



THE EFFECT OF INDIVIDUAL CHARACTERISTICS AND INTERNAL CONTROL SYSTEMS ON ACCOUNTING FRAUD MANAGEMENT OF VILLAGE FUNDS (STUDY ON VILLAGES IN WEST DENPASAR DISTRICT, BALI, INDONESIA)

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Abstract

This study aims to examine and obtain empirical evidence regarding the influence of Individual characteristics and Internal Control Systems on Accounting Fraud of Village Fund Management (Study on Villages in West Denpasar District, Indonesia). The data sources used in this study are primary and secondary data. Primary data is obtained from the answer to the questionnaire in the respondent's content. The population in this study were village officials in the West Denpasar District, Indonesia. Determination of samples is done using non-probability sampling method with purposive sampling technique. The sample obtained was 8 villages with 32 respondents. The data analysis technique used was multiple linear regression analysis. The results showed that the Individual Characteristics and Internal Control System had a significant effect on Accounting Fraud of Village Fund Management in the Village Administration of West Denpasar District, Indonesia.

Keywords: Individual Characteristics, Internal Control Systems, Accounting Fraud, Village Funds

INTRODUCTION

Governmental public sector organizations in Indonesia are now characterized by a stronger demand for public accountability. Public accountability is a form of government obligation to account for the success or failure of the implementation of the organization's vision and mission in achieving its stated goals and objectives. Accountability for managing public funds is carried out periodically using financial reporting media (Mardiasmo, 2006). Village government is one of the public sector organizations also required to account for the management of accountable and transparent village funds to the public with quality financial reporting facilities. Quality financial reports do not rule out the possibility of accounting fraud in the management of village government funds. Accounting fraud is a form of fraud committed intentionally, causing losses in the form of leakage of the Village Budget (APBDes).

Accounting fraud according to the Association of Certified Farud Examiners (ACFE) is grouped into three; fraud in financial statements, misuse of assets, and corruption. According to the Fraud Triangle Theory, a person commits fraud because of pressure, rationalization and opportunity. Pressure and rationalization according to Dorminey et al. (2011) are individual characteristics of accounting fraudsters who cannot be observed, because it is impossible to know what the perpetrators think when they commit accounting fraud. Lou et.al (2009) states that rationalization is proxied by the gap in management integrity and inharmonious relationships between managers and auditors. Opportunity factors occur because of the weak Internal Control System (SPI). Weak SPI will trigger fraud. This research will be conducted in villages in the West Denpasar sub-district, because it has the largest number of villages and the second largest village fund after North Denpasar. Large village fund management raises very complex accounting problems and the possibility of fraudulent opportunities in accounting is quite large.

The research aims to provide empirical evidence and add scientific insight in the field of public sector management and public sector accounting specifically accounting fraud in the management of village funds that are influenced by individual characteristics and internal control systems, with attribution theory and the Fraud Triangle Theory as the main theory.

THEORETICAL BASIS AND DEVELOPMENT OF HYPOTHESIS

Attribution Theory

Fritz Heider as the originator of attribution theory says that attribution theory is a theory that explains a person's behavior. Attribution theory explains the process of how we determine the causes and motives of a person's behavior. Attribution theory refers to how someone explains the causes of other people's behavior or themselves that will be determined whether from the

internal such as the nature, character, attitude, or externals such as the pressure of a particular situation or situation that will influence individual behavior (Luthans, 2005). Attribution theory states that there are behaviors associated with individual attitudes and characteristics, so by looking at a person's behavior will be able to know the attitudes or characteristics of the person and can also be used to predict a person's behavior in dealing with certain situations.

