



The Influence of the Implementation of Public Sector Accounting Models in Fraud Prevention Efforts in the Digital Era

Hamzah Fansyuri Nur^{1*}, Haliah², Andi Kusumawati³

Faculty of Economics and Business, Hasanuddin University

Corresponding Author: Hamzah Fansyuri Nur hamzahfansyurinur@gmail.com

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ABSTRACT

This research aims to find and describe the characteristics of fraud that occurs in the public sector in the digital era to prevent fraud that occurs in the public sector. The research conducted is literature research sourced from articles that are in accordance with the research topic for further analysis. The results of the study show that the characteristics of fraud in the public sector that occur in the digital era include the use of misconceptions about the role of digital technology in the implementation of public accountant duties. The influence of the implementation of public sector accounting can prevent fraud in the public sector in the digital era if implemented by considering several factors that affect fraud, such as performance accountability, and implementing technical strategies, dual-paradigm approaches, and preventive strategies.

INTRODUCTION

The sophistication of technology that is increasing year by year has a great impact on all aspects and affects daily life. The impact caused by the current technological development is twofold, namely positive impacts and negative impacts. This positive impact can encourage and facilitate an activity carried out by humans as well as the negative impact caused by the form of misuse in technology for personal interests and harm to other parties. From the two impacts of technology, there needs to be a change in terms of the pattern of use of technology based on wise considerations to ensure that advances in technology become a device that can rejuvenate humans in carrying out their activities (Dwiky Subekti Rachman, 2023) [1].

The desired impact of technological advances for public sector accounting is the ease and faster implementation of various accounting processes, so that the information generated from these processes is more accurate. But on the other hand, this can only be achieved if the parties involved in the accounting process have the ability to utilize technology products very optimally so that they can have a positive impact, namely to improve services to the public. The positive ability and purpose of using technology in the accounting process increases to greater effectiveness and efficiency (Ministry of Research and Technology of the Republic of Indonesia, 2018). Capabilities that are juxtaposed with negative goals, namely to get benefits for oneself, will cause fraud. On the contrary, the capabilities and positive goals of using technology in the accounting process will lead to higher efficiency and effectiveness so that it can reduce the occurrence of fraud [2].

According to Omar et al. (2016), fraud is described as a danger or business risk that can occur in any business entity, including public trade organizations and private businesses. Meanwhile, literally, according to Said et al. (2018) fraud is defined as fraud, fraud, or embezzlement. In general, fraud can be divided into three categories: misappropriation of assets, falsification of financial statements, and corruption (Sihombing et al., 2019) [3]. The fraud triangle theory, developed by Donald R. Cressey, states that there are three basic causes of fraud, namely pressure factors, trigger factors, and rationalist considerations. In addition to the Fraud Triangle Theory, there is also the Fraud Diamond theory which expands the Fraud Triangle by adding a second causal aspect called capability. The central principle of this theory is that two groups of forces, namely internal elements in the form of capabilities and rationalization and external factors in the form of pressure and opportunity can cause fraud (Arimbi Fauziyah, 2023) [4].

Fraud is carried out to obtain profits in the form of money and wealth or to avoid payment or loss of services or to avoid taxes and secure personal gains (Ulfiatul Khairan, 2023) [5]. Fraud can often lead to litigation, dismissal, and restitution of assets. Therefore, it is imperative that any investigation is conducted by an appropriately qualified individual to reduce the risk of destruction of evidence, false accusations, or weakening of prospective legal action [6].

If it is associated with technological advances that have reached the digital level as it is today, the capabilities possessed by individuals in utilizing digital

technology products can be a strong driver to carry out fraud. Moreover, the application of digital technology is still uneven because the knowledge and ability to operate the technology that is still not owned by all business entities, including the public sector, presents a great opportunity to commit fraud (Dian Kristiyani, 2020) [7]

Fraud can be broadly classified into three types of actions, namely misuse of assets, false statements in financial statements, and corruption. According to the results of a survey conducted by the Association of Certified Fraud Examiners Indonesia Chapter (ACFE-IC), corruption is the most common type of fraud in Indonesia, followed by asset misuse, and finally financial statement fraud[8].

