

UNVEILING FRAUD SCHEMES IN NORTH MALUKU'S BUDGETING: A DUAL ANALYSIS OF PENTAGON FRAUD AND PLANNED BEHAVIOR THEORIES

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Abstract

Based on the Pentagon fraud theory and Planned Behavior theory, this study aimed to see the factors influencing fraud behavior in the planning and budgeting process. Each of these factors is represented by proxies of external pressure (pressure), information system weaknesses (opportunity), organizational ethical culture (rationalization), arrogance and intention, as well as attitudes, subjective norms, and behavioral control (capability). The research sample was determined using the purposive sampling method, consisting of Inspectorate Auditors, Provincial TAPD, District/City TAPD, Provincial Planning Section, District/City Planning Section, Provincial BPKAD Budget Field, and District/City BPKAD Budget Field in North Maluku Province. The data were analyzed by descriptive quantitative methods, which were tested using Partial Least Square (PLS). The results showed that pressure, opportunity, and rationalization positively affect fraud in planning and budgeting; attitude and arrogance do not affect the intention to commit fraud. In contrast, behavioral control affects the intent to commit fraud, and the intention to commit fraud affects fraud in planning and budgeting.

Keywords: Fraud, Pentagon Fraud Theory, Planned Behavior Theory, Planning Fraud And Budgeting.

INTRODUCTION

In the context of financial management, the planning and budgeting process is the estuary of the implementation of its activities. If the process is good, it will also affect the success of other financial management processes. Based on Law Number 25 of 2004, planning is a series of methods to determine appropriate future actions by utilizing existing resources (UU No.25 Tahun, 2004). According to Mardasmo (2018), budgeting is Related to determining the amount of fund allocation for each program and activity in monetary units. The budgeting process begins when strategy formulation and strategic planning have been completed. The budget is an articulation of the results of strategy formulation and strategic planning that has been made. The budgeting stage becomes very important because an ineffective and non-performance-oriented budget can derail the planning that has been prepared. A budget is a managerial plan for action to facilitate the creation of organizational goals.

Ideally, everything that has been planned and contained in the planning process through an extended mechanism starting from the bottom level, such as the Regional Medium-Term Development Plan (RPJMD) at the village level, can be accommodated into a budget that has been prepared by taking into account budget priority policies, as stated in Government Regulation of the Republic of Indonesia Number 17 of 2017 concerning Synchronization of National Development Planning and Budgeting (Presiden Republik Indonesia, 2017). But what happens a lot is that the budget that has been prepared is different from previous planning.

Openness or information obtained by the public in APBD planning is only accepted at the beginning of the preparation process, namely at the next stage of Development Plan Deliberation (Musrenbang), at the stage of implementing APBD management and the final stage of APBD management, public involvement information is interrupted and not published openly. This means that the public is only involved at the time of the original plan (Akbar et al., 2020; Farid et al., 2020; Kusnadi, 2020).

The practice of fraud in preparing RKA is to plan an accessible shopping account at SPJ and take advantage of opportunities in the form of legal loopholes or ineffective rules to carry out their actions. Various problems in the budgeting process range from budget ratification, implementation, and evaluation, both dysfunctional behavior in the form of budget misappropriation, executive and legislative opportunist behavior, and budget markup / budgetary slack to the implementation stage such as collusion in the procurement of goods and services and the evaluation stage involving internal and external auditors indicate that budget misappropriation (corruption) has begun at the time of planning (Deng et al., 2020; Fuad et al., 2012; Widanaputra & Mimba, 2014).

The findings of the BPK RI North Maluku Representative on the LKPD of the North Maluku Provincial Government in 2017 found that the North Maluku Provincial Government was unable to finance budgeted regional expenditures based on irrational setting of revenue targets" (LHP BPK RI North Maluku Representative, 2018). The findings of budgeting problems in 2017 are that the preparation of the 2017 APBD is not by the provisions, namely 1) there was a delay in determining the APBD, 2) there was no ratification of the APBD-P, 3) the North Maluku Provincial Government has not fully implemented the results of the evaluation of the Ministry of Home Affairs of the Republic of Indonesia on the FY 2017 Draft APBD, 4) The determination of regional revenue targets by the North Maluku Provincial Government in the FY 2017 APBD is irrational, 5) The budget deficit in the Governor's Regulation on Amendments to the FY 2016 APBD Elaboration exceeds the maximum allowable APBD deficit and 6) the implementation of budget shifts using the Governor's Regulation.

