
E-Finance : Mitigation of Fraud Tendency in Indonesia

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ABSTRACT

Purpose: This research aims to determine the application of e-finance in the Lumajang Regency DPUTR and its role in improving internal control and mitigating fraud risk with fraud diamond theory analysis.

Design/methodology/approach: This research is qualitative case study research with descriptive methods. Data collection techniques use observation, documentation and semi-structured in-depth interviews.

Findings: Data analysis techniques through the stages of plan, design, prepare, collect, analyze, share. The results of this study include: 1) The application of e-finance in the Lumajang Regency DPUTR based on realtime online which is integrated with all LUMAJANG REGENCY OPDs to facilitate financial reporting in accordance with public sector accounting rules to prevent fraud so as to create transparency and can be accounted for; 2) Based on diamond theory fraud analysis, the application of e-finance is able to mitigate risks. fraud; 3) E-finance plays an important role in improving the internal control of the Lumajang Regency DPUTR.

Research limitations/implications: The limitation of this research is the lack of theoretical foundations and previous research on the application of e-finance in public sector organizations. This finding provides solutions to public sector organizations in minimizing fraud through the application of e-finance applications by using fraud diamond theory analysis.

Practical implications: This study adds literature on the application of e-finance to public sector organizations and its role in mitigating the risk of fraud which has not been discussed in previous studies.

Originality/value: This paper is original.

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I. INTRODUCTION

In order to realize good governance, it is necessary to implement a good control system as well (Nanda, Rasuli, & Taufik, 2020). With the development of technology and the needs of an increasingly complex and sophisticated era, the government is also required to continue to improve itself (Reza & Hermawansyah, 2019), improve the quality of financial reporting (Djawang, 2019) and internal control in order to mitigate the risk of fraud as little as possible (Kadarman, Meiliani, & Santoso, 2019), reducing all loopholes that can be exploited by government individuals who have fraudulent intentions (Salle, Asnawi, & Wijaya, 2020).

The financial statements of public sector organizations are an important component to creating public sector accountability (Aditya & Surjono, 2017; Mardiasmo, 2018). There are increasing demands on the implementation of public sector accountability (Ekasari, Mukoffi, Tato, & Nifannangeljau, 2021), one of which is with accounting information in the form of financial statements. The financial statements of public sector organizations are in accordance with government regulation Nmor 71 of 2010 and Permendagri Number 64 of 2013 based on accruals. Public sector organizations are required to be able to present financial statements that can be accounted for, this also applies in Lumajang Regency. Since 2015 the Lumajang district government is required to compile accrual-based financial statements. The Regent of Lumajang requires all Regional Device work units (SKPD) to implement SIPKD or Regional Financial Management Information System based on e-

finance (www.suarasurabaya.net). Mr. Regent hopes that through this system, regional finance can be integrated. With the implementation of e-finance, it can realize the preparation of a transparent, accountable and informative financial report implemented by all governments in the region. The e-finance application is certainly also applied by DPUTR Lumajang Regency.

Dinas Pekerjaan Umum dan Tata Ruang (DPUTR) of Lumajang Regency is one of the agencies that oversees physical projects in Lumajang Regency (Sulistyan, 2020). Which in this service certainly requires transparency of financial affairs, to dismiss the negative stigma of the community about the Lumajang Regency DPUTR which is full of fraud risks. Fraud or fraud is interpreted as a deliberate misstatement of financial statements. Fraudulent financial reporting is misstatement or neglect of a certain amount or disclosure that is deliberately done to deceive the users of the report (Aprilia, 2017). Fraud is a serious problem faced by an organization (Awang, Rahman, & Suhaiza, 2019). One of the government's efforts in mitigating the risk of fraud is with the application of e-finance (www.suarasurabaya.net), in the implementation of e-finance can be seen the behavior of the financial statement presenter in applying its attitudes and characteristics when there is opportunity, pressure, rationalization and ability (fraud diamond theory) in its control.

