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Prediction Orientation: The Role of Good School Governance and Internal Control Systems in Moderating the Influence Between Proactive Fraud Audits on Fraud Prevention

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ABSTRACT

The study aims to test predictive models about the effect of proactive fraud audits on fraud prevention moderated by internal control systems and good school governance. The research was conducted with the object of employees managing school operational assistance (BOS) funds at Wonogiri High School Indonesia. Method of data collection by purposive sampling. Data retrieval techniques with questionnaires. Data analysis with SEM-PLS. The results found that 1) Proactive Fraud Audit negatively affects fraud prevention, 2) Internal control systems moderate negative influences on the connectedness between proactive fraud audit to fraud prevention, 3) Good school governance moderates positive influence on the connectedness between proactive fraud audit to fraud prevention. The findings of this study provide practical benefits for schools to minimize fraud efforts in BOS fund management.

1. INTRODUCTION

Government Regulation No. 47 of 2008 on "Compulsory Learning" in article 9 paragraph 1 has stated that "The Government and local government guarantee the implementation of minimum compulsory learning at the level of primary education without charging fees, and compulsory learning is the responsibility of the State organized by educational institutions from local governments and communities" (Pemerintah Republik Indonesia, 2008). In increasing public participation in the world of education, the Indonesian government has tried to provide free costs for education through the provision of School Operational Assistance (BOS) funds. Bos program is given to help reduce school costs for students in Indonesia. This School Operational Assistance Program (BOS) has appeared since July 2005. Bos funds are given for the achievement of a 9-year compulsory study program. Problems that often occur there is a misappropriation of Seklah Operational Assistance (BOS) funds. This problem occurs because there is no accountability between being said and implemented that is not in accordance with the actual facts, this is due to the lack of maximum fraud prevention.

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Evaluation of fraud prevention of education unit employees is very important for the education unit to measure the level of school governance. Evaluation of fraud prevention for employees of the education unit in high school includes the parties involved such as Principal, Treasurer BOS, Deputy Principal, Curriculum and Infrastructure Facilities, Teacher and School Committee. Evaluation of fraud prevention of education unit employees is an effort to build good school governance, requiring very much attention because it will have an impact on increasing the capacity and ability of the education unit.

Some studies explain the factors that influence fraud prevention. Internal Control System affects bos fund management fraud (Irawan, 2016). Proactive fraud audit has a significant positive effect on fraud prevention in BOS fund management (Suastawan, Sujana and Sulindawati, 2017). Whistleblowing has a significant positive effect on fraud prevention in BOS fund management (Suastawan, Sujana and Sulindawati, 2017). Good Corporate Governance has a positive effect on fraud prevention (Wirakusuma, Julianto and Prayudi, 2017). Based on previous phenomena and research, the formulation of this study is how the prediction model that describes the influence of proactive fraud audit on fraud prevention by moderating internal control systems and good corporate governance.

2. REVIEW LITERATURE AND HYPOTESIS

Fraud Prevention

Fraud is defined as "any form of activity that benefits oneself or others by committing fraud, embezzlement, and abuse of authority with the intent to harm others (BPK RI, 2017). Fraud is a series of unauthorised and unlawful activities characterized by intentional spices to harm others in order to provide benefits for themselves." There are three elements that support fraud, namely pressure (Pressure), opportunity , and justification (Rationalization) (Karyono, 2013). Fraud prevention is all efforts to reduce the opportunity and narrow the chances of fraud (Karyono, 2013). It can be concluded that fraud prevention is an act of minimizing the cause of fraud before it occurs. Because if prevention efforts are implemented by an entity, it can minimize fraud. Fraud prevention is done with the Triangle Fraud Theory (Karyono, 2013).

Good School Governance

Good School Governance (GSG) is a support device for forming a school with good governance. Three principles of good school governance are participation, transparency and accountability (Reschiwati, Pratiwi and Ibrahim, 2021). Good School Governance (GSG) is another term of Good Corporate Governance (GCG) used for educational institutions, especially schools. Good School Governance (GSG) is a support device for forming a school with good governance. One form of embodiment of good school governance is the creation of the concept of School-Based Management (MBS). School-Based Management is a model of school management based on the peculiarities, abilities, capabilities, needs of schools that are carried out participatoryly, transparently, accountable, forward-looking, firm in law enforcement, fair, egalitarian, predictive, sensitive to stakeholder asperation, certainly in quality assurance, professional, efficient and effective, in the framework of law enforcement (Reschiwati, Pratiwi and Ibrahim, 2021).