Many studies explain the phenomenon of fraud in planning and budgeting. DPRD political intervention and stakeholder commitment also influence planning and budgeting. et al. (2015), in their research, the Executive and Legislature use discretionary power for personal and group interests, so this behavior encourages fraud. Some of the motivations underlying this research are, first, the problem of fraud in planning and budgeting, a common phenomenon in almost all lines of government. Several studies have examined the phenomenon (Abdullahi & Mansor, 2018; Gbegi & Adebisi, 2013; Md et al., 2021; Nasir et al., 2019; Neva & Amyar, 2021; Rustiarini et al., 2019; Sasongko et al., 2019; Zuberi & Mzenzi, 2019). This requires further explanation and empirical research. Second, to see aspects of behavior in government fraud, several studies use the Theory of Planned Behavior as in the study (Dewanti et al., 2020; Djaelani et al., 2022; Juliardi et al., 2021). The theory is often associated with the fraud triangle theory. However, for this study, the author tries to link the Theory of Planned Behavior with capability as the fourth element of fraud diamond to examine how fraudsters with the capacity within the scope of planning and budgeting commit fraud in that field. Third, with the

development of information systems, planning and budgeting activities starting in the last few years began to be directed with integrated systems to facilitate synchronizing planning and budgeting. However, along the way, there are still problems with budget problems that are not by the planning.

LITERATURE REVIEW

Fraud Pentagon Theory

Fraud is carried out with various motivations. One theory used to explain this is the fraud diamond theory (Wolfe & Hermanson, 2004), which is a refinement of the fraud triangle theory by Cressy (1953). In addition to the three factors in the fraud triangle, namely pressure, opportunity, and rationalization, there is also the capability factor, which affects fraud behavior. Later, it was developed by adding arrogance (Sorunke, 2016), known as the Pentagon Fraud Theory.

Incentives or pressure is more to encourage why someone is cheating. The pressure that squeezes from the financial side, such as lifestyle demands that exceed the ability, debt demands that must be resolved immediately because they are due, and other unexpected needs, contribute to why people can commit fraud. It can also come from the nature or behavior of the individual, namely greed. In addition, there is one factor from outside the individual that is very often the cause of fraud behavior, for example, in government organizations, namely the pressure of organizational needs that are not in the budget post, allowing perpetrators to do various ways of committing fraud to meet the needs of the organization.

Opportunity or opportunity often occurs due to lack of supervision of an organization, weak and ineffective control systems, abuse of authority and weaknesses in the information system used, and inappropriate accounting policies. Another thing often associated with the opportunity factor is the weakness of law enforcement; in this case, it is more about understanding the existing laws and regulations rather than complying with them. In addition, information asymmetry is also often associated with this, where agents and principals with more information use the opportunity to commit fraud.

Rationalization is often associated with the justification that fraud committed naturally happens and is not a deviation, so morally, this can be accepted in society. Fraudsters try to find justification for their actions so that the perpetrators do not feel afraid of what they do and can calm themselves. In addition, the perpetrator also feels exceptionally respectable to the organization and feels the most dominant, so what he does is considered reasonable or commensurate with the services provided to the organization. Envy and envy are sometimes also the beginning of justification that what is done should happen, especially when compared to the behavior of others. Capability is a renewal of the fraud triangle, where this capability leads to the competence possessed by fraudsters. But this is not limited to the skills possessed (skills) but also a person's understanding of the system of an organization and the weak points of an organization so that it can be used to develop fraud strategies. Capability or capability becomes a severe threat from within the organization, primarily if it is owned by the head of

the organization, who has power. Hence, it is straightforward to commit fraud. In addition, if someone understands the weakness of a company's control system, it is not impossible that fraud can occur, especially if it is connected with other dominant factors. This factor is also often associated with white-collar crime, threatening the organization's existence. The intelligence of actors who know the organization's weak points becomes a threat to the system that has been built.

Theory of Planned Behavior

Theory of Planned Behavior (TPB) is a development of the Theory of Reasoned Action (TRA), where in TRA, intention is influenced by two factors, namely attitude toward behavior and subjective norms. The SDGs added perceived behavioral control factors (Ajzen, 1991).

In the Theory of Planned Behavior, intention is determined by three variables:

1. Attitude toward behavior

Attitude comes from within a person who gives a positive or negative assessment of something. Attitudes toward behavior are determined by the beliefs a person gains about the consequences of behavior (Ajzen, 2005). Mahyarni (2013) states that beliefs relate to a person's subjective assessment of the world around him, including understanding himself and his environment. Such beliefs can be expressed by connecting one behavior predicted to produce benefits or losses if doing or not doing the behavior (Ajzen, 2005).

2. Subjective Norms

Beliefs also influence subjective norms. In this subjective norm, confidence is obtained by the individual from the views of others towards the individual's attitude (Ajzen, 2005). The relationships established by individuals here are vertical and horizontal. They were standing relationships such as superiors with subordinates and parents with their children. This vertical relationship pattern is more about the demands of or not doing something. Horizontal relationships occur between individuals with equals, such as friends and relatives, so expectations are formed descriptively that tend to imitate the behavior around them (Ramdhani, 2016).