Fraud Triangle Theory

In fraud triangle theory, there are three factors that cause accounting fraud, namely: rationalization, pressure and opportunity. In the fraud scale there are three factors that cause accounting fraud, namely situational pressure, the opportunity to commit fraud, and the way individuals rationalize something called personal integrity. Albrecht replaced the rationalization factor with personal integrity to make it more observable, by observing individual decisions and individual decision making processes, it would be closer to the goal of knowing ethical decision making. According to Albrecht (2004), violations of ethics, honesty and responsibility are at the core of accounting fraud. Ethical problems are caused by rationalization, and with some expansion, the pressure factor will be related to fraud by looking at the condition of individuals who commit fraud when considering their actions right / wrong.

Characteristics of Individuals

Individual characteristics are the attitudes or behaviors of a person in carrying out the tasks assigned, attitudes and behaviors affect their performance. One of the theories of moral development that is widely used in ethical research is the Kohlberg model. Kohlberg (1969) as quoted by McPhail (2002) states that moral develops through three stages, namely pre-conventional stages, conventional stages and post-conventional stages. Welton (1994) states that an individual's ability to resolve ethical dilemmas is influenced by the level of his moral reasoning. People with low levels of moral reasoning behave differently from people who have a high level of moral reasoning when facing ethical dilemmas. According to Rest and Narvaez (1994) in Liyanarachchi (2009), the higher the level of one's moral reasoning, the more likely it is to do 'the right thing'. In the lowest stage (pre-conventional), individuals will take an action because they are afraid of the laws / regulations that exist. In addition, individuals at this moral level will also view their personal interests as the main thing in carrying out an action. In the second stage (conventional), the individual will base his actions on the approval of friends and family and also on the norms in the community. At the highest stage (post-conventional), individuals base their actions by paying attention to the interests of others and based on their actions on universal laws.

Internal Control System

The Internal Control System (SPI) is an integral process in actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in achieving organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and adherence to legislation. In Government Regulation Number 60 of 2008 concerning the Government Internal Control System (SPIP), it is explained that SPIP is an Internal Control System which is carried out thoroughly in the central government and regional government. The Government's Internal Control System is applied to achieve organizational goals through an integral process of actions and activities by the leadership and all employees continuously to provide adequate confidence through effective and efficient activities, reliable financial reporting, security of state assets and comply with applicable laws and regulations. Based on the Government Regulation of the Republic of Indonesia Number 60 of 2008 that internal control is a process that is influenced by human resources and information technology systems designed to assist an organization in achieving certain goals. (PP No. 60 of 2008).

Accounting fraud

The Association of Certified Fraud Examiners (ACFE), one of the associations in the United States that conducts efforts to prevent and eradicate accounting fraud categorizes fraud in three groups, namely: fraud in financial statements, asset abuse and corruption. The Indonesian Institute of Accountants (IAI) explains accounting fraud as: (1) Misstatements arising from fraud in financial reporting, namely misstatement or deliberate omission of amounts or disclosures in financial statements to trick users of financial statements, (2) Misstatements arising from improper treatment of assets (often referred to as misuse or embezzlement) relating to the theft of an entity's assets resulting in financial statements not being presented in accordance with General Applicable Accounting Principles (PABU) in Indonesia. Improper treatment of entity assets can be done in various ways, including embezzlement of goods / money receipts, asset theft, or actions that cause the entity to pay for goods or services not received by the entity. Improper treatment of assets can be accompanied by false or misleading records or documents and may involve one or more individuals between employees or third parties.

