal way. Research Pinto et al.(2008) revealed that the prevalence of corruption in the organization in the United State is quite high with some form of fraud and embezzlement charges such as waste or mismanagement within the organization.

METHODOLOGY

This research is qualitative research. According to Myers (2009), qualitative research has a purpose, namely to understand the phenomenon or a social phenomenon by focusing on the complete picture of the phenomenon under study rather than elaborate to become interrelated variables (Sahlan, 2012). Therefore, this study used a phenomenological approach, that a view thought that emphasizes the focus on subjective of human experiences and interpretations of the world. In this case, the phenomenologicals want to understand how the world appears to others (Moleong, 2009).

This study was conducted on four elementary schools in East Lombok Regency that indicated fraud on school operational aid fund management over three months, in January to March 2018. This study uses 16 informants consisting of financial operators and related elements in the school, school committees, auditors inspectorate and related agencies The data used are as follows: First, unstructured interviews started from a common question in a large area in the research but focused on the research objectives. Second, observation, by conducting a review directly to the schools that are targeted where the informants know and understand the problems studied. Third, study the documentation, which is done by performing a search toward documents that support the research.

The collection of data and materials in this research is done in several ways. First, a preliminary study that is by performing the licensing from the Master of Accounting, University of Mataram which is then processed at the Regional Planning Agency in East Lombok for issuing permits. Second, field studies of data collection is done by direct research in the field through

interviews, observation and documentation study directly on financial operators and related elements in the school, school committees, auditors inspectorate and related agencies. Third, the study of literature that is by reading and studying books and other written sources related to the research problem.

RESULTS AND DISCUSSION

First, the shape of fraud in school operational assistance fund management

Administration and Accountability are the parts of the most risky phase of the occurrence of *fraud* in the management of school operational assistance funds (BOS) at the Elementary level. Based on the findings of the field data collected from a number of informants, it found two major problems.

First, bookkeeping of school operational assistance funds is breaking the rules. Bookkeeping of school operational assistance funds become a necessity in the implementation of BOS funds administration and accountability. With the appropriate bookkeeping rules, it is expected that the other party or the public can monitor what has the agent has been done but in reality there is no good bookkeeping administration and accountability in the implementation of BOS. This is indicated by the statement of some informants, one elementary school was an auditor at the Regional Inspectorate East Lombok.

"from all the public elementary school that we audit, administration and accountability largely is not suitable with the rules. Elements such as General Ledger, other auxiliary books up to prepare reports revenue and expenditure BOS, there is an error in formulation.

Those problems are recognized also by SHW served as Manager of BOS being mainly responsible for the management of BOS funds in East Lombok district level.

"In my opinion, the main cause of BOS funds management issues is human resources. Management in schools, such as the treasurer and the person in charge are the teachers who do not have the financial management capabilities. There are difficulties of managers who has daily teaching duties imposed additional duties for administering finances. This is one of cause delays in the submission of the report of the BOS funds.

Weaknesses of human resources is indeed quite firmly recognized also by the BOS fund manager at primary school level, one of which was delivered by MH which has a role as the principal at once responsible of BOS.

"After the BOS program at the School, the main task of teaching indirectly is quite disturbed. A lot of times are needed to learn and understand and be able to implement the management of BOS funds. Financial administrative obligations of BOS, I admit that it is quite heavy as we previously did not have a basis for it. Not to mention the demands of a new rule which requires

knowledge of the BOS funds account. Frankly this conditions often make accountability of BOS at our school that is often too late.

The same condition also complained about the informant JR, who had a stint as treasurer and BOS. According to him, model of BOS accountability requires knowledge of financial accounting, so that the condition is quite heavy. Not to mention their main task as a teacher who were demanded to continue to innovate in developing teaching materials on student learners.

"As long as BOS treasurer, I always experience a delay in the preparation of the report. I admit it because I did not understand the accounting or finance. This condition doesn't not happen only to me, but also occurs in other schools. So I think the government should assign treasurer of BOS fund managers in elementary school that basic education finance or accounting, instead of teacher," he said.

The second problem is manipulative accountability report. A good Financial management of BOS funds is appeared from the accountability report made. However the data field findings show that most of the ran accountability report of BOS in primary school level are not in accordance with the implementation so that this lead to manipulate the report. The condition is expressed by the informant of elementary school, auditor at the Inspectorate of East Lombok district.

"The results of the audit that we do, besides the late revenue and expenditure reports of BOS in the reporting process, we also found a problem in accountability. Many of the findings of what is being planned is not in accordance with the implementation. So we check the books, it is almost entirely wrong and a lot of irregularities and administrative Mal state loss.

The facts and findings of the field, even though not fully justified by the amount of BOS fund manager at the primary level, but the administration can not be denied. According to one elementary school treasurer, he is JR, the occurrence of errors in accounting is not because there is the element of intent in the manipulation or irregularities.

"During the preparation of the BOS, I assisted the school operator. The problem is I can not operate a computer. Therefore during the process of the report, there is increasing evidence shopping there often scattered or lost because I could not do directly. In addition, I was required to fill the hours of teaching in the classroom" he said.