3. Perceived behavior

According to Ajzen (2005), behavioral control is determined by individual beliefs regarding the availability of resources in the form of competencies and opportunities that support or inhibit predicted behavior. In this case, it is more about perceiving things that support or do not support the behavior.

Theoretical Framework

The framework of this study uses several proxies, namely external pressure, information system weaknesses, organizational ethical culture, Attitude Toward Behavior, Subjective Norms, and Perceived behavioral control of fraud in budgeting planning through the intention of committing fraud.

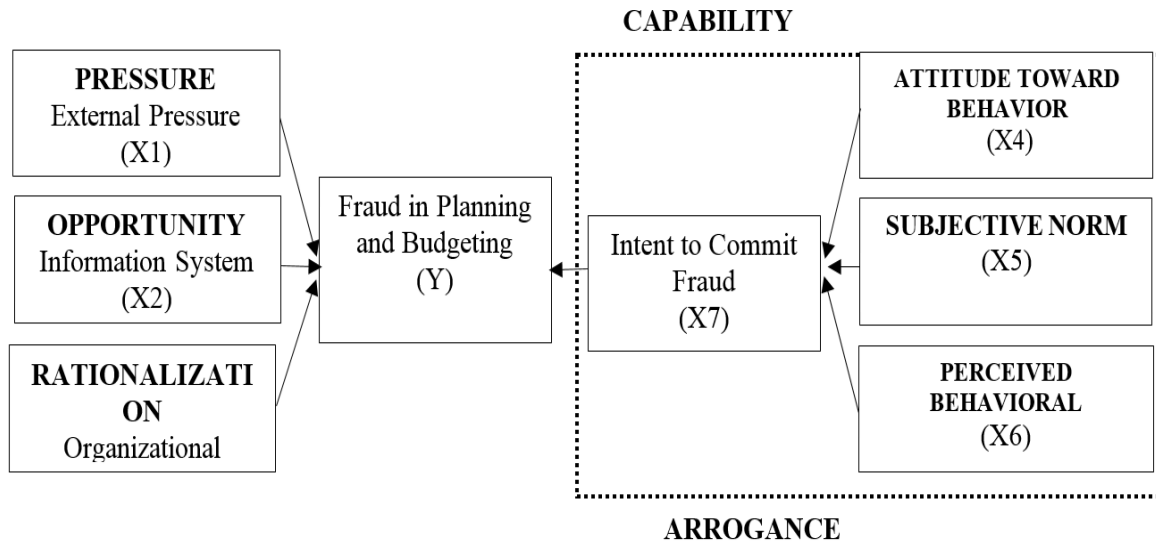


Figure 1: Theoretical Framework

METHOD

Population and Sample

The population in this study is the Inspectorate Auditor, Provincial TAPD, District/City TAPD, Provincial Planning Section, District/City Planning Section, Provincial BPKAD Budget Field, and District/City BPKAD Budget Field in North Maluku Province. This population was chosen because these parties know precisely how the stages of the planning process from the beginning to the budget ratification stage are completed, so it is hoped that problems in this process can be revealed according to actual conditions. At the same time, the Inspectorate Auditors are selected with the assumption that they understand the internal problems in government from the findings of audits in the field. Because its activities are in direct contact with this process, the Inspectorate Auditor can take part in the problems that occur in the process, considering that internal auditors with a low moral level can commit fraud when conducting audits whether there is situational pressure or not (Puspasari et al., 2015).

Based on this, the Inspectorate Auditor is considered sufficient to represent individual fraud perpetrators. In addition, similar research topics are still limited to using the Inspectorate Auditor as a research respondent. The sampling process of this study uses a purposive sampling method, which is a sample selected with specific criteria. For Inspectorate Auditors use the following criteria:

1. Auditor with a minimum career path as an executive auditor
2. Have attended the functional training of skilled auditors
3. Have conducted audits in their respective work areas.

For the planning section, use the criteria:

1. Have served in the planning department for at least one year
2. Have done the SKPD planning process
3. He has been involved in the budget discussion process with the legislature.

This sampling method was chosen because the population is relatively large, combining elements of the Inspectorate Auditor with the Provincial/District/City planning department and limitations in reaching the entire population. The selection of respondents with these criteria is carried out with the assumption that the auditor and the planning department, based on the above criteria, in terms of competence, career path, and experience, have understood the problems in the field regarding fraud in budgeting planning, and are expected to provide answers by the conditions encountered in their respective work areas.