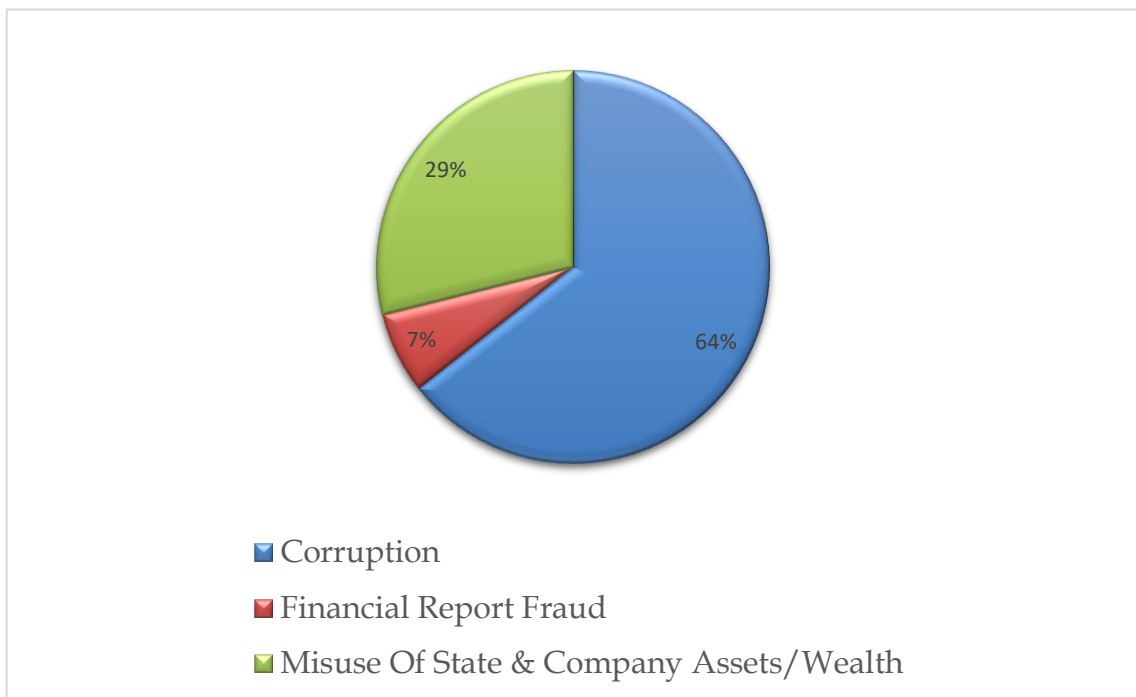


Figure 1 Frequency of Fraud in Indonesia in 2019 Source: Association of Certified Fraud Examiners (ACFE) Indonesia Chapter (2020)

Based on this data, ACFE IC also describes the estimated losses caused by each type of fraud above. In accordance with the frequency, corruption is the most detrimental type of fraud, followed by asset misuse, and finally financial statement fraud. So, this indicates that various fraud cases that often occur in Indonesia corruption is the biggest contributor to losses. Fraud in the form of corruption is the most for losses under Rp. 10 million. Interestingly, both fraud in the form of corruption, financial statement fraud and asset abuse in the majority of cases are below Rp. 10 million, but the most common occurrences. On the other hand, there are the least incidents in corruption cases but the largest loss value is above Rp 10 billion.