Although there was an attempt to refute any element of error and manipulation in the accountability of the BOS funds, but the condition is denied by the representative of parents of primary school students or the school committee. According to one informant , he is ASM, accountability of BOS funds are supposed to know the school committee who are often

excluded. If it was involved only to the extent delivered at the time, the report is finished, so we do not know the process of implementation and direction of the use of funds.

"Frankly for use of the funds at the school, I am as chairman of the school committee did not much know the direction of the use of money. I was only asked signature liability and I was not explained by the principal. What is clear, the fact is, I was asked the signature. Actually I rather mind but I did not mean if do not follow their wishes," he complained.

Second, the cause of *fraud* of BOS fund management

Occurrence of fraud in the management of BOS funds can not be separated from many aspects, such as the ability (capacity) resource managers, lack of supervision and inadequate tools support. Low resource of Management ability is a causative factor that contributes most to the occurrence of fraud in the management of BOS funds. This is a result of the assumption of BOS fund manager at the elementary level who assume that manage BOS funds as an additional duty where there is a larger major task that is teaching. As a result, the management of BOS funds is so often neglected although it is important and has legal implications if it occurs error. The ability of managers is limited in aspects of financial management, and it often makes them difficult to prepare appropriate technical guidelines and accountability rules.

The condition is recognized by one Principal namely RD. He said that there are difficulties in the process of administration and accountability of the BOS funds, as it requires an understanding of finance or accounting. Moreover, there are many teachers who are given a duty to be new principle principal, where initially we only perform basic tasks of teaching. Thus indirectly, there a lot of time are consumed, even though it can even disturb with the primary task of teaching.

"When I have not been appointed head of the school, the main focus is only teaching. But after becoming head of the school, beside busy with the additional task of the school head, compounded with the task in the management of BOS funds. Many teaching duties actually dormant especially before and during examination by the inspectorate. Another difficult problem is also in our opinion, the financial understanding of BOS funds are sorely lacking, and it is far from our knowledge as a teacher. I think this is an enough difficult for me" he complained.

RD statement is justified by one of the elementary school treasurers of BOS, he is SA in the interview sessions during the day in school, he explained:

"I am totally confused as treasurer with responsibility of BOS. Actually I am not willing to be treasurer, but no friends of teacher was willing to be appointed. The reason of the are the same with me, the burden of teaching and understanding is nothing in managing money. Moreover, honestly I absolutely can not operate the computer." he said.

This condition is actually quite disturbing for classroom teachers who have teaching loads but are given additional duties as manager of BOS funds, even the majority of them have limited ability in financial management. This complaint was submitted by one Head of Unit Departments of Education in East Lombok district, he is TA.

"The government should think about this therefore our friend as the teachers will not be disturbed by this. Because the main task right of us is to teach, to educate our children. Supposedly treasurer is specially coming from another employee, do not use the class teacher. So in an elementary school there should also be part of the administration that one of its tasks is to take care of BOS funds," he said.

Other factors as the cause of the occurrence of fraud in the management of BOS were a lack of supervision, supervision both from government and from the public. BOS fund management today is entirely the responsibility of the manager at the primary level, but the responsibility of supervision exists at the district education office and technical unit underneath. But the facts on the field findings show that there is a very lack of supervision, giving rise to the potential for error or fraud. There are Less intensity guidance and supervision of the department of education and culture because these are fully delegated to the districts for services unit in the subdistrict level. But the fact that the services unit seldom conduct training and supervision, especially in the management of BOS funds.

The condition is justified by the primary informant, the informant who served as auditor in East Lombok district inspectorate. According to the ability of resources at the unit of subdistrict level in the financial management of the BOS is too poorly understood, this is to be one of reasons for the lack of their intensity guidance and supervision.

"This UPTD actually should understands it, understand how to manage good BOS fund, including the school's assets. At the time of the financial statements, there are regional constraints in terms of assets sourced from BOS. In the duties and functions that oversee the data entrain, these assets are UPTD, but the fact is not going well. Even UPTD doesn't not know and understand their duties.

The condition is justified by the Manager of BOS District, SHW. According to the duties and functions of education and culture department district and sub-district offices during this unit does not run well in the guidance and supervision of BOS. So far only focused on guidance and supervision on the technical aspects of education.

"Supposedly in the task of supervision includes all elements, whether it's a matter of education and financial management. In the technical manual, it is set up how to minimize the budget management. We seek the fore besides to encouraging increased frequency of guidance and supervision, it is also necessary to combine the integration of the material that is both

educational and academic problems of financial management. The condition is currently not running optimally, we admit, "he said.

Lack of supervision which affects error in the management of BOS funds are recognized also by the manager of the BOS funds at the school level. According to the informant RD as one of the elementary level school principals revealed that the guidance and supervision of the department of education are very less. Even the new rules in the form of technical instructions were never socialized, but every year the rules are constantly changing. During this time, school find itself the rule, even some schools used the previous year even though technical instructions have been changed in many parts.

"Development of officials, I admit is very less. Most of the information including the issue of a new rule is coming from the inspectorate, "he said.