Definition of Village Finance and Village Funds

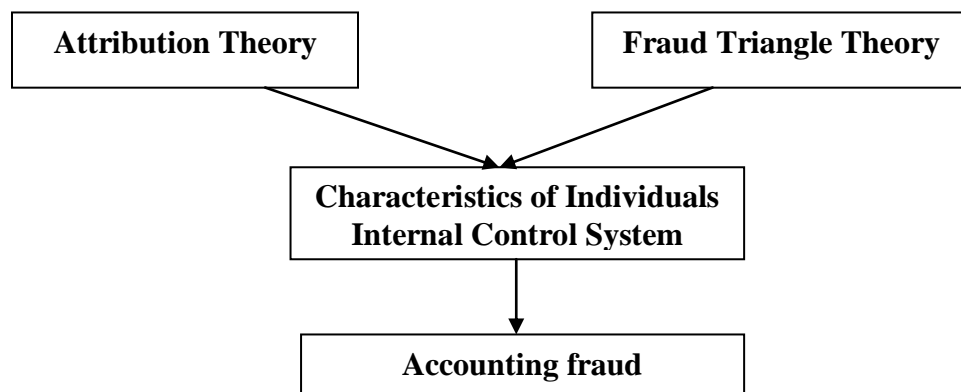
Definition of Village Finance according to Permendagri Number 113 of 2014 concerning Village Finance management and Law Number 6 of 2014 concerning Villages, Village Finance is all village rights and obligations that can be valued with money and everything in the form of

money and goods related to the implementation of rights and village obligation. Whereas the Village Fund is a budget sourced from the APBN intended for traditional villages and villages to be transferred through the district / city APBD and used for; implementation of village governance, village development, village empowerment, and community development.

Research Conceptual Framework

The variables used in this study can be explained using Attribution and Fraud Triangle Theory theories. According to the theory of Attribution someone will commit accounting fraud, because it has a bad attitude or character and low moral reasoning, and a weak internal control system. While the Fraud triangle theory, states three factors that cause accounting fraud, namely: rationalization, pressure and opportunity. Someone will commit accounting fraud depending on the way individuals process something called personal integrity, situational pressure, and opportunity. This can occur because of a weak internal control system. Based on the theory, the conceptual framework of this research is presented in Figure 1 below.

Figure 1 Conceptual Framework



Research Hypotheses

The factors that cause fraud in village fund management accounting to be examined in this study are individual characteristics. Welton (1994) states that an individual's ability to resolve ethical dilemmas is influenced by the level of his moral reasoning. The results of the Liyanarachchi (2009) study show that the level of individual moral reasoning will influence their ethical behavior. People with low levels of moral reasoning behave differently from people who have a high level of moral reasoning when facing ethical dilemmas. In his actions, people who have a low level of moral reasoning tend to do things that benefit themselves. Research that researchers will do also predicts individual characteristics will influence a person's tendency to

commit accounting fraud. The higher the stage of individual morality, the more they try to avoid accounting fraud tendencies. Individuals with high levels of moral reasoning in their actions will pay attention to the interests of those around them and base their actions on moral principles. In the fraud scale, when situational pressures and opportunities for committing fraud are high, and personal integrity is low, then the possibility of fraud will be very high. The opportunity referred to here is the condition of the internal control system in an organization. According to Albrecht (2004), one of the motivations of individuals to commit accounting fraud is the desire to gain personal benefits. Based on this, the authors formulate the following hypothesis:

H1: Individual characteristics have a significant effect on fraudulent village fund management accounting in the village administration of Denpasar Barat sub-district.

The American Institute of Certified Public Accountant (2009) explains that internal control is very important, among others, to protect entities against human weaknesses and to reduce the possibility of errors and actions that are not in accordance with the rules. According to the BPKP (2008) to achieve effective, efficient, transparent, and accountable management of state finances, internal control must be carried out over the administration of government activities by implementing internal control elements. Internal control is one of the factors that will be examined as the cause of accounting fraud in this study. Hogan et al. (2008) found that internal auditors play an important role in reducing the opportunity factor in accounting fraud. The condition of internal control elements in the organization (there are and no internal controls) can affect individuals with low moral levels to tend to do or not conduct accounting fraud. But for individuals with a high moral level, the conditions exist and there is no element of organizational internal control will not make it do accounting fraud that will harm the organization and society. Based on the theory and results of the research, the writer formulates a hypothesis;

H2: The internal control system has a significant effect on fraudulent village fund management accounting in the village administration of Denpasar Barat sub-district.