Based on the BPK Examination Report number 483 / S-HP / XVIII.SBY / 05/2021 on the Financial Report of the Regional Government of Lumajang Regency in 2020 provides a reasonable opinion without exception. With the BPK note, it found that there were weaknesses in the internal control system and non-compliance with the laws and regulations in the preparation of financial statements, one of which was that the management of fixed assets of the Lumajang regency government was inadequate, and recommended to the PUTR Office one of them to conduct an inventory, assessment of land and irrigation buildings, namely in accordance with the report of the inspection results dated May 20, 2021. The existence of weaknesses of this internal control system can be a loophole in the existence of fraudulent tendencies (Anderson et al., 2017).

The fraud tendency has become the focus of several researchers in various sectors, such as Chinese stock exchange companies (Wang, Ashton, & Jaafar, 2019), the Indonesian stock exchange (Pamungkas, Ghozali, & Achmad, 2018), start-up businesses (Fernandhytia & Muslichah, 2020), hospitals (Lazzini & Nicolliello, 2020), and even the government sector (Hikam, Nainggolan, & Rizkarmen, 2021; Rahmasari & Setiawan, 2021). Developments in accounting fraud research in the government sector include the government of West Lombok (Abdurrahim, Hidayati, & Budiarto, 2019), Central Java (Admaja & Wahyundaru, 2020), West Java (Bintaurina, Sudarmanto, & Herlisnawati, 2021; Hikam et al., 2021), and East Java (Kumalawati & Oktavia, 2019). In East Java, there are 20 districts that are sources of corruption problems that contribute to state losses of up to Rp. 1.3 trillion, and one of them is Lumajang Regency (Kumalawati & Oktavia, 2019).

Considering the rise of fraud cases that occurred in Lumajang Regency, and observing the findings of the CPC about the weakness of internal control of the Lumajang Regency DPUTR, as well as the obligations in the implementation of e-finance, which is in the application of e-finance the integrated financial reporting system so that it is expected to reduce fraud tendency gaps, researchers are interested in conducting research under the title E-Finance = Mitigation of Fraud Tendency in Indonesia.

II. METHODOLOGY

This research is qualitative case study using descriptive methods to describe how the role of e-finance is acted upon by analysis of fraud diamond theory as a tool to prevent or minimize fraud and provide recommendations for organizations to improve internal control, where weak internal control can provide loopholes in fraud. Case study research according to (Yin, 2018) there are 6 (six) stages, including:

1. Plan

This research is based on the report of the results of the CPC examination of the Financial Statements of the Lumajang Regency Regional Government in 2020 with two main results that need attention: among others: 1) opinions on financial statements are reasonable without exception; 2) BPK found that there were weaknesses in the internal control system and non-compliance with laws and regulations in the preparation of financial statements, one of which was that the management of fixed assets of the Lumajang Regency government was inadequate, and gave one recommendation to the Lumajang Regency DPUTR to immediately conduct an inventory, assessment of land and irrigation buildings. From these findings, researchers then choose the qualitative method of case studies as a research method, in order to dig deeper into the data on informants.

2. Design

Identifying fraud cases through the application of e-finance with fraud diamond theory analysis.

3. Prepare

To answer research problems, previously prepared instruments include interview guidelines, observation guidelines, laptops, stationery, mobile phones for recording and documentation. Interview questions include informants' understanding of the importance of internal control and its relationship to fraud and the solutions that can be taken to prevent or minimize fraud. The interview is conducted using semi-structured and open-face questions, so that the interviewer can assess the correctness of the informant's response and whether there are follow-up questions or not, with this method of interviewing it is expected that the informant is free to express themselves and speak as honestly as possible to the researcher.

4. Collect

Case study data is collected while maintaining the principles of ethics and confidentiality of informants, requesting permission and communicating the resulting data to informants. In the interview process, researchers directly type the informant's answer on the laptop, which will be processed later. The duration of the interview is between 30 to 90 minutes. The interview was conducted at DPUTR Lumajang Regency with the consideration of making it easier for informants to provide information and be able to see firsthand the process of implementing the e-finance application and its flow.

5. Analyze

The resulting case study data is analyzed by ensuring the internal validity and external validity of the data. Data collection is carried out in approximately two months. Data is collected in accordance with research objectives, research questions, and assumptions of research approaches. Data collection is carried out by interviewing informants and reviewing documents.

6. Share

The results of this study are reported in the form of conclusions and results that include all research activities on the analysis of fraud diamond theory in the application of E-finance DPUTR Lumajang Regency.