Internal Control System

Internal Control in the government and public sector is called the Government Iternal Control System (SPIP). SPIP is an integral process in activities and actions carried out continuously by the leadership and the achievement of organizational objectives through effective and efficient activities, reliability of financial reporting, security of State assets, and compliance with laws and regulations (Peraturan Pemerintah (PP), 2008). The concept of implementing internal control is expected to eliminate corrupt practices because the government process will be carried out transparently so that it can be supervised by the

community and can be accounted for periodically (Irawan, 2016). The internal control system is useful for controlling government activities in order to achieve effective, efficient, transparent, and accountable management of state finances.

Proactive Fraud Audit

Proactive fraud auditing leads to a proactive audit process in which the auditor actively collects information and analyzes the information that has been collected to find possible fraud and crime before the investigative audit action is carried out (Suastawan, Sujana and Sulindawati, 2017). Proactive fraud audit is a preventive measure that can find the possibility of fraud and crime early before the condition develops into fraud or greater crime. Fraud prevention can occur if proactive fraud audit runs effectively. Proactive fraud audits that run effectively can close the opportunity for someone to commit fraud. When proactive fraud audits can be carried out properly, the opportunity to commit fraud including on Bos funds will be smaller. Prediction models developed in this study:

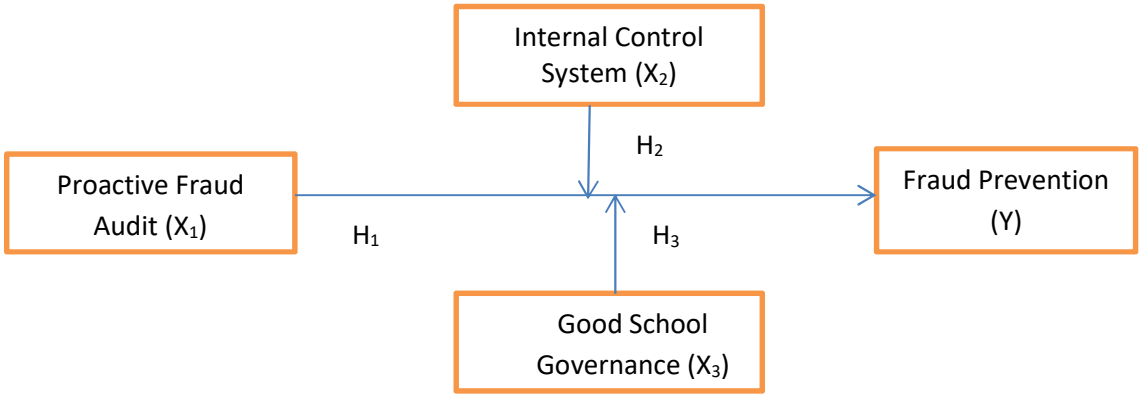

Figure 1. Prediction models developed in this study
Source : Suastawan, Sujana and Sulindawati (2017), Irawan (2016), Reschiwati, Pratiwi and Ibrahim (2021), Karyono(2013)

The hypothesis developed in this study is:
Hypothesis 1: Proactive Fraud Audit has a positive effect on fraud prevention.
Hypothesis 2: Internal Control System moderates positive influence between Proactive Fraud Audit and Fraud Prevention
Hypothesis 3: Good School Governance moderates the positive influence between Proactive Fraud Audits on Fraud Prevention

3. RESEARCH METHODS

The object of this research is an employee of the High School (SMA) education unit in Wonogiri Regency Indonesia, consisting of the principal, BOS treasurer, deputy principal of curriculum and infrastructure facilities, teachers and school committee. The population is the principal, the boss treasurer, the deputy principal, the curriculum and infrastructure facilities, teachers and school committees at the high school education unit in Wonogiri district. Sample technique is a purposive sampling technique that is the selection of samples based on the criteria specified in the study. The method used in this study is a survey. The survey method is the collection of information from respondents with a structured list of questions. In testing the accuracy and accuracy of data, it is used to test instrument validity and reliability (Ghozali, 2011). Validity Test, is a test of homogeneity of statement items per variable to show the extent of the accuracy and accuracy of a tool. Data analysis with WarpPLS. WarpPLS is an application software developed by Ned Kock using the Matlab

compiler and Java. This software can analyze variant-based SEM models or better known as Partial Least Square. The SEM analysis model with WarpPLS can identify and estimate relationships between latent variables whether they are linear or nonlinear.