RESEARCH METHODS

This research was conducted on village government in West Denpasar District. The objects that were studied in this study were individual characteristics, internal control systems and fraudulent accounting for village fund management.

The variables used in this study are as follows: 1) Independent variable (X) is a variable that affects or is the cause of the change or the emergence of the dependent variable (Sugiyono, 2009: 59). In this study the independent variables are individual characteristics (X1), internal control systems (X2). 2) Dependent variable (Y) is a variable that is influenced or is due

to the existence of independent variables. The dependent variable in this study is fraudulent management of village fund management.

The measurement scale used for each variable indicator is a modified Likert scale, that is, the respondent's choice will be rated 4 points for the highest score and 1 for the lowest score. The selection of a 4-point scale is done to avoid biased answers. The use of a 5-point scale respondents tend to choose neutral answers, if they find questions that doubt and can affect the reliability of the data produced. The measurement indicators for each variable are as follows:

1. Characteristics of Individuals

Individual characteristics variables are measured using 3 indicators: a). Ability, b). Experience, c). Age (Gibson, 2000)

2. Internal Control System consists of policies and procedures used in achieving targets and providing reliable financial information, guaranteeing compliance with applicable laws and regulations, and reliability in the preparation of financial statements. This variable is measured using five indicators that refer to PP No. 60 of 2008 concerning the Government Internal Control System (SPIP), namely: a) Integrity of data and documents stored properly. b) Village financial managers have recorded financial transactions by posting correctly on the journal book of each financial transaction with valid evidence. c) Transactions cannot be carried out without authorization from the authorities. d) Improvement of the quality of internal control, one of which is by conducting routine checks on accounting records and data evidence available. e) The village has an organizational structure and written job descriptions of government agency employees that illustrate the division of authority and clear separation of duties.

3. Accounting fraud The Village Fund Management is measured using indicators (Tuannakota, 2007) as follows: a) Fraud of financial statements, b) Abuse of assets, c) Corruption.

The types of data used in this study are as follows: a) Qualitative data is data in the form of words, sentences, schemes, and images (Sugiyono, 2014). The qualitative data used in this study are research instrument data, literature, journals and books. b) Quantitative Data is data in the form of numbers or qualitative data that are predicted (Sugiyono, 2014). The quantitative data used in this study is data on the number of villages in the West Denpasar sub-district.

The data sources in this study are as follows: a) Primary data is data obtained directly from the source, both individuals and groups (Sugiyono, 2014), in this study in the form of answers to the results of filling out questionnaires by respondents. b) Secondary data, namely data obtained by researchers through intermediaries, such as from other people or documents

(Sugiyono, 2014), secondary data in this study is the number of villages in the district of West Denpasar.

Respondents in this study were Village Devices who were directly involved in village financial management. The number of samples in this research is 8 villages with 32 respondents, each village 4 respondents who fulfill the requirements as samples and can represent the population.

The population in this study were 8 villages in the west Denpasar sub-district. Samples can be interpreted as part or representative of the population under study (Sugiyono, 2014). The method of determining the sample in this study using nonprobability sampling method with purposive sampling technique with the following criteria: 1) Village in the West Denpasar sub-district. 2) Villages that receive village funds. 3) Village officials that are directly involved in village financial management starting from planning and accountability.

The method of data collection in this study are: a) Interview is the technique of collecting data by conducting question and answer directly with the respondent, namely the village head, village secretary, finance chief and planning director. b) Questionnaire which is a method of collecting data by distributing a list of questions in writing directly to the research respondents.

Data analysis in this study is preceded by the following steps:

1. Data Quality Test

Measurement and testing of a questionnaire or hypothesis depends on the quality of the data used in the test. Questionnaires as research instruments must be tested for reliability and validity first.

a) Test Validity

Tests are carried out using the product moment Pearson correlation method. According to Ghazali (2011) a variable is said to be valid if the Pearson correlation value is greater than 0.50 and the significance value is smaller than the specified alpha. In this study an alpha value of 0.05 was considered significant.

b) Reliability Test

Test reliability of measurements in this study was carried out using Cronbach's alpha. The Cronbach's alpha coefficient of more than 0.6 is called reliable. This shows the reliability of the instrument. In addition, Cronbach's alpha, which is closer to 1, indicates higher reliability.