III. RESULTS AND DISCUSSION

The case study research entitled Fraud Diamond Theory Analysis on the Application of E-Finance DPUTR Lumajang Regency consisted of three questions which were then developed into 46 interview questions and some additional questions that spontaneously appeared during the interview and when the data processing process, unstructured interview questions flowed according to the answers from informants at the research site. The first research question is: how is the application of e-finance in the Lumajang Regency DPUTR ? The informant's response to the question is contrasted with studies that have been conducted by several previous researchers including Hardiansyah (2019) and Admaja and Wahyundaru (2020). Research questions developed into several interview questions.

The answers of informants in describing the DPUTR are all the same, namely the Office that carries out local government affairs in the field of Public Works and Spatial Planning. For the second question also has the same answer about what is done by the service, namely coordinating, fostering, and supervising the formulation of technical policies in the field of public works, spatial arrangement. The answer to the next question about why should apply e-finance I3, I4 and I5 answers the same is to facilitate the creation of regional financial statements, while I2 answers because it follows the regulations of the Lumajang Regency Regional Government. While the understanding of e-finance according to I2 is a regional financial management information system that supports the implementation of accrual-based Government accounting standards. I4 and I5 argue similarly that e-finance is an information area financial management based on accruals and using the internet. I3 reveals e-finance is an information system that facilitates the financial reporting process.

The fifth and sixth questions of each informant have slightly different answers, namely I2 assumes the difference before and after e-finance is applied, data delivery and preparation of financial statements run faster. I3 reveals easier and more detailed admission reporting, I4 and I5 reveal the same easier and more accurate reporting. As for the last question to answer the research question about the application of e-finance to DPUTR, all compact informants answered that there was nothing lacking in the e-finance application and e-finance was very helpful, I2 reasoned because e-finance compiles and presents financial statements in order to evaluate government performance to be more efficient.

The second and third research questions include: 2) Can the application of e-finance mitigate the risk of fraud by analyzing fraud diamond theory? and 3) What is the role of e-finance in improving the internal control of DPUTR Lumajang Regency? The researchers developed the two research questions into 39 interview questions.

Interview questions about the role of e-finance in mitigating the risk of fraud, all of the informants answered in unison that the application of e-finance plays a very important role in the presentation of financial statements. I2 revealed that with e-finance their work is easier and faster to complete, I3 and I4 added that before e-finance they could work overtime until late at night or even on holidays, but after this e-finance application, they can present financial reports in a timely manner and have more time for family. I5 added that this system is integrated with all OPDs in Lumajang Regency, and can be accessed anywhere and anytime because it is online. In addition, I3 and I4 reveal the advantages of this e-finance application that it minimizes reporting errors, data input is more integrated and financial reports are compiled automatically without having to be prepared manually. For I2, the advantages of e-finance include being able to compile and present financial reports automatically in order to evaluate government performance to be more efficient, accrual-based reporting identifies the government's financial position so that activity funding can be measured according to its proper capabilities, accrual-based government accounting can identify opportunities in using future resources and realizing good management of these resources. Of the advantages of e-finance, all of the informants agreed that it could reduce accounting fraud. For loopholes to commit fraud, all informants answered that there was no loophole, I3 and I4 added that there was no loophole for cheating because all data was systematized, I5 revealed that everything had been integrated and verified by PPK-SKPD so that there was no loophole to commit fraud.

Thirty-Five (35) interview questions about fraud diamond theory analysis and internal control in mitigating fraud risk, answered variously by each informant, with the same core answer. The thirty-five questions about incentives/pressure, opportunity, rationalization and capability are contrasted with studies conducted by Wolfe and Hermanson (2004), Arens (2014), Rusdianti (2018), Lamawitak and Goo (2021) and government regulation of the Republic of Indonesia number 60 of 2008 concerning internal control. In relation to incentives / pressure all informants express that they get compensation for more expenses / overtime done, they consider the compensation given is appropriate and considered sufficient.

The second theme is about opportunity, all informants reveal they input data at any time and every day. Each informant describes the flow of e-finance differently according to their respective capacities or fields. This e-finance is considered to be in accordance with the applicable accounting rules and informants feel that their work is better and more purposeful, they do not feel burdened or complicated, only at the beginning – the beginning of application they have to adapt, some are quick to respond and quickly adapt, some still need time for the use of e-finance applications, all adjusting to existing human resources.

