

VIOLATION REPORTING SYSTEM AS THE IMPLEMENTATION OF FRAUD CONTROL PLAN IN THE PUBLIC SECTOR (A Study at Dr. Moewardi Hospital)

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ABSTRACT

The purpose of this research is to describe the implementation of violation reporting system at Dr. Moewardi Hospital. The implementation of violation reporting system will be evaluated based on the characters as stated by Zimbelman (2014): anonymity, independency, access, and follow-up. This research is a qualitative research referring to theoretical proposition. The data are collected by in depth interview with the manager of violation reporting system and the employees of Dr. Moewardi Hospital. The result shows that the violation reporting system at Dr. Moewardi Hospital has been implemented well and can help prevent fraud.

INTRODUCTION

Background

Fraud is one of the crucial problems faced by the world, including the Government of Indonesia. The Association of Certified Fraud Examiners (ACFE, 2016) reported that from the investigation of 2,410 cases during 2014-2015, the average organization in the world experienced a 5% financial loss due to fraudulent practices, with a total loss of \$ 6.3 billion. In Indonesia, fraudulent practices have developed into complex and systemic crimes. The phenomenon of fraud acts almost occur in all sectors. Based on the Transparency International data 2016, the level of corruption in Indonesia is high, with Indonesia's Corruption Perception Index (CPI) of 37 points increasing 1 point from 2015 and ranked 90 of the cleanest countries from 176 countries measured, down 2 ratings from 2015. Although consistently increasing, the increase in CPI score of 1 point per year is fairly slow to reach the target CPI score of 50.

These consistent improvements show that the Indonesian government has a commitment to realize clean governance. In order to realize a clean government, the government has made various efforts to eradicate corruption. Basically, the handling of fraud acts as one of the crimes can use an empirical crime prevention approach. According to Alam (2010), the empirical crime prevention approach consists of three parts: pre-emptive, preventive, and repressive. Pre-emptive or educative efforts are carried out through the cultivation of good values to increase a person's awareness so as not to commit fraud. Preventive efforts are carried out by creating conditions that minimize or eliminate opportunities for fraud. While repressive efforts are carried out through a law enforcement approach by imposing penalties.

Fraud revealed through repressive measures does not necessarily reflect the overall fraud cases. According to Tuanakotta (2012), the fraud which is successfully revealed is only a small part of actual fraud. In addition, fraud prevention that has already taken place does not fully restore conditions due to losses resulting from the fraud. Therefore, countermeasures for fraud should be emphasized in preventive efforts through pre-emptive and preventive approaches so that there is no need to experience the impact of losses due to fraud.

In preventing fraud, the government, through the Financial and Development Supervisory Agency (Indonesian: / Badan Pengawas Keuangan dan Pembangunan / **BPKP**) and the Corruption Eradication Commission (Indonesia: Komisi Pemberantasan Korupsi / **KPK**), has developed a design of fraud prevention systems called the Fraud Control Plan (FCP) program derived from generally accepted practices that have been implemented in the United States, Australia and New Zealand. The implementation of the FCP program is expected to prevent fraud from occurring so that good governance can be

realized in all government agencies, including the Public Service Agency (BLU) Hospital.

Public Service Agency (BLU) is an institution in the government environment that is formed to provide services for the provision of goods and / or services without prioritizing profit and its financial management is based on efficiency and productivity. Public Service Agency (BLU) was formed as one of the new paradigms for managing public finance, that is, enterprising the government to encourage the improvement of government services to the public. This service improvement is realized, one of them, with the flexibility of Public Service Agency (BLU) financial management such as the authority to obtain income from other than State Budget / Regional Budget and use it directly for spending without going through the deposit process to the state treasury. This certainly makes it easier for the Public Service Agency (BLU) to provide faster service to goods / services providers.

Although aiming to provide convenience in the provision of services to the community, the flexibility of the Public Service Agency (BLU) in financial management can be a loophole for fraud. Until June 2015, the KPK detected a potential fraud of IDR440 billion at Public Service Agency (BLU) Hospital for Advanced Referral Health Facilities (FKRTL). Because of the high potential for fraud, Public Service Agency (BLU) hospitals are required to implement a fraud prevention system as mandated by the Regulation of Health Minister (Permenkes) No. 36/2015, one of them is by implementing Fraud Control Plan (FCP) in the Public Service Agency (BLU) hospitals.