2. Data Analysis

Data analysis uses descriptive statistics and inferential statistics. Descriptive statistics are used to answer questions that require descriptive answers, such as mean (mean), middle value (median), and standard deviation (standard deviation) of each respondent's answer. The data is analyzed by the following steps:

- a) Data Verification is to re-examine the questionnaire filled in by the respondent to ascertain whether all questions have been answered completely by the respondent.
- b) Calculating the Answer Value.

Then, inferential analysis to test hypotheses using Multiple Regression Analysis. This analysis is intended to reveal the influence of several independent variables with the dependent variable.

The equation of the multiple regression model in this study is as follows:

$$Y = a_0 + \beta_1 X_1 + \beta_2 X_2 + e \dots\dots\dots (1)$$

Where:

Y = Fraud Accounting for Village Fund Management

a_0 = Constants

$\beta_1 - \beta_3$ = Regression Coefficient

X_1 = Individual Characteristics

X_2 = Internal Control System

e = Standard Error

3. Test of Classical Assumptions

The regression model must fulfill several assumptions called classical assumptions. Classical assumption tests are conducted to avoid the acquisition of biased data. The classic assumption tests carried out in this study are as follows:

a) Normality Test

The normality test is used to test whether the distribution of a data follows or is close to normal. The normality test can be done using the Kolmogorov Smirnov method, with a significant view at 0.05. If the significant value produced > 0.05 then it will be normally distributed.

b) Multicollinearity Test

Multicollinearity is a situation where there is a correlation between independent variables with one another, so one of the independent variables is eliminated. To test the presence of multicollinearity is done by looking at the value of VIF (Variance Inflating Factor) with criteria according to Ghozali (2011), namely: 1) If the tolerance number above 0.10 and $VIF > 10$ is said there are symptoms of multicollinearity. 2) If the tolerance number above 0.10 and $VIF < 10$ is said there are no symptoms of multicollinearity.

c) Heteroscedasticity Test

Heteroscedasticity tests are performed to see the same or not the variance of the residuals from observations one with the other observations. If the residual has the same variance, it is called homoskedasticity, and if the variance is not the same heteroscedasticity occurs. With the Glejser test, heteroscedasticity occurs if the significance value between the independent

variable and the absolute residual is greater than 0.05. While homoschedasticity occurs when the significance value is smaller than 0.05.

4. Feasibility Testing Models, Coefficient of Determination and Hypothesis

a) Test the feasibility of the model (F test)

The F test is used to test whether the model used in the study is feasible. If the results of the F test state significant or probability values <0.05 , then the research model is feasible to use. This means that the independent variable is able to explain the dependent variable (Ghozali (2011)).

b) Coefficient of Determination (Adj R2)

The determination coefficient in linear regression often means how much the ability of all independent variables to explain the variance of the dependent variable is seen from its adjusted R2. The selection of adjusted R2 values is because this study uses multiple regression analysis with more than one number of variables. The coefficient of determination varies between 1 (one) and 0 (zero). If $R^2 = 1$, it means that 100 percent of the total variation of the dependent variable can be explained by the independent variable. But if the value of $R^2 = 0$, it means that there is no total variation of the dependent variable that can be explained by the variation of the free variable (Wirawan, 2014: 244).

c) Hypothesis Testing (t test)

The t test is used to test the hypothesis how much influence the independent variables have on the dependent variable. The real level or alpha (α) used is 5 percent (0.05). If the significance of t is greater than $\alpha = 0.05$, then H_0 is accepted and H_1 is rejected. This means that there is no influence between the independent variable and the dependent variable. Conversely, if the significance level is <0.05 , then H_1 is accepted, meaning that there is an influence of independent variables on the dependent variable (Ghozali (2011)).

