

Securing Fixed Assets in Efforts to Prevent Fraud in the Public Sector (study case at the West Bandung Regency Regional Financial and Asset Agency)

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ABSTRACT : This research was conducted with the aim of knowing the importance of securing assets in an effort to prevent fraud in the public sector. This research has an urgency and effort on the importance of administration and legal protection of fixed assets in the public sector. This study uses information obtained directly from 60 employees who work at the KBB Regional Finance and Asset Agency (BKAD). The method of analysis in this study uses regression analysis. The results of this study indicate that asset security has a positive effect on fraud prevention. This shows that the better the implementation of fixed asset security, the better the fraud prevention that can be done.

KEYWORDS -Fixed Asset Security, Fraud Prevention, Public Sector

I. INTRODUCTION

Universally, fraud has penetrated the private and government sectors with the emergence of various fraud cases and has become a global phenomenon that poses serious challenges for all organizational/company sectors[1]. Viewed from a legal perspective, namely the Corruption Eradication Law no. 31 of 1999 Jo No. 20 of 2001, there are seven types of corruption, namely state financial losses, bribery, embezzlement in office, extortion, fraudulent acts, conflicts of interest in procurement and gratification. West Java Province is a region with a high regional case rate. West Java is in first place with 101 cases out of the top ten corruption cases handled by the Corruption Eradication Commission (KPK)[2].

Government Regulation Number 2 of 2001 concerning Security and Transfer of State Property/Wealth, Security of State Property is an activity carried out by authorized officials to supervise/administer State Property so that its administrative and physical existence is not damaged, lost and in intact condition. In 2022, there was a case of asset misuse committed by the Head of Mekarwangi Village, Lembang District, KBB. Four village official was determined to mortgage a piece of land and assets belonging to Mekarwangi Village to meet his personal needs for IDR 200 million [3]. The Community Monitoring Institute (MC) discovered alleged violations of the status of the Gunungsari Football Field which caused state losses and loss of assets belonging to the KBB Regional Government worth IDR 28.1 billion and IDR 116.1 billion. This case refers to a conspiracy carried out by a group of authorities in their field who became a land mafia syndicate. The method is to create fake documents and incorrect information[4]

This research develops previous research conducted by Raisa Anggita which stated that the government's internal control system has a positive and significant effect on asset security[5]. Wulandari, Apart from that, research conducted by Mawata also stated that asset security has an influence on preventing misuse of office equipment in the Salatiga City Public Works and Spatial Planning Department[6]. This research tries to develop the influence of securing fixed assets in preventing fraud at the West Bandung Regency Regional Financial and Asset Agency.

II. LITERATURE REVIEW

II.1. Fixed Assets

Fixed assets have an important role in government, especially in carrying out operational activities. Fixed assets are also an important asset to maintain because they have significant value and affect financial reports. According to Harahap, the definition of fixed assets is assets that are the property of the company and are used continuously in activities to produce the company's goods and services[7].

Furthermore, Government Regulation Number 71 of 2010 concerning Government Accounting Standards in PSAP number 07 concerning Accounting for Fixed Assets explains that Fixed Assets are tangible assets that have a useful life of more than 12 (twelve) months for use in government or general public activities[8]. Different from the definition based on the Indonesian Accountants Association in PSAK Number 16 of 2007 concerning Fixed Assets, the definition of fixed assets is fixed assets are tangible assets held for use in the production or provision of goods and services, for rental to other parties, or for administrative purposes and are expected to be used for more than one period[9]. So based on the definition described above, fixed assets are physical assets that have a useful life of more than 12 (twelve) months which can be used to support operational activities in government or in providing services to the community.

II.1.1. Fixed Asset Classification

Classification of fixed assets according to Government Regulation Number 71 of 2010 in PSAP No. 07 concerning Fixed Asset Accounting are classified as follows[8]:

a. Soil

Land that is classified as fixed assets is land that is acquired with the intention of being used in government operational activities and is in ready-to-use condition.

b. Buildings and Structures

Buildings and structures include all buildings and structures acquired for use in government operational activities.

c. Equipment and Machinery

Equipment and machines include machines and motor vehicles, electronic equipment, and all office inventory, and other equipment that is considered significant, and its useful life is more than 12 (twelve) months and is in ready-to-use condition.

d. Other fixed assets

Other fixed assets include fixed assets that cannot be grouped into the above fixed asset groups, which are acquired and utilized for government operational activities

II.1.2. Implementation of Fixed Asset Security

The importance of fixed assets in an organization or government means that the existence of fixed assets must be maintained. Therefore, it is necessary to secure assets with the aim of ensuring that assets remain safe from various disturbances that could result in damage or loss of these assets. This is one of the objectives of the Internal Control System, namely ensuring the security of fixed assets. Forms of securing fixed assets include preparing procedures for bookkeeping, inventory and reporting of fixed assets [10]. According to Minister of Home Affairs Regulation Number 19 of 2016, security is the act of controlling and managing regional property physically, administratively and legally[11].

1. Physical Security

Physical security is carried out to prevent the decline in the function of goods, a decrease in the number of goods and loss of goods. Forms of physical security are as follows:

a. Installation of ownership marks on movable and immovable assets

b. Fencing of owned immovable assets.

c. Regular maintenance of immovable assets.

d. CCTV installation

e. Prevention of other damage such as fires to buildings & structures.

2. Administrative Security

Administering BMN/D in order to secure BMN/D from an administrative perspective. The administrative security activities include:

a. Bookkeeping

Registration and recording activities in the list of goods, for Property Users and Property Managers.

b. Inventory

Data collection activities, recording on working papers and reporting BMN/D data collection results.

c. Reporting

Data and information delivery activities carried out by the BMN/D administration implementation unit to Property Users and Property Managers.