Table 1: The Value of Losses Due to the Most Costly Fraud in Indonesia

Value of Loss	Corruption	Financial Statement Fraud	Misuse of State & Corporate Assets/ Assets
IDR ≤10 Million	48,1%	67,4%	63,6%
Rp. 10 Million - 50 Million	4,2%	2,9%	3,3%
Rp. 50 Million - 100 Million	8,4%	5,4%	8,8%
Rp. 100 Million - 500 Million	11,7%	6,7%	9,6%
Rp. 500 Million - 1 Billion	10,9%	6,7%	2,9%
Rp. 1 Billion - 5 Billion	5,9%	3,8%	3,8%
Rp. 5 Billion - 10 Billion	5,4%	2,1%	3,4%
Rp. >10 Billion	5,4%	5,0%	4,6%

Source: Association of Certified Fraud Examiners (ACFE) Indonesia Chapter (2020)

Corruption, in addition to being the most common type of fraud, also has a number of incidents that are increasing from year to year. This is in accordance with the data on the recapitulation of corruption crimes compiled by the AntiCorruption Clearing House of the KPK below:

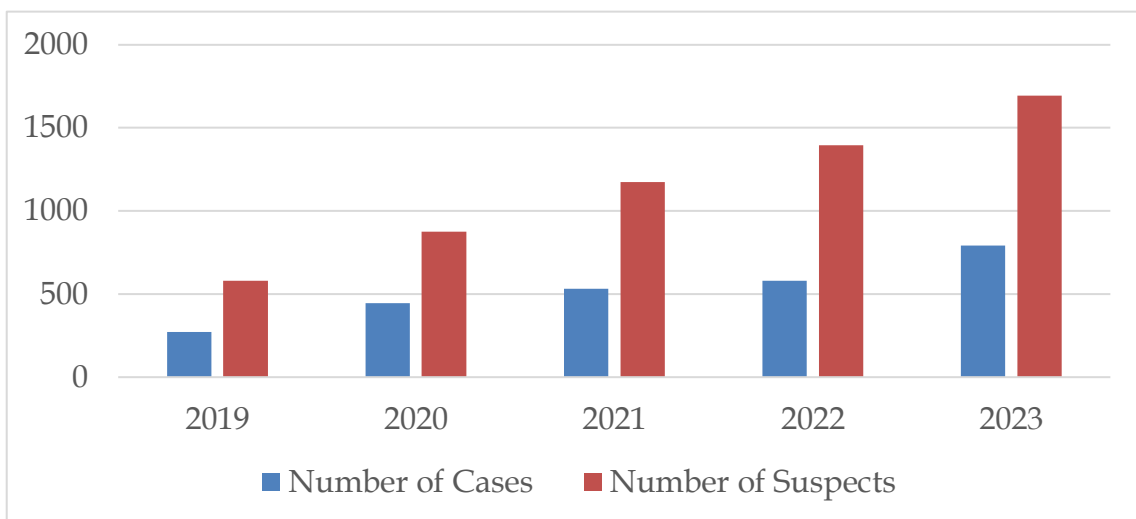


Figure 2 Trend of Increasing Corruption AmountSource: Indonesian Corruption Eradication Commission (2024)

The increase in the number of frauds, especially corruption cases as per the data above, is most likely related to the existence of digital technology that provides greater capabilities and opportunities for fraudsters. However, this has still not been studied by previous researchers. In fact, understanding the characteristics of fraud that occurs in the public sector in the digital era will be very helpful in formulating strategies to identify indications of fraud and

strategies to prevent fraud in the future, and can facilitate the application of public sector accounting to achieve accurate financial information.

Public sector accounting in its evolution, which is described as an accounting and public, which is a way of accounting and a mechanism of assessment determined in the management of public funds (Putri Ariellah Belinda, 2021) [11]. The theoretical approach used to explain fraud in this study is behavioral accounting, where this theory explains how the relationship between accounting information systems and human behavior is. As explained by Kutluk (2017), behavioral accounting studies human behavior, whether working as an accountant or non-accountant, related to its influence on the accounting system and the factors that shape the behavior that comes from the accounting system. Side effects of behavior checks can provide as people can act and the elements underlying the development of these ways of behaving, as well as suggestions for further developing ways of behaving that are considered damaged in behavior accounting (Ainun Khafifah, Haliah, 2022) [12].