Data Analysis Techniques

The data analysis stage is carried out to obtain relevant information in the data and use the results to solve a problem (Ghozali, 2018). In this study, the data will be analyzed in two ways: descriptive and quantitative. Descriptive analysis is used to analyze the characteristics of respondents and describe variables, while quantitative analysis is carried out to determine the influence between variables used in this study. In conducting this data analysis technique, the author uses the help of Smart-PLS software, which tests using two test models: the measurement model (outer model) and the structural model (inner model). In the measurement model (outer model), testing is carried out on the validity and reliability of data, while in the structural model (inner model), testing is carried out to determine the relationship between variables (Collinearity Assessment evaluation), the value of the coefficient of determination (R^2), and the value of significance (t-test)

RESULTS AND DISCUSSION

Overview of the Research Object

The research objects used in this study are Inspectorate Auditors, Provincial TAPD, District/City TAPD, Provincial Planning Section, District/City Planning Section, Provincial BPKAD Budget Field, and District/City BPKAD Budget Field. The data collection method using questionnaires is carried out in two ways: delivered directly to respondents and through intermediaries.

Outer Model

Convergent Validity

Convergent *validity* refers to the degree of conformity between the attributes of measuring instruments and theoretical concepts that explain the existence of characteristics of these variables. *Concurrent validity is seen from the magnitude of the loading factor for each research construct* >0.70 . However, at the scale development stage of research, loading 0.50 to 0.60 is still acceptable (Ghozali, 2015). This test was performed using Smart-PLS 3.2.

According to Hair, Sarsted, Hopkins, & Kuppelwieser (2014) and Henseler & Fassott (2010), PLS-SEM can be an excellent alternative methodology for theory testing and prediction with small sample sizes (<200).

The following is an analysis of the empirical model of research, where this is done by drawing an equation model with variables and indicators. This was done to see the loading factor value of each study construct with a correlation value of >0.50

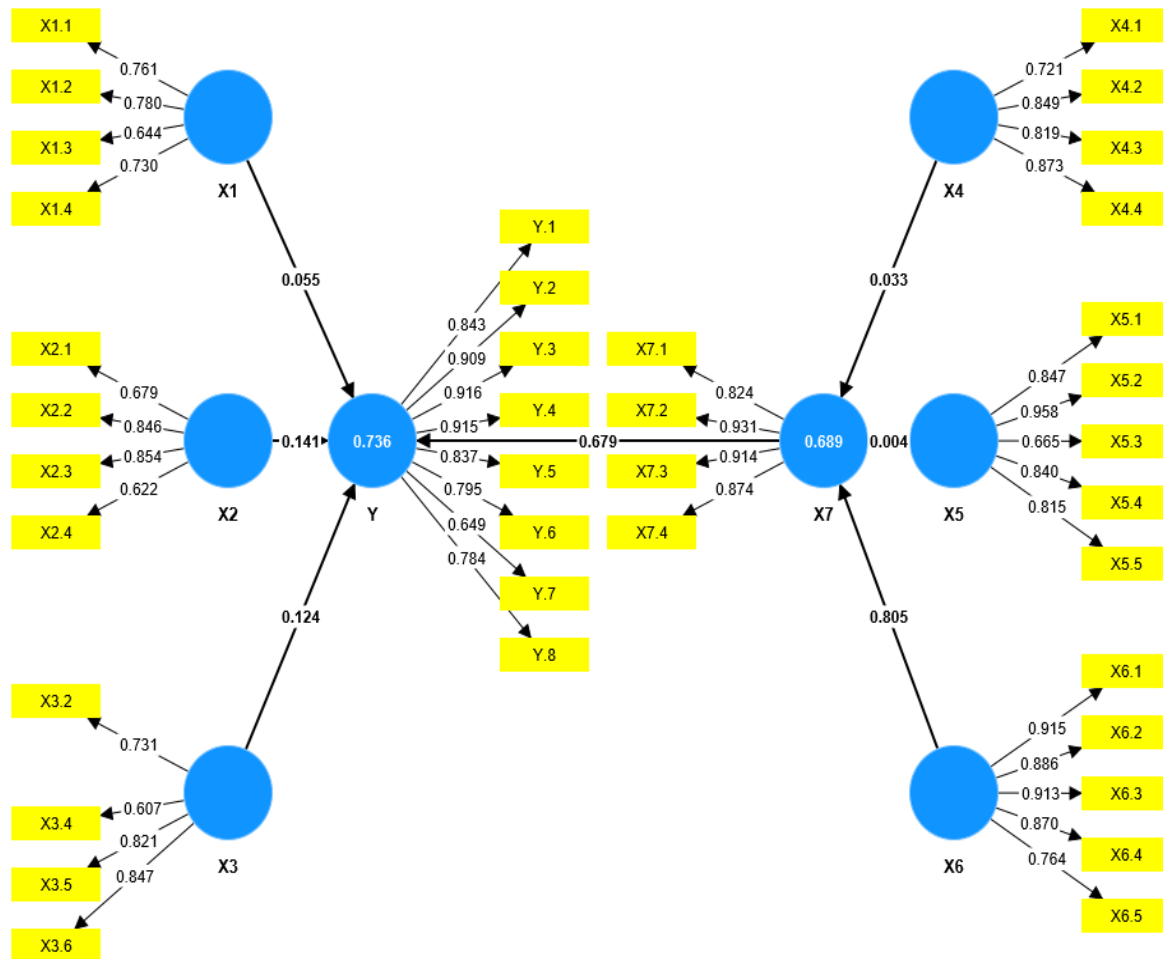


Figure 2: Relationship Path Diagram with Outer Loading Value After Indicator Elimination with value <0.50.