RESULTS AND DISCUSSION

Characteristics of Respondents

The number of samples in this study were 32 respondents, in 8 villages in the West Denpasar sub-district and each village was taken 4 respondents. The characteristics of the study respondents from 8 villages are explained based on several criteria, namely: gender, level of education, and tenure as follows.

a) Gender

Based on the results of the study, an overview of the sex of the respondents is presented in Table 1 below.

Table 1 Characteristics of Respondents by Gender

No.	Gender	Number of respondents (people)	Percentage (percent)
1.	Men	19	59
2.	Female	13	41
	Amount	32	100

Table 1 shows 59 percent of respondents are male and 41 percent are female. This means that the percentage of male involvement and management of village funds is more than women.

b) Education Level

Based on the results of the study, the education level of the respondents is presented in Table 2 below.

Table 2 Characteristics of Respondents by Education Level

No.	Education Level	Number of respondents (people)	Percentage (Percent)
1.	Senior High School	5	16
2.	Diploma III	4	13
3.	S1	23	71
	Amount	32	100

c) Working Period

Based on the results of the study, the working period of the respondents is presented in Table 3 below.

Table 3 Characteristics of Respondents by Period of Service

No.	Working Period	Number of respondents (people)	Percentage (Percent)
1.	1 – 5 years	5	16
2.	5 – 10 years	27	84
	Amount	32	100

Table 3 shows the tenure of respondents at most in the range of 5-10 years, which is 84 percent and ranges from 1-5 years as much as 16 percent. Judging from the working period of village managers in the West Denpasar sub-district, 84 percent had experienced enough for 5-10 years.

Research Instrument Testing Results

Validity testing is done to measure whether each research instrument is valid as an indicator of the variable under study. The results of testing the validity of the instruments from 28 indicators are presented in Table 4 below.

Table 4 Test Results for Instrument Validity

No	Variable	Indicator	Correlation Coefficient	Description
1.	Characteristics	X1.1	0,835	Valid
		Individuals	X1.2	0,709
		X1.3	0,823	Valid
		X1.4	0,898	Valid
		X1.5	0,926	Valid
		X1.6	0,820	Valid
		X1.7	0,877	Valid
		X1.8	0,923	Valid
		X1.9	0,899	Valid
2.	Internal Control System	X2.1	0,951	Valid
		X2.2	0,901	Valid
		X2.3	0,943	Valid
		X2.4	0,933	Valid
		X2.5	0,932	Valid
3.	Fraud of Accounting for Village Fund Management	Y1.1	0,854	Valid
		Y1.2	0,902	Valid
		Y1.3	0,903	Valid
		Y1.4	0,915	Valid
		Y1.5	0,917	Valid
		Y1.6	0,904	Valid
		Y1.7	0,878	Valid
		Y1.8	0,803	Valid

Based on Table 4 shows that all indicators of the research variables used have a correlation coefficient value above 0.3, meaning that the overall indicators used are declared valid and can be continued to the next analysis.

Testing of Classical Assumptions

a) Normality Test

Normality testing aims to test whether in a regression model, the residual variable has normal or near normal data distribution. The test results between the level of significance obtained from the calculation results compared to the alpha level used. Data is said to be normally distributed if the value of Asymp. Sig > alpha, Test Results using the Kolmogorov-Smirnov test are presented in Table 5 below.

Table 5 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		32
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	.64372340
Most Extreme Differences	Absolute	.116
	Positive	.111
	Negative	-.116
Kolmogorov-Smirnov Z		.657
Asymp. Sig. (2-tailed)		.780

Based on Table 5 shows that the value of Asymp. Sig > $\alpha = 0.05$, it can be concluded that all data used in the regression equation are normally distributed data.

b) Multicollinearity Test

The multicollinearity test is conducted to prove the presence or absence of a linear relationship between one independent variable and the other independent variables. Results Multicollinearity testing was performed by looking at tolerance values above 0.1 and the Variance Inflation Factor (VIF) value below 10 which means there are no symptoms of multicollinearity. The results of the multicollinearity test are presented in Table 6 below.