4. RESULTS AND DISCUSSIONS

Descriptive respondents

Table 1. Distribution of Respondent Frequency by Gender

No	Gender	Sum	Percentage
1	Man	39	65%
2	Woman	21	35%
Total		60	100%

Source: Primary Data 2021

Table 2. Distribution of Respondents' Frequency based on Recent Education

No	The Last Education	Sum	Percentage
1	SMP	0	0%
2	SLTA	5	83,33%
3	DIII	0	0%
4	S1 (Bachelor)	43	71,66%
5	S2 (Graduate)	12	0.20%
Total		60	100%

Source: Primary Data 2021

Data Validity Testing

Table 3. Validity of Fraud Prevention Variable Question Items (Y)

Question Item	r_{item}	rtable	information
Y_1	0,391	0,254	Valid
Y_2	0,602	0,254	Valid
Y_3	0,743	0,254	Valid
Y_4	0,625	0,254	Valid

Source: Primary Data 2021

Table 4. Validity of Proactive Fraud Audit Variable Question Items (X_1)

Question Item	r_{item}	r_{table}	Information
X_4_1	0,318	0,254	Valid
X_4_2	0,644	0,254	Valid
X_4_3	0,706	0,254	Valid

Source: Primary Data 2021

Table 5. Validity of Whistleblowing Variable Question Items (X_3)

Question Item	r_{item}	r_{tabel}	Information
X_3_1	0,451	0,254	Valid
X_3_2	0,571	0,254	Valid
X_3_3	0,683	0,254	Valid

Source: Primary Data 2021

Table 6. Validity of Question Items Against Internal Control Systems (X_2)

Question Item	r_{item}	r_{tabel}	Information
X_2_1	0,398	0,254	Valid
X_2_2	0,597	0,254	Valid
X_2_3	0,669	0,254	Valid
X_2_4	0,703	0,254	Valid
X_2-5	0,750	0,254	Valid

Source: Primary Data 2021

Table 7. Reliability of Question Item

Question Item	Calculated alpha coefficient	Critical value	Information
X_1	0,710	0,6	Reliabel
X_2	0,788	0,6	Reliabel
X_3	0,721	0,6	Reliabel
X_4	0,721	0,6	Reliabel
Y	0,824	0,6	Reliabel

Source: Primary Data 2021

Based on testing the validity of the data with validity and reliability shows that all question items on the questionnaire meet valid and reliable criteria.

Data Analysis with WARPPLS

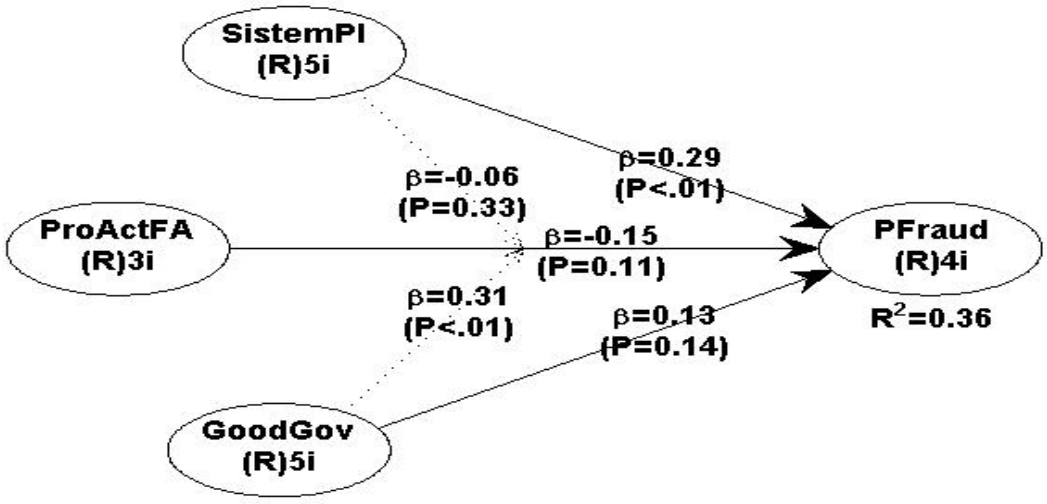

Figure 2. WarpPLS Results Diagram

Image caption:

ProActFA : Proactive Fraud Audit
SistemPI : Internal Control System
GoodGov : Good School Governance
PFraud : Fraud Prevention