The Fraud Control Plan (FCP) consists of ten attributes classified into 5 groups: Integrated Macro Policy, Fraud Risk Assessment, Community Awareness, Reporting System, and Conduct and Disciplinary Standards. This study focuses on the discussion of Reporting System which consists of three FCP attributes, namely fraud reporting system,

reporting protection, and the disclosure to external parties. The application of good fraud reporting system in an organization can prevent fraud from developing because fraud can be detected earlier. Based on Report to The Nations by *ACFE (2016)*, organizations that provide reporting media are able to detect fraud better than organizations that do not implement the Fraud Reporting System (47.3% compared to 28.2%). The early disclosure of fraud can cut the chain of fraud and prevent fraud from developing more complex. Haynes (2004, in Halif, 2012) said that the best way to overcome crime was to eliminate the perpetrator's motivation by preventing the perpetrator from enjoying the proceeds of his crime. The early fraud disclosure will eliminate the motivation of fraudsters to commit fraud.

Given the importance of the Fraud Reporting System, BLU Hospital should implement a good fraud reporting system as one of the elements in the corruption prevention system. One of the hospitals that have started implementing fraud reporting systems in their institutions is Dr. Moewardi Hospital in Surakarta. The implementation of fraud reporting system at Dr. Moewardi Hospital is carried out in the effort to implement corruption prevention program as mandated by the Regulation of the **Minister of State Apparatus Empowerment, Bureaucratic Reform** (PerMenpanRB) No. 60 of 2012 in the effort of building an Integrity Zone (IZ) towards a Corruption-Free Area (WBK) and a Clean Bureaucracy and Serving Area (WBBM). Based on the Regulation of the Minister of State Apparatus Empowerment, Bureaucratic Reform (PerMenpanRB) Number 60 of 2012, the agency or work unit is declared Corruption-Free Area (WBK) and Clean Bureaucracy and Serving Area (WBBM) if it has fulfilled the indicators that have been determined based on the evaluation results. One element of the indicator that must be fulfilled is the implementation of fraud reporting system.

Based on the results of evaluation in 2015, the work unit in the Central Java Provincial Government was not successful in obtaining Corruption-Free Area (WBK) and Clean Bureaucracy and Serving Area (WBBM) from the Provincial Government. One of the reasons is that the fraud reporting systems and means have not been implemented yet. In order to fulfill one of these indicators and as a form of Dr. Moewardi Hospital's commitment in developing integrity Zone (IZ) towards Corruption-Free Area (WBK) / Clean Bureaucracy and Serving Area (WBBM), in 2016 Dr. Moewardi Hospital began implementing a fraud reporting system. The fraud reporting system can play a major role in preventing fraud in an organization if the system is implemented effectively. An effective fraud reporting system must have four elements: reporter anonymity, manager independence, ease of access, and follow up (Zimbelman, Albrecht, Albrecht, dan Albrecht, 2014). Based on the description above, the author is interested in conducting research with the title "Fraud Reporting System as the Implementation of Fraud Control Plan in the Public Sector (Study at Dr. Moewardi Hospital)".

Formulation of the Problem

To prevent fraud, an agency can implement fraud prevention procedures or Fraud Control Plan. One element in preventing fraud is the existence of a good Fraud Reporting System that can be one of the media for disclosing fraud in an agency. According to Zimbelman at al. (2014), a good Fraud Reporting System must meet four elements: reporter anonymity, independence of the manager, ease of access, and follow-up.

The problem discussed in this study is about the implementation of Fraud Reporting System at Dr. Moewardi Hospital.

Research Objectives

This study aims to describe and evaluate the application of the Fraud Complaint System at Dr. Moewardi Hospital and know the impact and constraints in its application.