Table 6 Multicollinearity Test Results

No	Variable	Value Tolerance	VIF Value
1.	Individual Characteristics	0,222	4,497
2.	Internal Control System	0,222	4,497

Table 6 shows that the tolerance value of the free variable is above 0.1 and the VIF value is below 10. So it can be concluded that the model used in the regression equation has no symptoms of multicollinearity.

c) Heteroscedasticity Test

Heteroscedasticity testing is done to find out whether in the regression model there are variance inequalities. To detect the presence or absence of heteroscedasticity, the glejser model is used, provided that the significance value is above 0.05, which means there is no heteroscedasticity. The results of the heteroscedasticity test are presented in the following Table 7:

Table 7 Heteroscedasticity Test Results

No	Variable	Sig.	Description
1.	Individual Characteristics	0,141	Free from heteroscedasticity
2.	Internal Control System	0,146	Free from heteroscedasticity

Based on Table 7 shows the significance level of each independent variable greater than 0.05, it can be concluded that the regression model is free from symptoms of heteroscedasticity.

Descriptive statistics

Descriptive statistics in this study are presented to provide information about the characteristics of research variables, among others: minimum value, maximum value, average and standard deviation with N is the number of research respondents. Results Descriptive statistics are presented in Table 8 below.

Table 8 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1	32	8,00	20,85	14,71	3,61
X2	32	11,55	18,61	16,00	2,67
Y	32	14,88	32,40	24,59	4,30
Valid N (listwise)	32				

Based on Table 8 shows that the descriptive statistics of each variable under study are described as follows:

1. Individual characteristic variables have a minimum value of 8.00 maximum value of 20.85, an average value of 14.71 with a standard deviation of 3.6. This means that

14.71 percent of the individual characteristics influence fraudulent Village Fund management accounting in village administration in West Denpasar District.

2. Internal Control System Variables have a minimum value of 11.55 maximum value of 18.61, average value of 16.00 with standard deviation of 2.67. This means that 16 percent of the internal control system influences fraudulent Village Village Fund management accounting in West Denpasar District.
3. Accounting Fraud Variable Village Fund Management has a minimum value of 14.88, maximum value 32.40 an average value of 24.59 with a standard deviation of 4.30. This means that on average 24, 59 percent occur accounting fraud in the village administration of West Denpasar District.

Feasibility Test Model (F Test)

Model feasibility test is used to determine the feasibility of multiple linear regression models as a test analysis tool about the effect of independent variables on the dependent variable. The probability level used is $\alpha = 0.05$. If the significance of the annova table is smaller than $\alpha = 0.05$, then it is appropriate to use it. Based on the results of multiple linear regression calculations show that significant $F = 0,000$ is smaller than 0.05, then a decent regression model is used to predict the influence of individual characteristics and internal control systems on fraudulent village fund management accounting in the West Denpasar District Village.

Coefficient of Determination (Adj R2)

The coefficient of determination (adjusted R2) essentially measures how much the model's ability to explain the variation of the independent variable. Adjusted R square value is 0.966, meaning that 96.6 percent of fraudulent variables in village fund management accounting in the village of West Denpasar sub-district can be explained by individual characteristic variables and internal control systems. While the remaining 3.4 percent is influenced by other factors not included in the research model.

Hypothesis Testing Results (t Test)

Hypothesis testing is done to determine the effect of individual characteristic variables, and internal control systems on fraudulent Village Fund Management accounting. The test results are presented in Table 9 below.