The results of the behavior analysis include how humans behave and the factors underlying the formation of these behaviors, as well as recommendations to improve behaviors that are considered dysfunctional (Supriyanto, 2018) [13]. Furthermore, explained by Supriyanto (2018), the interconnectedness studied is reciprocal, where human behavior can influence accounting information and business decisions taken. On the other hand, accounting information can also affect human behavior and business decisions taken.

Based on this explanation, this study will examine how the application of the public sector accounting model affects fraud prevention efforts in this digital era. The study is based on behavioral accounting theory to determine the relationship between negative behavior in the form of fraud and the application of public sector accounting in the public sector.

THEORETICAL REVIEW

Behavioral Accounting

Behavioral accounting is a field of accounting that is very relative to other accounting fields, such as financial accounting, management, and auditing. This has motivated researchers to photograph the progress of research on behavioral accounting in Indonesia over the past 15 years using the literature review method which is widely used in research research in all fields (Fitri Wulandari, 2020) [14]. Behavioral accounting studies human behavior, whether operating as an accountant or non-accountant, in relation to its influence on the accounting system and the factors that shape that behavior originate from the accounting system. This study observes how human behavior affects the decision-making process and the use of accounting data so that it can provide an understanding of how behavioral information is used as a basis for decision-making Devinda Ramdani, 2024) [15].

The results of the behavior analysis include how humans behave and the factors underlying the formation of these behaviors, as well as recommendations to improve behaviors that are considered dysfunctional (Supriyono 2018). According to Supriyono (2018), the objectives of behavioral accounting include.

1. Formulate and convey information about the behavioral factors to the decision-makers.
2. Analyze factors that explain behavior. Humans are relevant to accounting systems.
3. Complete information that is relevant to the aspects of human behavior needed by decision-makers and stated in financial statements.

The scope of behavioral accounting is (Supriyono, 2018)

1. The influence of the accounting system on human behavior, where behavioral accounting examines the influence of the accounting system on motivation, productivity, decision-making process, job satisfaction, and cooperation between members of the organization.
2. Predicting behavior and formulating strategies to change human behavior, where behavioral accounting analyzes the role of the accounting system on changes in human behavior.
3. The influence of human behavior on the design, preparation, and use of information systems, where behavioral accounting describes the relationship between describing the relationship between the value perception and attitude of the management of a company in controlling the accounting process with the function of each element in the company.

Fraud

Fraud is one of the many problems that occur in the government sector in Indonesia. Fraud can occur because the perpetrator has the goal of obtaining profits, either for himself or a group (Rachmat Fauzi Riyanto, 2022) [15]. Fraud is an active action carried out with the aim of deceiving other parties, so that the deceived party suffers losses and the fraudulent party gains profits. Fraud can be classified into three types of acts, namely (Antarwiyanti & Purnomo, 2017) [16].

1. Corruption, is an act that violates the law and harms the state or the economy of the country or company occupied by corruption, with the aim of enriching oneself or others. This type of fraud generally occurs in developing countries with weak law enforcement and many parties who are not aware of the importance of good corporate governance.
2. Asset misuse is the easiest form of fraud to detect because it is carried out in the form of misuse or theft of assets, so that the losses suffered due to the fraudulent act can be calculated or measured.

According to the Fraud Triangle theory developed by Donald R. Cressey, fraud can occur because it is caused by three main factors, namely rationalization, pressure, and opportunity.

1. Rationalization

This third factor comes from within a person in the form of thinking that the fraudulent act committed is natural and morally acceptable

2. Pressure

A person can commit fraud because of the pressures he receives. These pressures can be divided into several types, namely financial pressure, pressure on bad habits, work pressure, and other pressures.

3. Opportunity

Opportunity is an external factor that causes a person to be driven to commit fraud. This factor generally arises when there is a weak control mechanism, such as a lack of supervision or audit, so that a person sees a loophole and uses it for personal gain. Based on this, it can be seen that to be able to commit fraud, a person needs to have the capacity, in the form of the characteristics and abilities needed to recognize fraud triggers and be able to use them to gain benefits for themselves (Dian Kristiyani, 2020).