Based on Figure 2, after the elimination of indicators X3.1 and X3.3, the results of the diagram show that all indicators show a value of >0.50, and it can be concluded that all constructs have good convergent validity.

Discriminant Validity

Discriminant validity is the degree of *discriminant validity* between the degree of discrepancy between attributes that should not be measured by measuring instruments and theoretical

concepts about the variable. *Discriminant Validity* can be calculated by comparing the square root of average variance extracted (AVE) values. If the value of \sqrt{AVE} is higher than the correlation value between latent variables, discriminant validity can be considered achieved. Discriminant validity can be achieved if the AVE value is more significant than 0.50.

Table 1: Correlation between AVE Construct and Root

	X1	X2	X3	X4	X5	X6	X7	Y
X1	0,731							
X2	0,434	0,757						
X3	0,473	0,410	0,757					
X4	0,444	0,362	0,576	0,818				
X5	0,477	0,419	0,460	0,710	0,830			
X6	0,525	0,376	0,540	0,627	0,825	0,871		
X7	0,461	0,438	0,539	0,541	0,693	0,829	0,887	
Y	0,488	0,513	0,574	0,635	0,759	0,851	0,833	0,835

Table 1 shows that the value of \sqrt{AVE} is higher than the correlation value among the latent variables, namely the \sqrt{AVE} value of each variable; this indicates that the construct has a high discriminant validity.

Uji Inner Model

In PLS, statistical testing of each hypothesized relationship is carried out using simulations. This is done by bootstrapping the sample. Testing with bootstrapping is intended to minimize the problem of abnormalities in research data. The results of the inner model test can be seen as follows:

Table 2: Path Coefficient and R-Square

	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Information
X1 -> Y	0,055	0,053	0,065	0,846	0,039	Accepted
X2 -> Y	0,141	0,142	0,079	1,784	0,014	Accepted
X3 -> Y	0,124	0,130	0,081	1,537	0,124	Rejected
X4 -> X7	0,033	0,049	0,106	0,313	0,754	Rejected
X5 -> X7	0,004	-0,004	0,159	0,028	0,978	Rejected
X6 -> X7	0,446	0,438	0,115	3,890	0,000	Accepted
X7 -> Y	0,539	0,534	0,093	5,766	0,000	Accepted
R Square Model 1 (X -> X7)					0.689	
R Square Model 2 (X -> Y)					0.736	

R Square Test

Table 2 shows that the R Square value of the Intention to Commit Fraud variable is 0.689, which means the contribution of the Attitude, Subjective Norms, and Behavioral Control variables to the Intention to Commit Fraud is 68.9%. While the remaining 31.1% was explained by other variables not studied in this study. Different results showed the R Square value of the variable Fraud in Planning and Budgeting of 0.736, which means that the contribution of the

variables Pressure, Opportunity, Rationalization, and Intention to Commit Fraud to Fraud in Planning and Budgeting was 73.6%

DISCUSSION

The Effect of Pressure on Fraud in Planning and Budgeting.

Based on the results of the hypothesis test obtained above, it is known that pressure positively affects fraud in planning and budgeting. With this value, it can be said that the first hypothesis stating that external pressure affects fraud in planning and budgeting is **accepted** or proven to be supported by data.

The implication is that SKPD has prepared human resources planning through career ladder stages and planning training. Developing their abilities and capacities is difficult because APBD planning is directed directly by superiors and other parties for their respective interests. Priority programs that should be budgeted for in the current year cannot be implemented. Technical agencies are forced to carry out entrustment programs from certain parties and override programs urgently needed by the people voiced in Musrenbang. It needs readiness, support, and commitment from all parties, both executive and legislative, to prioritize the interests of the community by adhering to the development plan that has been set. The interests of the people must be the priority. Otherwise, there will be public apathy towards the government because of the injustice in the budgeting process. The results of this study support the results of research conducted by (Skousen et al., 2009; Schuchter & Levi, 2015), who stated that external pressure has a positive effect on fraud in budgeting. However, it differs from the research conducted by (Martantya and Daljono, 2013 Son, 2016; Ardiyani and Utaminingsih, 2015), who suggest that external pressure does not negatively affect fraud in planning and budgeting.

The Effect of Opportunity on Fraud in Planning and Budgeting.