In addition because of the lack of guidance and supervision from the department of education, other factors that cause the occurrence of fraud of BOS fund management are the lack of supervision and the involvement of the public in this case the school committee as a representative of the parents. Appropriate mechanisms for the management of BOS funds corresponding technical instructions drawn up the ministry of education, set up that community through the school committee is given the space to be involved and know the management of BOS funds. But the discovery of field data indicate that the committee's role is very limited in knowing the direction of the budget. Not even a hint of the school precisely put the school committee is only to approve the report and it is only a formality extent. In practicing, it is not excluded. Then indirectly control or supervision of the use of the budget outside of school is not going well and led to the practice of irregularities or fraud.

The condition is recognized by SD, one of the auditors of the Regional Inspectorate East Lombok who has conducted audits at a number of primary schools in East Lombok. According to his testimony, in besides the understand of leading to manage of fraud is less, other loopholes that allow is the lack of external involvement in this case the school committee to oversee the direction of the budget. There is a tendency of the school which was closed to the involvement of the school committee, but there are also conditions where the passive school committee involved further in the management of BOS funds.

"During the audit we conducted on the mechanism of BOS funds management, less public scrutiny both internally through the role of the teacher colleagues and externally by the community through the school committee, affects the occurrence of irregularities by the BOS fund manager. But if the cause is due to the manager of the covered tend to be more easily detected, but the conditions are different when the teachers and committees tend to be passive,

then the relative deviation is difficult to know. As a result of the irregularities often occur repeatedly, "he said.

Third, the solution in preventing the fraud of BOS fund management

Occurrence of fraud in management of BOS funds has caused not only non-material losses, but also a material in the form of state financial losses. Regional findings and field data demonstrate the potential of fraud in the management of BOS funds in several schools, compounded again with conditions limited resource managers and a lack of control of the government district.

Management of BOS funds that violates the rules, adversely affects the organizational climate at the elementary level that leads to internal conflicts with fellow teachers and the community. The condition is least demanding of preventive measures to prevent any such fraud practices. Based on the findings of field data, possible preventive measures to be taken to minimize the fraud committed by some means.

First, this needs regulatory changes in the organizational structure of the Elementary School. Concretely these changes are through the placement of administration which officers are not coming from teachers that focus on taking care of the financial administration of BOS funds as practices that occur in secondary schools and high schools.

"Yes, it should be the school's organizational structure was changed. Throughout the audit and our judgment, it should be of primary schools that have their own personnel administration as treasurer, instead of a teacher but a special effort. If the teacher does not allow the treasurer because of the workload and demand certified to teach 24 hours a week. But it would be good if there are personnel working on Administration officers and civil servants in school, "said SD, auditor at the Inspectorate in East Lombok area.

Related to this, one of the principal that is RD strongly agree when in elementary school special place non-teacher personnel for BOS fund managers mainly as treasurer.

"During the treasurer is a classroom teacher, I am sure that the management of BOS was not optimal. Pursue teacher workload 24 hours per week could not be bothered with any other additional duties. So I really agree that there is a special power that was placed on administrative tasks and manage money, "he said.

Second, the solution of the most fundamental and very important is the need to build a system or a computer-based application for designing the control mechanism in the management of BOS funds are transparent and accountable. The importance of the application is expressed by SD, regional inspectorate auditor East Lombok. According control measures can only be done through the development of an effective system.

"Through the development of the system, BOS managers can more easily understand their duties and functions. At least they were led to task the financial administration in accordance with the mechanisms and rules. Just the challenge, the development of this system and the process take time. This condition is experienced when the guidance system development copy and paste, the result is quite effective but it takes time to transfer knowledge," he said.

Development of the system is admittedly quite effective in bringing change in the management of BOS funds primary school level. According to one school principal, he is JR, application system of copy and paste provided for schools is quite helpful for management to administration and accountability of BOS.

"The use of the suggested application is very helpful. We slowly may follow the use of the application, let alone have the training and socialization that we received during the two days. At least with this application, the school management of BOS funds a little better," he said.

DISCUSSION

Research of Julianti et al. (2012) showed that there were problems in the management of BOS funds in the form of elementary school supervision, resources, communication and bureaucratic structures. The four things greatly affect mechanism transparent and accountable management.

BOS fund management effectiveness is not optimal due to the lack of understanding of the mechanisms of managing the financial management and it is less supervision of community and teachers at school. This condition is consistent with the results of research of Sudarmaji Puspita (2010) in Halim (2010) who found that there is managers' knowledge about financial management that impact on good administration and accountability aspects of BOS funds. While the research results of Kelvin (2015) shows that public participation in the implementation of administration and accountability of BOS funds has less impact on fraud.

CONCLUSION

Management of BOS funds at primary schools still faced the problems of less effective administration and accountability so that this impact on the occurrence of fraud. Various forms of fraud are rules violation of bookkeeping in BOS funds and the accountability reports tend to be manipulative caused by low resource managers ability (capacity) and a lack of supervision. Prevention efforts are essential to minimize the occurrence of fraud, which can be achieved through change of regulation, Changes in the organizational structure and the elementary school system or need a computer-based application for designing the control mechanism in transparent and accountable management of BOS funds.

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