I3, I4 and I5 State the ease of using e-finance, among others: 1) access anytime and anywhere; 2) web-based with the latest technology; 3) facilitate the process of consolidation and creation of Local Government Financial Statements; 4) integrated online realtime face with all SKPD in lumajang district environment; For other conveniences, e-finance contains a standard account chart that is in accordance with Permendagri Number 64 of 2013 which is equipped with apbd preparation modules, SKPD financial management modules, PPKD financial management modules and accounting modules that allow users to set their own standard journals in accordance with their accounting policies.

In terms of internal control, E-finance pays attention to internal control and separation of functions in accordance with local government financial management regulations. The implementation of e-finance also requires special access for its users, I2 added, that there are different usernames and passwords for each user of the e-finance application, not just anyone can enter or input data on the e-finance application because there is certain access. I3 revealed that those who can access and input data on the e-finance application are the officers concerned, for example, the treasurer of expenditure will input shopping data, then only that data can be processed, he cannot input receipt data, as well as other officers, they can only input data according to their respective capacities, duties and authorities. I1 also revealed that there is verification from the superior of the report that has been compiled and if there is a data input error, it will be verified by the head of the Lumajang Regency PUTR office.

Internal control is also illustrated when there is a data input error, for I3 if there is a wrong data input then immediately coordinated with the bpkd accounting field, for I4 if there is a data input error, then the expenditure treasurer must coordinate with the accounting official to make adjustment memory (MP) which is then forwarded to bpkd, I2 which then submits mp input incorrectly to BPKD, while for I5 has never experienced data input errors because before the report was compiled, the data has been verified by PPK-SKPD. The benefits and advantages of e-finance are reviewed in terms of the effectiveness of internal control for I2, namely saving time because everything is integrated and in the work of each work can be more effective, I5 revealed that with the implementation of e-finance reporting can be faster and minimize errors, I3 and I4 reveal the same thing as I5.

Third, namely about rationalization, to maintain employee discipline, I2 revealed that there is a limit on the number of late permits, I1 added that there are reprimands and warning letters for employees who behave unethically. In this service, all compact informants state that there has been no training or socialization of organizational standards on employee ethics, informants also state that all problems are solved with a climate of

openness and every employee has the same right to express ideas or ideas. All informants revealed that there was leave in this DPUTR and not all employees took their leave rights. I2 discloses that leave rights that are not taken within 1 (one) year of service cannot be cashed out and declared forfeited.

The last interview question is about capability, with the implementation of internet-based e-finance, all compact informants have no difficulty. I2 reveals that the obstacles faced are only technical constraints such as unstable internet networks, thus hampering the efficiency of the data input process. I1 revealed that not all employees can adapt to this application quickly, adjusting to their human resources, this is agreed by all informants. All informants agreed to say it was unnatural and should not receive additional bonuses from third parties to obtain projects. In the Lumajang Regency PUTR office, the admission of employees is not based on relationships. I3, I4 and I5 revealed that to become an employee in the service must go through selection and be recruited based on competence.

DPUTR is an Office that carries out local government affairs in the field of Public Works and Spatial Planning. This service has the task of coordinating, fostering, and supervising the formulation of technical policies in the field of public works, spatial planning. Since 2015, like other OPDs, this agency has also begun to implement e-finance applications in accordance with the rules set by the lumajang district government. E-Finance is a regional financial management information system that supports the implementation of accrual-based Government accounting standards. E-finance is an internet-based regional financial management information system, which aims to facilitate the creation of regional financial statements. E-finance can also be interpreted as a system that facilitates financial reporting by utilizing increasingly sophisticated technology, so that the information generated in this e-finance system is integrated in each department.

In this integrated system, it is expected to reduce the risk of fraud and can present financial statements in an accountable and transparent manner. Of the four (4) interview questions about the role of e-finance in mitigating fraud risk, all compact informants answered that e-finance applications play a very important role in the presentation of reliable financial statements and are considered more efficient than before. The difference in financial reporting before and after the implementation of e-finance is in terms of reporting, both reporting receipts, expense reporting, sending data up to the preparation of financial statements is considered easier, accurate and faster, before the existence of e-finance reporting and preparation of financial statements is done manually, the presenters of financial statements can do overtime work until the evening or even on holidays, Because a lot of data must be completed immediately and still need to be synchronized between each other manually, but after this e-finance application, they can present financial statements in a timely manner and automatically have more time for families.