The results of the second hypothesis test state the opportunity to have a positive and significant effect on Fraud in Planning and Budgeting. From the results of the questionnaire circulated, most respondents answered that the weakness of the planning and budgeting information system became a gap for fraud. This is what Cressy (1953) said: that opportunity is one element that motivates individuals to commit fraud. The opportunity intended by Cressey here is a situation that provides opportunities for fraud, such as weak control systems and procedures, incompetent human resources, and lack of supervision. Several studies are consistent with this theory (Cohen et al., 2010; Schuchter & Levi, 2015; Akkeren & Buckby, 2017).

The results of this study show that information system weaknesses affect fraud in planning and budgeting. This indicates that the planning and budgeting information system is still not sound, so there are still loopholes for fraud. The government continues to innovate and improve the planning and budgeting information system. The government recently launched the Krisna application, an integrated planning, budgeting, and performance information system. They involve many institutions such as the Ministry of Home Affairs, Bapenas, Ministry of Finance, Ministry of State Apparatus Empowerment, and Bureaucratic Reform. Information systems are

very appropriate, considering that the planning and budgeting process involves many parties with different interests. A system that can accommodate the needs of each stockholder is needed.

Research by Albrecht et al. (2009) reveals that opportunity is one of the "Trinity of Fraud," which consists of opportunity, pressure, and rationalization. Opportunity involves factors that affect a person's ability to cheat undetected. In planning and budgeting, opportunities can include uncontrolled access to funds, lack of adequate internal controls, or weaknesses in the financial reporting system. Another study conducted by Bédard and Gendron (2010) concluded that environmental and organizational factors, such as weak management policies, unethical corporate culture, and low transparency in the planning and budgeting process, can create opportunities for individuals or groups to commit fraud. In addition, research by Rezaee (2002) shows that a lack of adequate segregation of duties, oversight, and independence in planning and budgeting processes can also increase the chance of fraud.

The Effect of Rationalization on Fraud in Planning and Budgeting

The results of testing the third hypothesis state that rationalization positively affects fraud in planning and budgeting. Rationalization can positively affect the incidence of fraud in planning and budgeting because this process allows individuals to justify or assuage their guilt related to unethical or unlawful behavior. Several factors explain why rationalization can positively impact fraud in planning and budgeting, including reducing moral discomfort, where rationalization helps individuals reduce moral discomfort that arises when they violate ethical rules or norms. By justifying their actions with various reasons or arguments, individuals can assuage their guilt and convince themselves that their actions are incompatible with their views on ethics.

In addition, rationalization involves a process of cognitive adjustment in which individuals change their beliefs or judgments to match their behavior. They can change their views on justice, their right to profit, or even the risks and consequences of their actions. By changing their judgments, individuals create justifications that allow them to engage in fraud. Environmental factors and group norms can also influence rationalization. If the organizational environment supports or encourages unethical behavior, individuals may be more inclined to rationalize to justify their actions. Group norms that consider cheating to be a reasonable or accepted practice can also influence individuals to

Some research suggests that rationalization can be an essential factor influencing fraud rates in planning and budgeting. For example, a study conducted by Wells (1997) found that fraudsters often use rationalizations to justify their actions, such as convincing themselves that they deserve the benefits they cheat. The results of this study are consistent with the research of Albrecht et al. (2009), Rezaee (2002), and Cohen et al. (2010), which state that rationalization affects fraud in planning and budgeting. However, the opposite is inconsistent with the research of Faisal, 2013 Najahningrum, 2013 and Zulkarnain, 2013 which states that rationalization proxied with organizational ethical culture does not affect fraud in planning and budgeting.

The influence of attitudes towards the intention to commit fraud in planning and budgeting

The results of testing the fourth hypothesis show that the attitude does not affect the intention to commit fraud in planning and budgeting. The reasons attitudes do not significantly affect fraud intentions in planning and budgeting can involve factors such as rationalization, group norms and organizational environment, opportunity and self-control, and internal conflicts. The opportunity to commit fraud and the individual's perceived level of self-control can also be more significant factors in the intention to commit the act than the attitude. If individuals believe that they can easily avoid detection or negative consequences of fraud, this can affect their intentions, regardless of their attitude towards such actions. Individuals may experience internal conflict between their unsupportive attitude to fraud and other factors that drive them to do so, such as pressure or opportunity. In this situation, other factors may be more potent in shaping their intentions than their attitudes. In the context of fraud in planning and budgeting, factors such as rationalization, group norms, opportunity, and self-control may influence individuals' intentions and behavior more than their attitudes. Therefore, a more holistic understanding of such factors can help develop more effective fraud prevention and reduction strategies.