Table 8. Path Coefficients

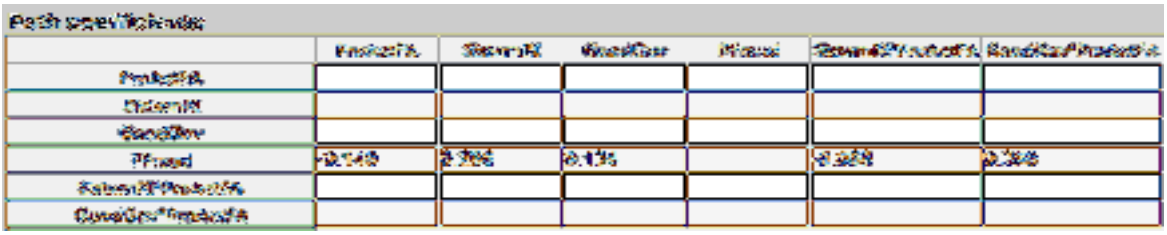

Table 8. Showing that:

a. Proactive Fraud Audit negatively affects fraud prevention by -0.149. These results show that if Proactive Fraud Audit increases then fraud prevention will decrease. This means that if the active audit process of the auditor is better, it will reduce any efforts to prevent fraud, which will increase fraud.
b. The Internal Control System had a positive effect on fraud prevention of 0.286. These results show that if the internal control system is getting better then fraud prevention will also be better. This means that if the internal control system is better then any efforts to reduce the chance and narrow the chances of fraud will also be better, the more minimize cheating.
c. Good School Governance has a positive effect on fraud prevention by 1,134. These results show that if Good School Governance is better then fraud prevention will also be better. This means that if Good School Governance is better then any efforts to reduce opportunities and narrow the chances of cheating will also be better, the more minimize cheating.
d. Internal control systems moderate the negative influence on the relationship between Proactive Fraud Audit and fraud prevention. The internal control system will weaken the connection between Proactive Fraud Audit and fraud prevention. In other words, an internal control system is not a factor in moderation.
e. Good School Governance moderates the positive influence on the relationship between Proactive Fraud Audit to fraud prevention. Good School Governance will strengthen the connection between Proactive Fraud Audit and fraud prevention. In other words, Good School Governance is a moderating factor.

Table 10. Coefficient of Détermination

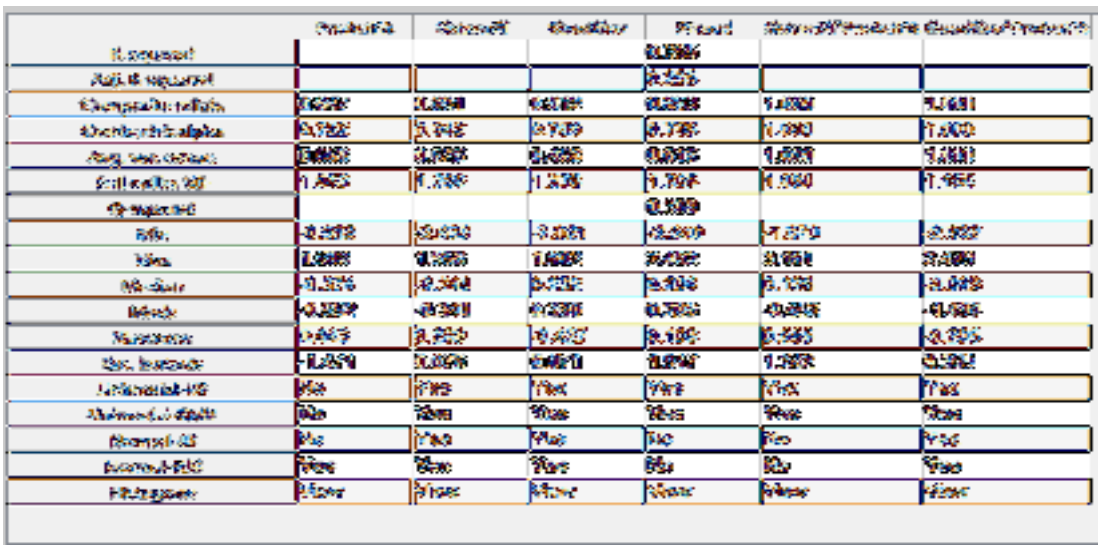

Table 10 shows that the Coefficient of Determination (R-Square) of 0.355 means that fraud prevention is influenced by the variability of Proactive Fraud Audit, Internal Control System, Good School Governance by 35.5% and the rest is influenced by un studied factors. The role of internal control systems and good school governance as moderation factors in the relationship between Proactive Fraud Audit and fraud prevention can be presented in the following diagram:

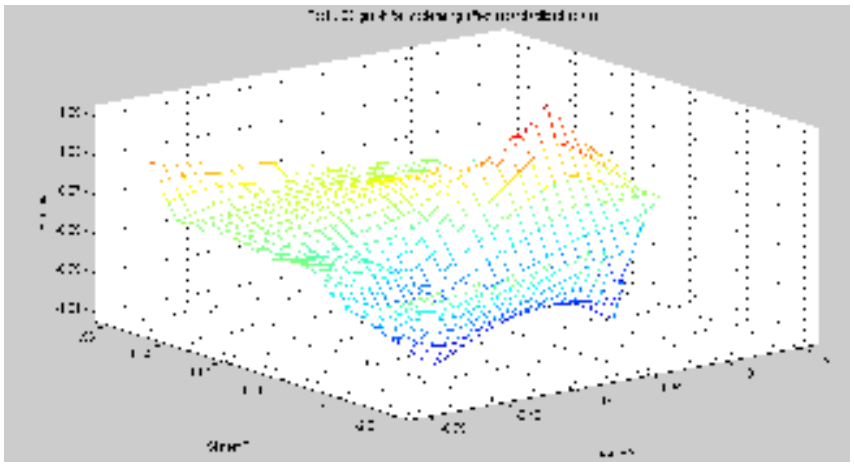

Figure 3 The role of the internal control system as a moderating factor in the connection between Proactive Fraud Audit and fraud prevention

Figure 3 shows that there are two lowest peak points, while only one point is highest, this illustrates the negative influence of moderation factors. Moderation factors will have a weakening impact on the connectedness of free variables to bound variables.

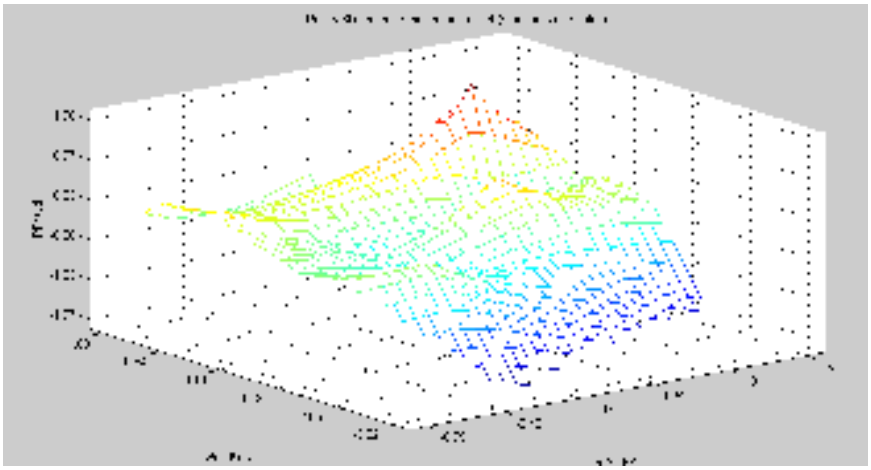

Figure 4. The role of good school governance as a moderating factor in the connection between Proactive Fraud Audit and fraud prevention

Figure 4 shows that there are two peak points, and there are no lows, describing the positive influence of moderation factors. Moderation factors will have the effect of strengthening the relationship between free variables to bound variables.

Hypothesis Testing

a. Proactive Fraud Audit negatively affects fraud prevention, then the first hypothesis that Proactive Fraud Audit has a positive effect on fraud prevention, rejected.

b. The internal control system moderates the negative influence on the relationship between Proactive Fraud Audit to fraud prevention, then the second hypothesis that states the Internal Control System moderates the positive influence between Proactive Fraud Audit on fraud prevention, rejected
c. Good School Governance moderates the positive influence on the relationship between Proactive Fraud Audit to fraud prevention, then the hypothesis that good school governance moderates the positive influence between proactive fraud audits on fraud prevention, accepted.

Discussions

The findings of this study have supported several previous studies. Proactive Fraud Audit negatively affects fraud prevention, the findings of this study contradict the research of Suastawan and Sujana (2017). The difference in the results of this study may be due to different research objects. The internal control system moderates the negative influence on the relationship between Proactive Fraud Audit to fraud prevention, the results of these findings are in accordance with the results of Mufidah and Isgyarta (2020) research which states that the internal control system does not moderate the influence of fraud prevention (Mufidah and Isgiyarta, 2020). Good School Governance moderates the positive influence on the relationship between Proactive Fraud Audit to fraud prevention. Although there is no research that explains it, but some previous studies have emphasized that good school governance has a positive effect on fraud prevention (Soleman, 2013).

5. CONCLUSION

This study concluded that Proactive Fraud Audit negatively affects fraud prevention, Internal control system moderates negative influence on connectedness between proactive fraud audit to fraud prevention, Good School Governance moderates positive influence on connectedness between Proactive Fraud Audit on fraud prevention. This research has limitations because it is done in school education units, therefore further research is better done in government organizations that manage more government funds.

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