Financial Report

According to the Indonesian Institute of Accountants (2016) financial statements are part of financial reporting and include financial data which consists of financial statements of profit and loss, balance sheets, reports on changes in financial positions, reports and other records, and the content of explanations for the content of financial statements that are instructive. Financial statements are documents that summarize a company's financial information in the form of financial statements, book values, and certain other reports, and serve as a credible source of information for policymakers and other interested parties (Angel Novita Putri, 2023) [17]. Accounting records show the company's financial health in the three events (Enyi, 2019), including:

1. Through liquidity income that shows where the money comes from and how it is spent.
2. Through the Income Statement, which shows financial operations, expenses, and a comprehensive income statement.
3. Through the balance sheet where financial representation describes the company's assets and liabilities.

RESEARCH METHODS

This research is descriptive with a qualitative approach. According to Creswell (2014), qualitative descriptive research is research that aims to explore the topic being researched until a detailed and complete explanation can be obtained. Through this approach, researchers hope to obtain information that can be used to describe variables, symptoms, or circumstances that are the focus of the research.

Research data is in the form of secondary data collected through literature, namely by collecting theories, research data or findings in previous research with various sources related to the research topic to be studied. The data that has been collected is then analyzed using a qualitative analysis method with 3 stages of analysis as follows (Bungin 2017).

1. Data reduction

The researcher analyzed the data to take relevant data and rule out data that did not match this study

2. Data presentation and

After the data obtained is reduced, then the data is presented in the form of descriptions, charts, relationships between categories, flowcharts and the like, making it easier to analyze and interpret

3. Drawing conclusions

Conclusions in qualitative research are findings obtained from the analysis of data to answer research problems. The analysis is carried out inductively by prioritizing the researcher's thinking and understanding that refers to relevant theories

In qualitative research, assessment is the result obtained from data collection to answer research questions. This research is carried out with an inductive approach by evaluating the researcher's understanding and knowledge in terms of relevant theories.

RESEARCH RESULTS

The digital era has introduced new concepts in accounting so that it presents a new paradigm where technological developments are considered to be able to match the important role of accountants in carrying out various accounting activities that are important for companies. Financial recording and analysis of financial data have been partly entrusted to computer applications and software rather than relying on the meticulousness and thoroughness of an accountant for the reason of far superior efficiency and effectiveness (Luh Putu Puji Trisnawati, 2022) [18]. If only one side of the currency is considered, technology has a beneficial influence on accounting by making their work easier, allowing them to focus on activities that technology cannot replace (Angel Novita Putri 2023). However, from another point of view, this actually presents new challenges and threats that are quite latent, where fraud is likely to occur by utilizing digital technology and making the reason for the need for effectiveness as the basis to cover the traces of fraud committed and leading opinions on the necessity of using digital technology which allows the fraud to be difficult to detect and last for a long period of time (Luh Putu Puji Trisnawati, 2022).

The challenge and threat that is very basic is the human mindset itself which considers that machines and technology, in this case information technology that creates the digital realm, can be a substitute for humans, especially the accounting profession, in carrying out accounting functions. Thus, technology can help humans carry out their roles very effectively and efficiently ensuring that human resource management will always be able to contribute to different key operations in all elements of society (Cahyadi, 2019) [19]. The need for humans to engage in developing the potential that each person has to be enhanced by adapting to technological changes outside of him, however, is something that must be noted. In their journey, humans must be able to actively use technological devices to develop professionally and personally by observing and learning (Nugrah Leksono Putri Handayani, 2023) [20].

The presence of digital technology, especially with its products in the form of cloud computing and big data, there is a great tendency that companies that apply this technology can change their asset measurement methods from what was originally done conventionally by utilizing digital technology to measure their assets, so that all work becomes paperless and highly dependent on the role of digital applications and deviations (Ministry of Research and Technology of the Republic of Indonesia, 2018). The application of digital technology does offer

some much higher efficiency and effectiveness, but it is also accompanied by the creation of several potential fraud because all asset information is determined by the data input process. The slightest error in data input will have an impact on all information produced by the application. In this case, the error can be caused by negligence, or lack of ability to operate technology, or due to intentionality (fraud).