THEORETICAL REVIEW

Fraud and Wrong-doing

Merriam-Webster translates fraud as dishonest acts or deception to obtain other people's valuables. According to Zimbelman at al. (2014), fraud is a general term that encompasses the diversity of meanings of a person's intelligence to plan what is done to gain advantage over other parties by doing wrong presentations including cheating, cunning, and improper methods. Meanwhile, according to Tuanakotta (2012), the term fraud refers to any illegal actions marked by deception, concealment, or breach of trust. Tuannakotta (2012) translates fraud as not just cheating like translation on financial terms. The term fraud is translated as an illegal act. Unlawful actions can also be called wrong-doing. KNKG (2008) defines wrong-doing as an act that violates the rules, legislation, internal organization rules, work standards, ethics, policies, procedures, and other rules; or other acts of fraud that can cause harm and the actions can be reported.

Fraud Control Plan (FCP)

According to Alam (2010), crime prevention can be done through three approaches, namely pre-emptive, preventive, and repressive. Repressive efforts are carried out when a crime has taken place through repression. Whereas pre-emptive and preventive efforts are in the form of prevention before crimes are carried out. In dealing with fraud, appropriate efforts to be put forward are either pre-emptive or preventive efforts rather than repressive efforts. There are several reasons why preventive efforts need to be emphasized more than repressive efforts (BPKP, 2015):

1. If corruption happens, it results in a large financial loss.
2. The return of the corrupted state money is very small.
3. Cases of corruption damage the reputation of both institutions and individuals.
4. The litigation process takes time and money for both legal apparatus and potential suspects.
5. The longer the disclosure of the corruption case, the bigger the opportunity of the corruptors to cover up their actions with other fraud.

Preventive measures that can be applied by public agencies in preventing fraud are through the establishment of a program that is designed effectively in preventing and detecting fraud, one of which is through the implementation of the Fraud Control Plan (FCP). Fraud Control Plan is a plan or mechanism that is designed and implemented responsibly so as to be effective in preventing fraud in an organization (KPK, 2014).

According to Financial and Development Supervisory Agency (BPKP (2010)), the indicators for the implementation of Fraud Control Plan can be viewed from the Integrated Macro Policy, Fraud Risk Assessment, Community Awareness, Reporting System, and Conduct and Disciplinary Standard.

1. *Integrated Macro Policy* is a comprehensive and integrated policy made by management which is outlined in the form of an anti-fraud policy and accountability structure that divides all duties and responsibilities in the organization and the clarity of those responsible for handling fraud in each line.
2. *Fraud Risk Assessment* is an assessment intended to provide an up-to-date overview of the organization regarding the risk of possible fraud.

3. *Community Awareness* is the concern of the parties both inside and outside the organization against fraud in an organization. Attributes included in the Community Awareness category are employee awareness, customer and community awareness and protection to the Reporter.
4. *Reporting System* is a procedure for handling fraud. This procedure consists of fraud reporting system, disclosures to external parties, and investigative procedures.
5. *Conduct and Disciplinary Standard* is the anti-fraud values adopted by all members of the organization and all parties working on behalf of the organization, such as contractors, sub-contractors, consultants, and others. The attributes that underlie this FCP building are standards of behavior and discipline.

Wrong-doing Reporting

Wrong-doing reporting, according to KNKG (2008) is the disclosure of wrong-doing or unlawful, unethical, immoral acts that can harm the organization or stakeholders to the leaders or parties who can take action on these wrong-doing and are usually conducted confidentially.

Wrong-doing reporting can be in the form of wrong-doing reporting that only includes reporting from within the organization or commonly called whistle-blowing or reporting from outside the organization regarding violations that occur within the organization.

According to Zimbelman et al. (2014), an effective Fraud Reporting System at least contains the following elements:

1. *Anonymity*: an effective reporting system must hide the identity of the reporter. This is aimed at the safety and

comfort of the reporting party from the risk of threats.

2. *Independency*: a good reporting system manager should be independent, and not related to the occurrence of fraud.
3. *Ease of Access*: reporting channels must be provided to facilitate reporters to submit reports. This aims to facilitate reporters to submit reports through media that they consider comfortable.
4. *Follow-up*: a good reporting system must be able to follow up on reports as quickly as possible to prevent fraud from developing more severely.