Some of the advantages of e-finance include being considered more efficient and effective in sending data and presenting financial statements, because one of its integrated properties, with integrated data input can minimize financial reporting errors, financial statements will be arranged automatically without having to be compiled again manually, e-finance can also be accessed anytime and anywhere when needed. By e-finance, compiling and presenting financial statements in order to evaluate government performance to be more efficient, accrual-based reporting identifies the financial position of the government so that activity funding can be measured according to appropriate capabilities, accrual-based government accounting can identify opportunities in using future resources and realize good management of those resources. From the advantages of e-finance, all compact informants answered that they can reduce fraud, because with a system that is integrated between parts and other OPDs, it will be difficult to commit fraud. In the application of e-finance, there are no weaknesses in e-finance that allow there to be fraud loopholes. The reports resulting from e-finance are also more complete and complex than when manually working.

Regional Financial Statements of Regional Device Organizations (OPD) resulting from a series of data inputs, both expenditures and receipts include:

1. Ledger
2. Budget Realization Report (LRA)
3. Balance
4. Operational Report (LO)
5. Statement of Changes in Equity (LPE)
6. Prognosis Realization Report

A. Implementation of E-Finance Mitigate Fraud Risk with Fraud Diamond Theory Analysis

Fraud is an intentional misstatement or omission of amounts or disclosures with the intention of deceiving report users (Arens, 2014). E-finance is an integrated system that is expected to be able to realize transparent, accountable and informative financial reports that are reported in www.suarasurabaya.net The application of e-finance as a tool in mitigating fraud risk with analysis of fraud diamond theory at the DPUTR has 4 (four) discussions, namely incentives / pressure, opportunity, rationalization, and the last is capability. The first

discussion was about incentives/pressure, all of the informants stated that they received compensation for the extra work/overtime they did, they considered the compensation given was appropriate and considered sufficient. All informants were of the opinion that the amount of overtime paid was in accordance with applicable regulations, in accordance with the workload received, and all of them felt quite satisfied. Arens (2014) reveals incentives/pressures, namely management or employees feel pressure to misuse assets and materially misrepresent financial statements. This is proven by the researchers by implementing e-finance at the DPUTR Lumajang Regency, with the implementation of e-finance that makes it easy and effective and efficient, it can improve employee performance, by providing compensation or overtime pay for the overload given and the target time set for reporting, can provide additional enthusiasm and reduce fraud gaps because all informants are quite satisfied with the overtime paid which is considered to be in accordance with the workload given. By providing compensation, employees will feel more responsible for the work assignments given and it is their responsibility to be able to immediately complete according to the specified time target in order to show their performance as an employee.

The second opportunity, all informants revealed that they input data at any time and every day. With different e-finance implementation flows according to their respective main tasks and capacities or fields. E-finance is considered to be in accordance with applicable accounting rules and informants feel their work is better and more focused, they don't feel burdened or complicated, only at the beginning of the application they have to adapt, some are responsive and quick to adapt, some are still it takes time to use e-finance applications, all adapt to existing human resources. The flow of e-finance implementation at the Lumajang Regency DPUTR begins with opening an e-finance application on the internet. Then enter the OPD username and password. Each financial data input officer has a different username and password. The next flow of e-finance implementation after entering the application is inputting basic data. At the PUTR Office of Lumajang Regency, under the head of subsection. There are 4 (four) financial input officers and financial statement presenters, including:

1. The clerk inputs basic income data by the revenue treasurer
2. The clerk inputs basic expenditure/expenditure data by the expenditure treasurer
3. Paying Order Officer (SPM)
4. Accounting officer

The ease of implementing e-finance was disclosed, including: 1) access anytime and anywhere; 2) web-based with the latest technology; 3) facilitate the process of consolidation and preparation of Regional Government Financial Reports; 4) integrated online realtime face to face with all SKPD in the Lumajang district, meaning this application is connected to all SKPD online and can be directly accessed with the latest display according to the last inputted data; contains a standard chart of accounts in accordance with Permendagri Number 64 of 2013 which is equipped with a APBD preparation module, a SKPD financial administration module, a PPKD financial administration module and an accounting module that allows users to set their own standard journals in accordance with their accounting policies. These various conveniences make e-finance seen as more effective and efficient in presenting financial statements compared to the previous manual, which is prone to misstatements, both intentional and unintentional. Where such misstatements can be at risk of fraud according to Arens (2014).