Table 9 Results of the t-test

No	Variable	t _{count}	Significance
1.	Individual Characteristics	6,930	0,000
2.	Internal Control System	7,541	0,000

- 1) Hypothesis testing influences individual characteristics on fraudulent Village Fund Management accounting. Based on the results of the t-test, the value of the individual characteristic variable t is 6.930 with a significance value of $0.000 < \alpha (0.05)$. H₀ is rejected. This means that the individual characteristic variables have a significant effect on the fraudulent variable of Village Fund Management accounting in the village administration of West Denpasar District. This means that the higher the moral level of a person or individual, the higher the person's desire to do the right thing in carrying out their duties and authority, the better the quality of the accountability report for fund management, because the possibility of accounting fraud is very small. This finding supports the results of previous research conducted by Zuliarti, 2012, which states that if the ability of financial management employees is good, then the output or results in the form of financial statements will be better. The results of this study also confirm attribution theory which states that fraud occurs because it is influenced by individual characters. Division of tasks should consider individual character, age, and ability. Whereas according to the Fraud Triangle Theory of fraud occurs due to individual personal integrity. Integrity gaps and unharmonious relationships between superiors and subordinates will trigger fraud.
- 2) Hypothesis testing the influence of the internal control system on fraudulent Village Fund Management accounting. Based on the results of the t-test, the value of the internal control system variable t is 7.541 with a significance value of $0.000 < \alpha (0.05)$, so H₀ is rejected. This means that the internal control system variables have a significant effect on the fraudulent variable of Village Fund Management accounting in the village administration of the District of West Denpasar. This means that the better or adequate the internal control system, the higher the level of control that can be done and the very small possibility of someone's opportunity to commit accounting fraud in managing village funds. The results of this study contradict the results of the study of Zulkarnain (2013) who found that internal control had a negative effect on fraud. The results of this study also confirm Attribution Theory which explains individual behavior is strongly influenced by internal and external factors that can influence behavior and leadership. The results of this study also support the Fraud Triangle Theory, which states that

someone will commit fraud because of opportunities and pressure, one of which is a weak internal control system and unclear rules.

Results of Multiple Linear Regression Analysis

To determine the effect of individual characteristic variables and internal control systems on fraudulent Village Fund Management accounting, the statistical analysis of multiple linear regression, t-test and F-test was used. The analysis was processed with a computer program package, namely Statistical Package for Social Science (SPSS). The results of the analysis are presented in Table 10 below.

Table 10 Results of Multiple Linear Regression Tests

Variable Name	Regression Coefficient	t-test	Sig. T
Individual Characteristics	0,408	6,930	0,000
Internal Control System	0,715	7,541	0,000
Constants		-6,764	
R		0,984	
<i>Adjusted R square</i>		0,966	
<i>F - count</i>		443,140	
<i>F - sig</i>		0,000	

Based on Table 10 multiple linear regression equations of independent variables individual characteristics, internal control systems, and dependent variables fraudulent management of village fund accounting are as follows:

$$Y = -6,764 + 0,408 (X1) + 0,715 (X2) + 0,734$$

Based on these equations, the individual characteristic variables, internal control systems have an effect on fraudulent village fund management accounting in the village administration of West Denpasar District.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis and discussion in the previous chapter, the results of this study can be summarized as follows.

1. Individual characteristics have a significant effect on cheating Village fund management accounting. This means that the higher the moral level of a person or individual, the higher the person's desire to do the right thing in carrying out their duties and authority, the better

the quality of the accountability report for fund management, because the possibility of accounting fraud is very small.

2. The internal control system has a significant effect on fraudulent village fund management accounting. This means that the better or adequate the internal control system, the higher the level of control and supervision that can be done and the smaller the chance for someone to commit accounting fraud in managing village funds.

Suggestions that can be conveyed in this study are as follows:

1. The Village Government in the village of West Denpasar sub-district in distributing the burden of the task must consider the age factor, to improve employee performance.
2. Village Government in the village of West Denpasar sub-district must more often supervise the subordinate accounting records, to prevent accounting fraud from occurring.

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