Teen (2005) describes key elements and important issues that need to be considered in the implementation of Fraud Reporting System policy consisting of the methods and channels provided, complaints with or without identity, irregularities or abuse that can be reported, investigations, follow-up and reporting procedures, types of retaliation prohibited, and policies relating to the reporter's immunity from enforcement of discipline and lawsuits.

RESEARCH METHOD METODE

Approach and Type of Research

This study uses qualitative approach. Bogdan and Taylor (in Moleong, 2002) state that qualitative methodology is a research procedure that produces descriptive data in the form of written and verbal words and observed behavior. This study uses a qualitative approach with descriptive design, which gives a careful description concerning certain individuals or groups about the circumstances and symptoms that occur (Koentjaraningrat, 1993).

The type of research used is a case study. According to Creswell (2007), case study is a research approach by investigating in depth an event, program, activity, process, or a group of individuals. This study utilizes existing theories as a comparison of events in the cases studied so that the focus of the research can

be limited. According to Yin (in Moeloeng, 2007), the use of existing theories can be used in research to limit the focus of research. The theory used as a basis for researchers to collect and process data is about the implementation of an effective Fraud Reporting System according to Zimbelman et al (2012), which includes anonymity, independence, access, and follow-up.

Research Subject and Object

The subject of this research is Dr. Moewardi Hospital, while the object of this research is the Violation Reporting System implemented at Dr. Moewardi Hospital.

Sources and Data Collection Technique

The source of the data in this research is the respondents, the information providers needed by the researcher. Determination of respondents was done by purposive sampling. Purposive sampling is a sample determination technique with certain considerations (Sugiyono, 2005). The respondents consist of Internal Audit Unit (SPI) officials, employees, and users of hospital services.

This study uses data collection technique by means of in-depth interviews with the aim to gather information. The data obtained from interviews are in the form of primary data. Primary data are the data in the form of verbal or spoken, gestures or behaviors carried out by a trustworthy subject, that is, the research subject or respondents relating to the variables studied or data obtained from respondents directly (Arikunto, 2002).

RESEARCH RESULTS

Handling of Fraud before the Violation Reporting System

Integrated Fraud Reporting System at Dr. Moewardi Hospital entered into force on June 1, 2016 through the Decree of the Director of RSUD Dr. Moewardi Number: 188.4 / 11-

716 / 2016. Before the decree was issued, actually Dr. Moewardi Hospital had already had guidelines for handling fraud, that is, through the Decree of the Director of Dr. Moewardi Regional Public Hospital. Number: 188.4 / 1838A / 2015 dated August 5, 2015 concerning the Fraud Guideline of Dr. Moewardi Hospital Health Services. The decree contains a general explanation of fraud on health services and general treatment efforts.

Although a guide in handling fraud has been published, Dr. Moewardi Hospital at that time did not have guidelines related to fraud reporting mechanisms. The applicable regulation was the Decree of the Director of Dr. Moewardi Regional Public Hospital Number: 188.4 / 1838A / 2015 which only contained a general explanation about fraud on health services. The regulation did not specifically regulate the procedures that had to be carried out by both employees and officers in dealing with fraud. There were no clear guidelines or rules regarding the obligation to report fraud, procedures for reporting fraud, types of violations that can be reported, follow-up on reporting, and there was no fraud reporting management team.

Based on the statement of the Chairman of Internal Audit Unit (SPI) of Dr. Moewardi Hospital, Shobari, S.Kep., M.Kes., the existing regulations at that time did not regulate fraud reporting procedures and management, types of complaints that could be followed up, mechanisms, and officers authorized to follow up on reports. This resulted in the difficulty of submitting reports from witnesses if they found indications of fraud. In addition, unclear rules regarding fraud reporting also made the follow-up process to fraud reports more complicated due to the absence of standard guidelines in handling fraud reports. The fraud report was also not well documented. The unavailability of facilities and clear reporting guidelines, according to Shobari, was one reason for the lack of fraud reporting which was allegedly

caused by the confusion of employees and other parties in submitting reports.

The Form of Violation Reporting System at Dr. Moewardi Hospital

Fraud Reporting System at Dr. Moewardi is an integrated complaint system which is a combination of three types of complaint reporting. The reporting includes Whistle-Blowing System (WBS), Gratification Reporting, and Conflicts of Interest Reporting.