The results of this study are consistent with the research of Bédard et al. (2008), Akkeren and Buckby (2017), and Bédard and Gendron (2010), who believe that attitude does not affect the intention to commit fraud. Because an individual's attitude towards fraud does not directly influence the intent to commit fraud, factors such as rationalization and group norms tend to have a more dominant influence in influencing fraud behavior. The results of this study are inconsistent with the research of Othman et al. (2015), which states that corruption is more caused by individual behavior and organizational factors. Rabl (2011), Zulaikha, and Hadiprajitno (2016) also noted that a tolerant attitude towards fraud could affect the intention to commit fraud.

The influence of arrogance on fraudulent intentions in planning and budgeting

The results of testing the fifth hypothesis state that arrogance proxied with subjective norms does not affect the intention to commit fraud in planning and budgeting. Arrogance is generally considered a personality trait associated with arrogance, belittling others, and an exaggerated view of oneself. However, several reasons can explain why arrogance does not affect the intention to commit fraud in planning and budgeting, including motivational factors, internal controls, organizational norms and ethics, and other psychological factors. The intention to commit fraud in planning and budgeting is more often associated with characteristics of economic motivation, opportunity, or pressure in the work environment. The motivation to commit fraud is generally related to financial gain or overcoming financial problems and is not directly associated with individual arrogance.

Arrogance is also usually associated with a need for more robust internal control. However, suppose there is an effective oversight system and strict policies against fraud in planning and budgeting. In that case, this can reduce the chances of individuals committing fraud and affect

their intentions, regardless of their level of arrogance. An organizational culture that emphasizes integrity and high ethics can be a factor that counteracts the influence of arrogance on fraudulent intent. If group norms or corporate culture emphasize the importance of ethical and responsible behavior, individuals with arrogant attitudes may be more likely to refrain from committing fraud. Other psychological factors can influence fraudulent intentions in planning and budgeting, such as perceptions of self-control, perceptions of risk, or the need for recognition. These factors may have a more significant influence on fraudulent intent than arrogance. Every situation and individual has complex dynamics, and the impact of arrogance on fraud intentions can vary depending on the other factors involved. Therefore, understanding the relationship between arrogance and intent to commit fraud in planning and budgeting requires more in-depth research and comprehensive analysis.

The Effect of Behavioral Control on Fraudulent Intentions in Planning and Budgeting

The results of the sixth hypothesis test state that behavioral control affects the intention to commit fraud in planning and budgeting. Effective behavioral control negatively affects fraud intentions in planning and budgeting. Reasonable behavioral control includes explicit knowledge of the rules, policies, and procedures applicable in planning and budgeting. Individuals who understand the rules well tend to be more aware of the negative consequences of breaking rules and policies. This can reduce the intent to commit fraud because individuals understand the norms to be followed.

Effective behavioral control includes having an organizational culture that encourages ethics and integrity. When organizations have a strong culture that values ethical behavior and prioritizes integrity in planning and budgeting, individuals tend to be more motivated to act by those values. This can reduce the intent to commit fraud because individuals feel compelled to act with integrity and responsibility. According to the Theory of Planned Behavior, an individual's perception of the extent to which they control the behavior in question will influence their intention to do so. Effective behavioral control can give individuals confidence that they have the control to act ethically in planning and budgeting. For example, through close supervision, clear procedures, and clear consequences, individuals can feel controlled to avoid fraud.

By integrating SDG concepts and implementing adequate behavioral controls, organizations can create an environment supporting ethical planning and budgeting behavior. Individuals will tend to have a lower intent to commit fraud because attitudes, norms, and behavioral controls directed toward ethical behavior have been formed through the influence of adequate behavioral controls. The results of this study are consistent with the research of Albrecht et al. (2009), Cohen et al. (2010), Schuchter and Levi (2015), and Akkeren and Buckby (2017), which states that adequate internal controls, including strict supervision, clear separation of duties, and consistent control policies, can hinder individual opportunities to commit fraud.

The Effect of Intent to Commit Fraud on Fraud in Planning and Budgeting

Based on the test results, it was found that the intention to commit fraud affects fraud in planning and budgeting. Intention is an individual's desire or tendency to perform a particular action or behavior. High intent to commit fraud can be a strong predictor of actual behavior. For example, suppose someone intends to commit fraud in planning and budgeting. In that case, they are more likely to execute such actions if there is an adequate opportunity or encouragement.

The Theory of Planned Behavior (SDG) can provide a relevant understanding of the relationship between fraud intentions and behavior in planning and budgeting. SDGs state that a person's behavior is influenced by three main factors, namely attitudes, subjective norms, and perceived behavioral control. Attitude refers to the individual's evaluation of the behavior to be performed. In the context of fraud, attitudes can include an individual's view of ethics, integrity, and the consequences of fraud. Individuals with a negative attitude towards fraud tend to have low intentions to do so. However, if their attitude is positive or neutral towards fraud, the intention to do so may increase. Subjective norms reflect an individual's perception of social pressure or group norms toward certain behaviors. In fraud, subjective norms can involve an individual's view of how others (such as co-workers, superiors, or organizational culture) view or support fraud. If individuals feel social pressure to commit fraud or perceive that the act is acceptable to their environment, their intention may increase.