In the application of e-finance, it is analyzed using the second fraud diamond theory (opportunity), which can minimize fraud, by dividing the duties and authorities of each input officer and financial statement presenter, starting from basic data on expenditures, receipts, to verification of SPM and SPP that differentiated personnel aims for the effectiveness of internal control in the relevant agencies, with the difference in tasks and limited access in e-finance applications, it can reduce the loophole for fraud, because it will be seen who is accessing and the responsibility for a task is clear. Likewise with the verification stage, after all the files are complete and have been examined by the treasurer and budget users, the file can be verified by the verification official, meaning that the file has been examined by several parties concerned, so not only by one person with an interest, this is demonstrate the effectiveness of internal controls that can reduce fraudulent actions.

The third of the fraud diamond theory is rationalization. In order to maintain employee discipline, the informants revealed that there is a limit on the number of late permits, there are warnings and warning letters for employees who behave unethically. In this service, all of the informants compactly stated that there had been no training or socialization of organizational standards on employee ethics, the informants also stated that all problems were solved with a climate of openness and every employee had the same rights in expressing ideas or ideas. All informants revealed that there is leave in this DPUTR and not all employees take their leave rights, and leave rights that are not taken within 1 (one) year of service cannot be cashed and are declared forfeited. Arens (2014) reveals an attitude/rationalization that is an attitude, character, or set of ethical values that allows management or employees to intentionally commit dishonest acts by manipulating expense reports or absenteeism. This research proves that at the DPUTR Lumajang Regency there is no cheating with a climate of openness and equal rights to employees in conveying their ideas or ideas, it creates an attitude of mutual respect

so as to reduce the urge for employees to act unethically or dishonestly. Fraud can also be minimized by limiting the number of late permits and warning letters for unethical acts committed by employees, with both verbal and written sanctions can make someone who wants to behave dishonestly to think again about committing fraud. This deficiency in the DPUTR is due to the absence of socialization or standard organizational training activities on employee ethics, confirmation from informants, with oral and written sanctions are considered sufficient to deter or reduce fraud in the agency. Arens (2014) revealed that all new employees are required to attend training regarding employee ethical behavior, employees must be informed about their duties in fraud awareness training.

The last factor in the analysis of fraud diamond theory is capability. With the implementation of internet-based e-finance, all of the informants did not experience any difficulties, the only obstacles they faced were technical problems such as an unstable internet network, thus hampering the efficiency of the data input process. Not all employees can adapt to this application quickly, adjusting to the human resources they have. All informants agreed that it was not fair and they should not receive additional bonuses from third parties to get the project. In the PUTR office of Lumajang Regency, employee recruitment is not based on relations, it is revealed that to become an employee in the service, you must go through a selection and be recruited based on competence. Lamawitak and Goo (2021) revealed that capability is the personal nature and ability of a person who has a large role in an organization so that it is possible to commit fraudulent acts. Then the researchers proved that the application of e-finance at the DPUTR of Lumajang Regency can mitigate fraud, this is evident from how big the role of the presenter of financial statements, the e-finance application is integrated and each part such as the input data entry section, the input data expenditure section to the the person who verifies is a different person, so there is very little cheating loophole, for example the expense treasurer wants to commit fraud, the inputted expenditure data is verified by the accounting official, and from the accounting officer the data is still being further verified by the sub-section head. So how big is the role of the presenter of financial statements in their field, e-finance reporting is carried out at any time and is integrated, so it is not easy to commit an act of fraud.

B. The Role of E-Finance in Improving the Internal Control of the Dputr of Lumajang District

The last research question to be discussed is how is the role of e-finance in improving the internal control of the DPUTR Lumajang Regency? with 8 interview questions answered thoroughly by informants who stated that in terms of internal control, E-finance pays attention to internal control and separation of functions in accordance with local government financial administration regulations. The application of e-finance also requires special access for its users, the informant revealed that there is a different username and password for each user of the e-finance application, not just anyone can enter or input data on the e-finance application because there is certain access, that people who can accessing and inputting data on the e-finance application is the officer concerned, for example the expense treasurer will input shopping data, then only that data can be processed, he cannot input revenue data, as well as other officers, they can only input data according to their respective capacities, duties and authorities. And there is verification from superiors on reports that have been prepared and if there is an error in data input, it will be verified by the head of the DPUTR in Lumajang Regency.