WBS at Dr. Moewardi was established to provide an opportunity for employees who know fraud in the hospital's environment to reveal the fraud without worrying about the confidentiality. Whistle-blowing is basically a disclosure of violations that can harm the organization and stakeholders conducted by employees and generally conducted confidentially (KNKG, 2008). However, based on Shobari's information, WBS is provided not only as a media for complaints for employees, but also as a media to collect complaints from outsiders who are aware of fraud in the hospital environment.

Gratification reporting is provided as a medium for employees to report the existence of gratifications that are allegedly related to their duties and authority in the Dr. Moewardi Hospital. Gratuities as explained in Article 12 of Act Number 20 of 2001 include the provision of money, goods, rebates, facilities, such as lodging, travel and other facilities.

Conflict of interest reporting is provided to accommodate reports of conflicts of interest of employees or officials in the hospital environment in private which is contrary to the interests of the hospital resulting from the activities or participation of employees and officials on an assignment.

Policy and Implementation of Violation Reporting System

The implementation of Violation Reporting System at Dr. Moewardi Hospital is regulated in the Decree of the Director of Dr. RSUD Moewardi Number 188.4 / II-716/2016 concerning Guidelines for Whistle-blowing System at Dr. Moewardi Hospital. The use of whistle-blowing system in the regulation is considered as Violation Reporting System so that the scope of the implementation of the guidelines is explained to apply to all employees, partners, and all stakeholders of Dr. Moewardi Hospital, including external parties. Matters set out in the guidelines are:

1. Obligation to report violation,

Every employee of Dr. Moewardi Hospital who hears, sees and / or experiences a violation or suspected violation, must report it to the complaint management officer through the channels provided. This obligation is not binding on the community outside Dr. Moewardi Hospital, and the reporting channel can also be used by parties outside Dr. Moewardi Hospital.

2. Scope of complaints that must be reported

The scope of the complaint that is followed up through a violation reporting system is an action that can harm the organization, including deviations from the applicable regulations, abuse of office for other interests outside the organization, extortion, fraudulent acts, corruption, conflict of interest, and gratuity. The complaint reporting is classified into three groups according to grouping system available in the reporting media.

Reports must include an explanation of indications of violation including violations being filed, parties involved, location of violations, time or period of violation, how violations occurred, and supporting evidence if any.

3. Reporting Facilities

Dr. Moewardi Hospital provides several alternative facilities to report fraud, both direct and indirect complaints. Submission of violation reports can be done directly to the Internal Audit Unit (SPI) of Dr. Moewardi Hospital as the report management unit. Indirect report submission can be letters, e-mails, telephone hot lines, and websites provided specifically by Dr. Moewardi Hospital.

4. Management of Complaint Reporting Systems

Management of the complaints reporting system is carried out by Internal Audit Unit (SPI) as the WBS management unit. The mechanism is generally carried out by receiving and filtering complaints reports by the WBS management unit. The report is then analyzed to ascertain the truth of the report. If the report is in accordance with the scope of the complaint and there is initial indication of violations, the report will be followed up. The Follow-up of the SPI will then be submitted to the Board of Directors to obtain recommendations for further action. If the complaint is proven, then followed up by giving sanctions according to the level of violation or forwarded to the investigator for further proceedings. Follow-up of complaints can be stopped if it is not proven and the case reported will be closed.

All processes in the violation reporting system are documented. All violation complaint records are reported through 3 monthly periodic reports by the Internal Audit Unit (SPI) to the Director.

5. Protection for Reporters

Guidelines for the implementation of the violation reporting system also regulate that Dr. Moewardi Hospital is obliged to provide protection for reporters to give comfort and encourage participation in

disclosure of fraud. The protection is in the form of guaranteeing the confidentiality of the reporter's identity as long as the reporter does not open the identity of the reporter himself. In addition to the reporter, the protection is also provided to officers who conduct investigations.

Violation reporting guidelines at Dr. Moewardi Hospital arrange and advocate the use of pseudonyms or passwords that do not describe the identity of the reporter. The password name is used if needed in follow-up.