The potential for fraud by utilizing digital technology has been realized by the Association of Certified Fraud Examiners (ACFE Indonesia Chapter or ACFE IC). Furthermore, ACFE IC also mentioned several fraud models that are easier to implement with the use of digital technology, the first is hacking, so that hackers easily steal access to financial data and other important data, which are then used for personal gain.

ACFE IC proposes basic strategies to overcome fraud that can be applied by the public sector, especially and other business sectors. The strategy focuses on efforts to prevent data loss (Association of Certified Fraud Examiners (ACFE) Chapter, 2020). The form of strategy that can be done is by using the services of a privacy officer who has a work program, understands technology and law, is able to see policies in data security, along with technologies and instruments made to keep company data safe, secures the importance of customer data privacy and company data, prevents the mining of company data from external parties, and manages data connectivity with the internet to ensure the usefulness of the internet of things (IoT), determines the level of data confidentiality in the company along with the ranking and authority for data access, so as to set a reporting schedule and prioritize the timeliness of reporting, and carry out data monitoring and control in real time.

Fraud is caused by an opportunity to do so. So, the best thing that can be done to prevent fraud is to eliminate this opportunity so that it can increase the implementation of internal control systems, conduct fraud checks, enforce forensic accounting, and utilize internal and external audit services, both manually and in digital form (digital forensic accounting) (Ministry of Research and Technology of the Republic of Indonesia, 2019). Fraud is an act that can be carried out individually or collectively, and its existence can be an epidemic or a deadly disease that is contagious in a company. So, it is necessary to eliminate opportunities that allow someone to commit fraud, the effort that must be made is to create an antifraud culture or a culture of honesty in the company (Ministry of Culture and Technology of the Republic of Indonesia, 2019). As explained in behavioral accounting theory. Human behavior is closely related to the accounting system, where changes that occur on the one hand will be a triggering factor for change on the other. Because, if the company can create an anti-fraud culture to be able to change the behavior of every member of the company, then this change in the long term will be able to prevent fraud.

Muhtar, Sutaryo, & Sriyanto (2018) [22] Examining fraud in the form of corruption that occurs in public institutions in Indonesia by referring to several theories such as fraud triangle theory. From the results of his research, he stated that corruption is significantly and negatively influenced by accountability which is increasingly shown by government agencies will be one of the drivers

of decreasing fraud that occurs in the public sector. Good accountability performance will cause a decrease in the pressure received by the public sector from the public and all stakeholders so that this will cause the intention to commit fraud on every member of the public sector to decrease.

Overall, the effect of the application of the public sector accounting model on efforts to prevent fraud that occurs in the public sector in the digital era can be described as follows:

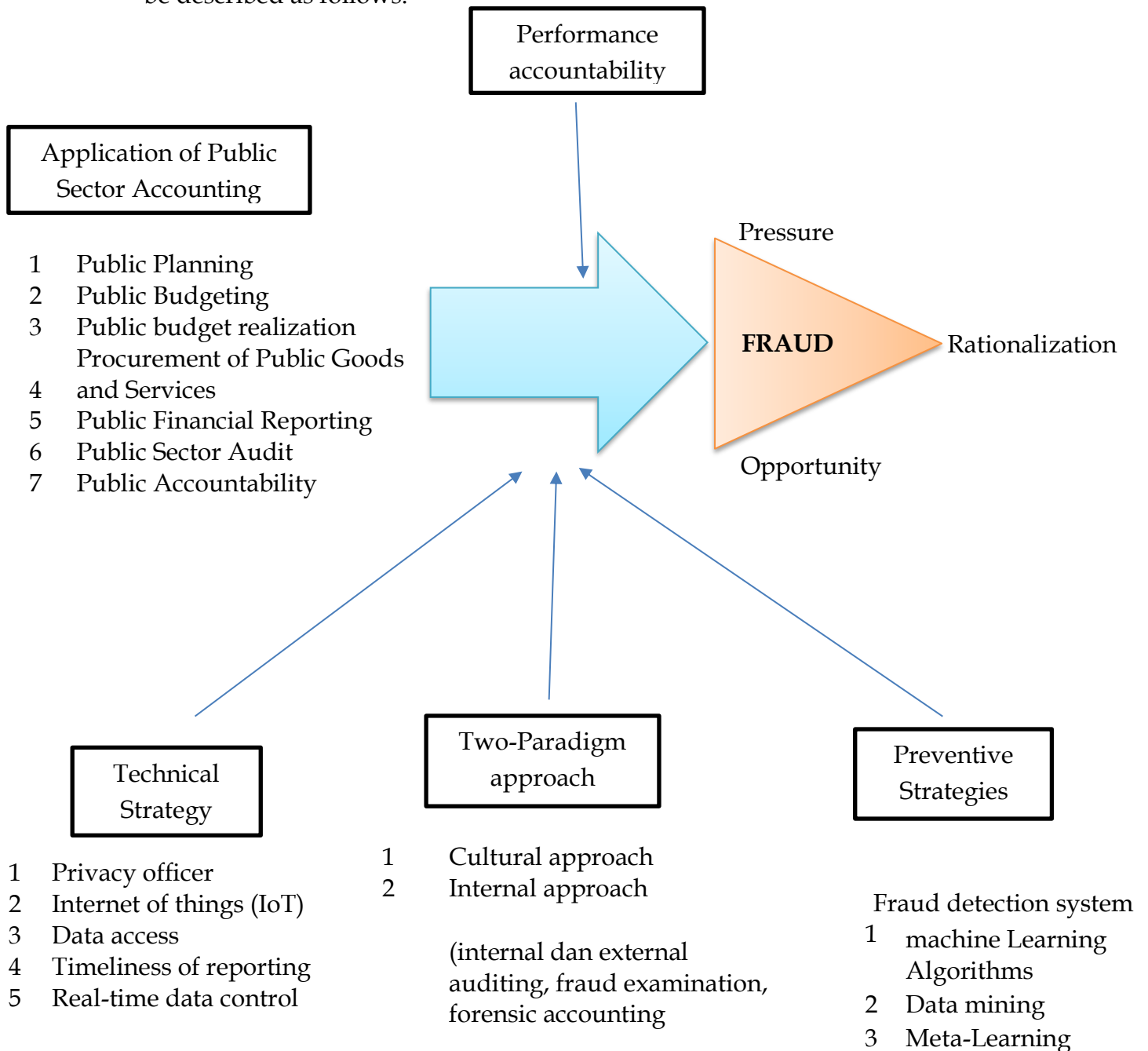


Figure 3. Model of Public Sector Accounting Application in the Digital Era

CONCLUSION AND RECOMMENDATION

Conclusion This research is the first characteristic of fraud in the public sector that occurs in the digital era, including the use of misconceptions about the

role of digital technology in the implementation of public accountant duties, the use of digital technology to optimize opportunities for fraud, taking advantage of problems in human error and lack of knowledge in the use of digital technology, using digital technology products, such as cryptocurrency, to carry out fraud. Furthermore, the application of public sector accounting can prevent fraud in the public sector in the digital era if it is carried out by considering factors that affect fraud, such as performance accountability, and accompanied by the application of fraud prevention methods which include technical strategies, two-paradigm approaches, and preventive strategies.

The findings of this study can be expanded by the influence of public service audits on fraud by using moderator variables such as technical strategy, preventive strategic planning, two-paradigm perspective, and performance accountability. To achieve reliable statistical conclusions, a quantitative approach can be used in conjunction with primary data. According to the original facts that researchers may have gathered, other public organizations that appear to be vulnerable to fraud can always be selected as the subject of an investigation.

FURTHER STUDY

It is not surprise that researchers discovered multiple issues with writing, language, presentation style, and report presentation given their flaws and deficiencies. In order to achieve optimal outcomes, researchers anticipate insightful feedback and guidance from a wide range of sources.

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