Perceived behavioral control reflects an individual's confidence in their ability to carry out or control certain behaviors. In the context of fraud, perceived behavioral control may include an individual's beliefs about their ability to commit or avoid fraud and their beliefs regarding the consequences that may arise from that behavior. If individuals feel that they have high control over fraudulent behavior and can prevent it, the intention to do so may be lower. The results of research by Albrecht et al. (2009), Wolfe et al. (2008), and Liao et al. (2016) stated that the intention to commit fraud affects fraud behavior. Frustration, dissatisfaction, and a desire for revenge can influence an individual's intent to commit fraud.

CONCLUSION

This study uses the Pentagon Fraud theory to see the motivation of someone to commit fraud combined with the Theory of Planned Behavior (TPB) to see the psychological side of perpetrators who have the capability and who commit fraud starting from intention. The respondents of this study were the Provincial TAPD, District/City TAPD, Provincial Planning Section, District/City Planning Section, Provincial BPKAD Budget Field, and District/City BPKAD Budget Field, which are in direct contact with the entire series of planning and budgeting processes and Inspectorate Auditors who also provide assistance and supervision to the process.

Based on tests conducted on the data collected, the results of this study show that:

1. External pressure has been shown to affect fraud in the planning and budgeting process. In contrast to other financial fraud, fraud in planning and budgeting comes more from outside the individual perpetrator, such as direct orders from superiors, pressure from executive elements, and pressure from the organization to budget activities that are easy to account for.
2. Opportunities proxied with information system weaknesses have proven to affect fraud in planning and budgeting. This indicates that the current government planning and budgeting information system can be a loophole for individuals to commit fraud.
3. Rationalization measured by the organization's ethical culture has been shown to affect fraud in planning and budgeting. In this case, the moral culture of bureaucracy is considered as justification that what is done is natural, such as fraud in planning and budgeting.
4. Attitudes are proven not to affect the intention to commit fraud in planning and budgeting. In this context, attitude is a proxy representing the person with capability in the process. The less suitable the attitude possessed by actors with the ability, the greater the potential for the intention to commit fraud. The more tolerant of fraud, the more this can affect the intent to commit fraud.
5. Subjective norms have proven no effect on the intention to commit fraud in planning and budgeting. Subjective norms are proxies that represent arrogance. In this study, the norms or values that develop in the current government environment are getting better, so this can prevent the intention of individuals to commit fraud.
6. Behavioral control has been shown to affect fraudulent intentions in the planning and budgeting process. This variable is the second proxy representing the capability variable in Pentagon fraud. It can be explained that people who have the ability and are less able to control behavior want to control because of their interests or bubbles can commit fraud.
7. Intention affects fraud behavior in the planning and budgeting process. As the Theory of Planned Behavior (TPB) explains, intention affects a person's behavior; in the process of planning and budgeting, the intention of the perpetrator is more based on the interests of himself, other people, or specific groups than planning with several parties involved, in this process and cover up the fraud formally.

Research Limitations

The results of this study still have several shortcomings and limitations caused by external factors in the form of respondents' conditions, questionnaire distribution areas, questionnaire distribution techniques, and internal factors in the form of the author's ability.

In general, the limitations of this study can be described as follows:

1. This research data uses internal data from the results of respondents' answers to the questions asked in the questionnaire. Due to the sensitivity of the questions asked, there are indications that respondents need to provide answers that reflect the actual conditions that occur so that they affect the study results.
2. Given that research on fraud in planning and budgeting is still very limited, this topic needs to continue to be developed. Regarding variables used, it is necessary to reexamine variables that do not affect fraud in planning and budgeting, namely opportunity and rationalization and subjective norms, which are proxies of capability, given that this variable is less consistent with previous research on fraud.

Suggestion

1. Because the planning and budgeting mechanism is a process that involves many people, this process remains independent of politics and interests. A government apparatus with integrity and commitment to clean bureaucracy and firm regulations is needed. In addition, the legislature should also understand the limits of its authority in the budgeting process and be more aware that its existence represents the interests of the people, not a particular group.
2. Today's planning and budgeting information system is considered good, but continuous system development is needed to decrease the fraud gap. No less important is the function of transparency in this system so that the public can freely access and supervise the aspirations that have been conveyed in the initial planning process
3. The use of Inspectorate Auditors as part of the respondents of this study is considered less able to perceive why the perpetrators commit fraud. However, in this study, the author has justified the selection of these respondents. In the future, it is recommended to use elements directly involved in the planning and budgeting process, such as Technical Implementation Officers for Activities, Power of Budget Users, Budget Users, Regional Leaders or Deputy Leaders, and Legislative Parties.

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