6. Sanction

Rules related to reporting guidelines mention sanctions for violations that occur, but the details or level of sanctions are not specified in the guidelines. Consideration of giving sanctions is in accordance with the provisions applicable to the Hospital.

Constraints in the Implementation of Complaint Reporting Systems

In general, there must be constraints in the implementation of policy in an organization. There are several constraints occurring in the implementation of Violation Reporting System at Dr. Moewardi Hospital.

Based on interviews with Shobari, as the Chairman of Internal Audit Unit (SPI), AS and SY, as employees of Dr. Moewardi Hospital, here are the constraints occurring during the implementation of Violation Reporting System:

1. Lack of technical understanding of reporting

Technical understanding of reporting procedures is one of the obstacles in the implementation of violation reporting system, especially in the use of information systems as a reporting medium. The reason for being unfamiliar with the use of technology is the cause of the problem. Employees who are not accustomed to or not good at using technology

will have difficulty in utilizing the facility if they are not accustomed to using it. In addition, information on reporting procedures is not sufficiently published for stakeholders from external hospitals.

2. There are still concerns about the confidentiality of the reporter

There are still individuals who are concerned that the confidentiality of their identity is not guaranteed. In fact, the existing guidelines and rules have explained about the guarantee of the confidentiality of the reporter.

3. Lack of Participation

A permissive culture toward violations can lead to a lack of participation. Feelings of reluctance to report violations committed by other parties, especially those perceived as minor violations, cause people to tend to choose not to report this matter. Another reason is because the implementation of the system is still relatively new at Dr. Moewardi Hospital.

Evaluation and Analysis of the Implementation of the Violation Reporting System

Zimbelman at al. (2014) states that the ideal Violation Reporting System contains, at least, elements of anonymity, independence, ease of access, and a follow-up process.

1. Anonymity

An effective reporting system must hide the identity of the reporter. This is intended for the safety and comfort of the reporter from the risk of threats. Dr. Moewardi Hospital has fulfilled the aspect of anonymity. Guidelines for the violation reporting systems at Dr. Moewardi Hospital have arranged the use of pseudonyms or initials or passwords that do not describe the complainant's identity as a substitute for the reporter's identity. According to AS and SY as employees, prospective reporters will feel more comfortable when reporting without including an identity. The use of substitute names reduces

concerns about the confidentiality of the reporter's identity.

2. Independence

A good reporting system manager should be independent, and not related to the occurrence of fraud. The violation reporting management unit at Dr. Moewardi Hospital is the Internal Audit Unit (SPI). Although it is still part of the environment of Dr. Moewardi Hospital, the reporting management unit is still independent because it is not directly related to service, financial management, or other functions which are the day-to-day functions of the organization, in addition to its role as supervisor. KNKG (2008) states that the violation reporting management unit is independent as long as the unit is not the function that carries out daily business operations.

If there is fraud committed by SPI, although it serves as violation reporting management unit, the process of follow-up is still carried out. Violation reporting guidelines at Dr. Moewardi Hospital arrange complaints against violations committed by the Directors. Meanwhile, reporting on violations conducted by the directors will be followed up by the Central Java Province Inspectorate.

3. Ease of Access to Reporting

The various choices of reporting channels will provide convenience for reporters in submitting reports. Dr. Moewardi Hospital has provided several alternative reporting media, such as through e-mail, letters, telephone hot lines, web-based complaint sites, and direct reporting. The large number of choices facilitates the submission of reports through the media that are considered comfortable by the reporter not to be fixated on one access option. One form of protection for whistle-blowers is by providing reporting channel facilities that facilitate the whistle-blowers (KNKG, 2008).

The ease of access is judged by not only the availability of reporting media, but also the availability of information on reporting procedures, including the technical procedures for using media reports that is one form of ease of access to reporting. Information related to reporting procedures including technical procedures for the use of media reporting is basically available. This information is easily obtained by internal residents of the hospital. Dr. Moewardi Hospital has delivered information about technical reporting through socialization and pit stop program, a classroom training for all employees including new employees. In addition, each employee also obtains a whistle-blowing system (WBS) pocket book which contains explanations including technical procedures for using reporting media. However, for external parties, including users of hospital services, information on the availability of reporting media and technical procedures for using them is still minimal. The Chairperson of the Internal Audit Unit (SPI) admitted that there was still a lack of help desks, information boards, and other information delivery media that were accessible to external hospitals.