Internal control is also illustrated when there is an error in data input, the reception treasurer if there is a wrong input of data, it is immediately coordinated with the accounting department of the BPKD. If there is an error in data input to the expenditure treasurer, then he must immediately coordinate with the accounting officer so that an adjustment memory (MP) is made which is then forwarded to the BPKD, the accounting official who then submits the MP incorrectly input to the BPKD, and the SPM maker officer has never experienced an input error. data because before the report was compiled, the data had been verified by the PPK-SKPD. The benefits and advantages of e-finance in terms of the effectiveness of internal control, namely saving time because everything is integrated and in the work of each work can be more effective, with the implementation of e-finance reporting can be faster and minimize errors. In Government Regulation of the Republic of Indonesia Number 60 of 2008, the Internal control system is a series of actions that are carried out continuously by the leadership and employees to provide confidence in the achievement of the vision through effective and efficient activities, reliable financial reporting, protection of State assets and compliance with regulations. legislation. Rusdianti (2018) adds that the purpose of internal control is to present financial reports free from material misstatement, which can lead to errors or fraud, with good internal control, fraud can be minimized. This is evidenced by researchers with the application of e-finance, the time used in preparing financial statements can be faster, and the results in the form of financial reports from basic data that have been inputted can be arranged automatically, without having to be re-entered one by one manually so as to streamline time and cost. E-finance is considered effective in preparing reliable financial reporting because it is in accordance with generally accepted accounting provisions on an accrual basis in accordance with regulations set by the government. The implementation of e-finance is also a manifestation of compliance with local government regulations. With a

system that is already integrated and has special access for authorized officers, the resulting financial reports can be free from material misstatement, which is one of the risks of fraud by minimizing errors because the implementation of e-finance is automatic and integrated.

In implementing this system, caution is required when inputting basic data, because if there is a data input error, even if only one (1) number input will cause an error in all data, because the data inputted in this e-finance application will automatically be compiled in a report. finance, so the revision process will be more complicated and take a relatively long time. If there is a data input error, then the things that must be done are:

1. Make a statement letter wrong account
2. Submission of an adjustment memorandum to replace the wrong account
3. Sent to BPKD and awaiting approval from the head of BPKD
4. After obtaining approval, the wrong data can be replaced by the officer

This implies good internal control, making the officers concerned more alert, thorough and careful in inputting data, so that performance is good and the financial reports produced are accountable, reliable and accurate.

IV. CONCLUSION

Based on the results of interviews that refer to the formulation of the problem that has been compiled, the conclusions that can be drawn from the results of this study are:

1. The implementation of e-finance at the Lumajang Regency DPUTR based on real-time online that is integrated with all Lumajang Regency OPDs, which is the government's effort to facilitate financial reporting in accordance with public sector accounting rules in order to prevent fraud so as to create transparency and accountability.
2. Based on the fraud diamond theory analysis, the application of e-finance is able to mitigate the risk of fraud. The results of the study indicate that the risk of fraud can be minimized by the following efforts:
 - a. With sufficient compensation to increase employee morale in improving their performance and reduce the urge to cheat, because the workload has been rewarded (incentive/pressure).
 - b. The existence of standard and clear regulations regarding the standard of work carried out as well as the main tasks and authorities of each section, as well as a role model for superiors who are obedient and disciplined in implementing policies, procedures and authority in managing the administration of their employees (opportunity).
 - c. There is a climate of openness in the work environment and good and intense communication between superiors and their staff / employees, as well as strict verbal and written sanctions for employees who behave unethically in the work environment (rationalization)
 - d. For organizations in the field of public services, it is necessary to have a clear service flow, so that third parties do not go through their relationships, but according to existing procedures to avoid gratification. as well as selection or recruitment of employees based on open selection and competence to get qualified employees and able to keep up with technological developments in their application in the work environment (capability).

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