Apart from that, the forms of administrative security of assets are as follows:

a. Completeness of proof of ownership documents such as BPKB, purchase invoice, sale and purchase deed, and land certificate.

b. Recording/inventory of movable and immovable goods owned.

c. Place item codes in the form of stickers on items owned.

3. Legal safeguards

Legal safeguards are carried out so that BMN/D is maintained/protected from legal potential such as disputes, lawsuits, and illegal transfer of ownership to other parties. Forms of legal security can be carried out as follows:

a. Certifying Land

b. Take legal action against BMN/D in a dispute or occupied by another party.

c. Processing compensation claims imposed on parties responsible for negligence that causes negative impacts.

II.2.Fraud

Fraud contains irregularities and illegal acts, which are carried out intentionally by individuals or groups with the aim of gaining profit, and this directly or indirectly harms other parties[12]. The Financial Audit Agency (BPK) explains the definition of Fraud as a type of unlawful act carried out intentionally to gain profit by deceiving.

II.2.1. Fraud Classification

The Examination Manual explains that the classification of fraud consists of four large groups, namely[12]:

1. Fraudulent statements consisting of fraudulent financial statements and fraudulent other reports (non-financial statements).

2. Misappropriation of assets (asset misappropriation) consisting of fraud (cash) and fraud on inventory and other assets.

3. Corruption consists of conflicts of interest, bribery, illegal gratuities and economic extortion.

4. Fraud related to computers.

II.2.2. Fraud Prevention

Fraud prevention is done by explaining the means of control, namely by creating policies, procedures, organizations, control techniques, and employee participation[12]. The following is an explanation of fraud prevention;

1. Policy

An organization must create policies that can create a work atmosphere and environment that is conducive to dealing with and preventing acts of fraud. All levels of management and employees must have the same commitment to preventing fraud and other irregularities.

2. Procedure.

There are written procedures to prevent fraud and to support policies. This procedure must contain: Separation of functions to create conditions for mutual checks between functions, a review system so that fraud can be detected early in existing activities, a reporting system and provisions for taking action against perpetrators of fraud.

3.Organization.

There is an independent audit committee and internal auditor who have the responsibility to understand all organizational activities and analyze internal controls to remain alert to fraud. In addition, internal audit must have access to the audit committee and top management. Internal auditors must also have equal responsibilities to the executive ranks, and are part of the board of directors' policy. At least have independent access to fraud-prone units.

4.Control techniques.

Unreliable control structure design and weaknesses in its implementation can create opportunities for fraud. Effective control techniques to reduce the possibility of fraud include a clear division of tasks, adequate documentation and recording, adequate control over access to computer terminals, a direct physical control system for property or assets and regular internal reviews. and orderly.

5.Employee participation.

Organizations/companies should have staff or employees who are sensitive to signals of fraud, so that fraud can be prevented.

Based on the framework of thought described above, the formulation of the hypothesis in this research is as follows ;



Fig. 1 Research Framework

III. RESEARCH METHODS

This study uses a quantitative approach. Sugiyonostates that a quantitative approach is a research method used to examine a certain population or sample where data is collected using research instruments and then the data is analyzed statistically to test predetermined hypotheses[13]. The data source in this research is primary data which refers to information obtained directly from the results of questionnaires to 40 employees who served as implementers at the KBB Regional Finance and Assets Agency (BKAD). Data collection techniques were carried out using field research in the form of questionnaires. The questionnaire that the researcher used was a closed questionnaire, where the answer choices (in the form of a 5-point Likert scale) were determined first. The method of analysis and hypothesis testing in this research uses regression analysis with the help of SPSS software.

IV. RESULTS AND DISCUSSION

The general description of respondents is divided based on position, highest level of education and length of work. The following are the results of the respondent characteristics data which are explained in the following tables and diagrams:

Tables 1. Respondent Descriptive Statistics

1	Respondents Based on Last Education		
	Undergraduate	38	72,00%
	PostGraduate	2	28%
	Jumlah	40	100%
2	Respondents Based on Length of Work		
	< 2 Year	12	30,00%
	2-5 Year	19	47,50%

> 5 Tahun	9	22,50%
Jumlah	40	100%

Before testing the hypothesis, this research has tested the validity and reliability of the research results. From testing validity and reliability, it can be concluded that this research is categorized as valid and reliable. From the results of hypothesis testing that has been carried out in this research, the conclusion is that the effect of securing fixed assets (X) on preventing fraud (Y) is that securing assets has a positive effect on preventing fraud. This shows that the better the implementation of fixed asset security, the better the fraud prevention that can be carried out. Increasing the quality of implementation of asset security can minimize losses to assets, acts of fraud or errors committed by human resources [14]. This shows that there are efforts made by BPKAD KBB in implementing fixed asset security to prevent fraud. The efforts made to secure assets are as follows:

1. Detailing problematic assets and conducting direct searches by property managers, such as asset data that has not been recorded in the KIB.
2. Carrying out legal safeguards, one of which is in the form of certification for land fixed assets on a regular basis.

The results of this research are also in line with research from Seplina Wulandari, Mawata, which states that asset security has an influence on preventing misuse of office equipment in the Salatiga City DPUPR[6].

V. CONCLUSION

Based on the results of the analysis and discussion that have been described, securing fixed assets has a positive and significant effect on fraud prevention. This shows that the better the implementation of fixed asset security, the better fraud prevention can be carried out. This is supported by efforts to safeguard assets through administrative and legal security activities. Further research can add or change independent variables that can influence fraud prevention, such as government internal control system factors, compensation, leadership style and religiosity. And you can also use different units of analysis with different research methods.

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