4. Follow-Up

A good reporting system must be able to follow up on reports as quickly as possible to prevent fraud from getting worse. Information related to follow-up procedures must be clear and the reporter has the right to obtain information on the progress of the reporting follow-up (KNKG, 2008). Follow-up procedure for violations reporting at Dr. Moewardi Hospital has been regulated in the guidelines for the implementation of the violation reporting system. However, the explanation regarding the reporter's rights and procedures for obtaining information on the progress of reporting follow-up are not clearly stated in the existing rules. Nevertheless, according to Shobari as the internal auditor, in its implementation the reporter is entitled to

obtain an explanation related to the progress of reporting follow-up. This statement was confirmed by respondent AS who stated that he received information on the results of the follow-up on the report submitted.

The Implementation of Fraud Control Plan and Prevention of Fraud

The implementation of the violation reporting system is part of the implementation of fraud control plan, consisting of the implementation of attributes related to community awareness and reporting system.

1. Community awareness

Community Awareness can be seen from the awareness of employees, customers, and the community and how the organization provides protection for reporters. Participation and initiative of parties within the organization, both employees and the community, are the keys to preventing fraud. With the participation of information, the existence of fraud can be prevented and detected early. To increase environmental awareness, improving communication, especially related to violation reporting, is very important to provide an understanding of the importance of environmental participation. Dr. Moewardi Hospital has taken various steps to improve employee understanding of the importance of disclosure of fraud, including through socialization, guidebooks, and implementation of rules. To encourage reporters' participation, Dr. Moewardi Hospital guarantees the protection for the reporters, one of which is by maintaining the confidentiality of the reporters' identity and commitment to protect the complainant as confirmed in the rules and guidelines for the implementation of the violation reporting system. Nonetheless, based on information from Shobari, as Chairman of SPI of Dr. Moewardi Hospital, the number of fraud reporting, especially reporting from outside, is still very low. According to him, this

is because the provision of information about reporting to external parties is still limited.

2. Reporting System

Efforts to increase environmental awareness need to be supported by an adequate reporting system. Dr. Moewardi Hospital has implemented a violation reporting system. The violation reporting system has been regulated in the policy through the Director's Decree Number 188.4 / 11-716 / 2/2016.

The implementation of violation reporting system has an impact on the prevention of fraud. Respondent AS stated that the availability of clear violation reporting system would certainly increase employee concerns in combating fraud. The reporting system facilitates employees and other parties to report violations, including the violations that have already occurred because there is a guarantee of confidentiality. According to respondent SY, the existence of violation reporting system indirectly raises awareness in disclosing violations. After knowing the effectiveness of the system, employees are more motivated not to commit violations.

CLOSING

Conclusion

Dr. Moewardi Hospital has taken a positive step in realizing a Corruption-Free Area through prevention efforts, one of which is by arranging and implementing the Violation Reporting System set in the Director's Decree Number 188.4 / 11-716 / 2/2016.

The implementation of Violation Reporting System at Dr. Moewardi Hospital has met the criteria for an ideal reporting system as described by Zimbelman et al. (2014), namely anonymity, independence, access, and reporting follow-up. Nonetheless, the system applied still requires development, such as in the reporting management procedures, reward-punishment, and participation.

There are several obstacles in the implementation of the reporting system at Dr. Moewardi Hospital, among others are:

1. Lack of understanding of reporting procedures, especially in reporting procedures that utilize information technology.
2. Lack of information about reporting systems for parties outside the hospital, especially for reporters from outside the hospital.

Suggestion

The suggestions the authors put forward regarding the conclusions that have been explained are as follows:

1. Implementing clearer reward and punishment

Providing reward or punishment can trigger employee participation in the implementation of the system. This information should be clearly stated in the rules.

2. Adding the number of Help Desk and Information Facilities for Reporting Methods

One of the criteria for a good reporting system is the ease of access to reporting, especially the ease of access to obtain information on how to report via the help desk or other information facilities. Help desk should be placed in an easy and accessible location.

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