JOJAPS

The Effect of Application of Good Coorporate Governance and Accounting Rules on Frauds in Housing and Settlement Services Aceh

Cut Fitrika Syawalina[a*], Fitri Yunina[b], dan Taufik Urahman[c]

[a,b,c] Fakultas Ekonomi Universitas Muhammadiyah Aceh, [a) Email: cut.fitrika@unmuha.ac.id

Abstract

The purpose of this study was to determine the effect of the application of Good Corporate Governance and compliance with accounting rules for fraud at the Housing and Settlement Agency Aceh. The population of this study is all employees, both Civil Servants and contract employees in the Housing and Settlement Agency Aceh, which number 345 people, and a sample of 78 people. Based on the results of research that has been done, that the application of good corporate governance and compliance with accounting rules simultaneously affect fraud at the Housing and Settlement Agency Aceh. Compliance with accounting rules has a positive effect on fraud, the effect is 0.630 units. Correlation coefficient (R) is influenced by 0.865 indicating that the correlation or relationship between the dependent variables with the independent variable is 86.5%. This means that the dependent variable has a strong relationship with the independent variable. The value of determination coefficient (R2) of 0.50 can be interpreted that the application of good corporate governance and compliance with accounting rules have a positive effect on fraud at the Housing and Settlement Agency Aceh, the effect is 50.4%. While the remaining 49.6% is influenced by variables others not examined in this study.

Keywords: Application of Good Corporate Governance, Compliance with Accounting and Fraud Rules

1. Introduction

Fraud is a fraudulent act within an agency, the most important pressure being economic demands where employees will cheat to fulfill these economic needs, the opportunity itself means there is a situation in an agency or institution where management can commit fraud and rationalization is the attitude of agencies or institutions that rationalize fraudulent or dishonest actions, (Setiawan, 2016). The implementation of good governance can be interpreted as a mechanism for managing resources with substance and its implementation directed towards achieving efficient and effective development (Bastian, 2014: 143). In the public sector good governance can be interpreted as a way of managing public affairs. Not only emphasizes the way the government manages social and economic resources for the benefit of community development but also emphasizes the political aspects. economy, and administration in managing the country. Performance bad governance can be caused by several factors including the failure of the government in monitoring and determining strategic planning, (Husna, 2013). In addition to good corporate governance, compliance with accounting rules can also be a factor in fraudulent accounting. Compliance with accounting rules is an accounting standard, there are rules that must be used in the measurement and presentation of financial statements that are guided by the rules issued by IAI (Rahmawati, 2012: 2). The accounting standard consists of the guidelines used to compile and present financial statements.

2. Theoretical Basis

Fraudulent

IAI (2015) describes fraud as follows: (1) Misstatements arising from fraud in financial reporting, namely misstatement or deliberate omission of amounts or disclosures in financial statements to deceive users of financial statements, (2) Misstatements arising from improper treatment assets (often referred to as misuse or embezzlement) relating to the theft of an entity's assets resulting in financial statements not being presented in accordance with General Applicable Accounting Principles (PABU) in Indonesia. According to Widjaja (2013) there are two types of accounting fraud (fraud), namely (1) External cheating, fraud carried out by outsiders against a company / entity, such as fraud committed, and (2) Internal cheating, Illegal actions taken by employees, managers and executives of the companies they work for. This fraud will cause a large loss for the company itself. Wilopo (2010) mentions several indicators of Accounting Fraud Measurement (fraud), namely (1) The tendency to manipulate, falsify, or change accounting records or supporting documents, (2) The tendency to make wrong presentation or omission of events, transactions, or significant information from financial statements.

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a. The tendency to manipulate, falsify, or change accounting records or supporting documents.
b. The tendency to make wrong presentation or omission of events, transactions, or significant information from financial statements.
c. The tendency to intentionally apply accounting principles.
d. The tendency to make false financial statements due to theft (misuse / embezzlement) of assets that makes the entity pay for goods / services that do not receive.
e. The tendency to make financial statements that are wrong due to improper treatment of assets and accompanied by false records or documents.

Good Corporate Governance

Good governance can be interpreted as a mechanism for managing resources with substance and implementation that is directed towards achieving efficient and effective development (Bastian, 2014: 143). Bastian, (2014), the indicators of Good Corporate Governance in this study are based on the principles. This indicator is listed in the Ministerial Decree Number: KEP-117/117 / M-MBU / 2002 concerning the Implementation of Good Corporate Governance Practices as follows (1) Transparency, (2) Accountability, (3) Responsibility, (4) independency, and (5) Fairness and Equity

Compliance with Accounting Rules

Ratnayani (2013) Compliance with accounting rules is compliance in adhering to the guidelines used to compile and present financial statements. If financial statements are not compiled based on applicable accounting standards, it will provide an opportunity for accounting fraud to be detrimental to the users of financial statements,. Thoyibatun in Shintadevi (2015: 77-78) describes several indicators of Compliance with Accounting Rules, namely (1) Providing requirements, (2) Presenting information that benefit to the public interest through financial statements and the performance of an accounting entity, (3) Objectives, objective principles require the maker of financial statements and performance reports to be honestly intellectual, which means that the information in the report must honestly describe all transactions or other events that occur, and (4). Meeting the prudential requirements, financial report makers must have responsibilities with competence, perseverance and caution.

3. Methodology

Framework

GCG practices can increase the value of companies by improving their financial performance, reducing risks that may be carried out by the board with decisions that benefit themselves, and generally GCG can increase investor confidence. The results of this study are also supported by data from the frequency distribution of the Good Corporate Governance variable which has an average of 81.79 with a very good category, which indicates fraud can be reduced by implementing good corporate governance in the company. Fairness, effectiveness and efficiency, accountability, strategic vision, and interrelationships. The existence of these accounting rules avoids deviant actions that can harm the organization. Financial statements relate to interested parties such as management and investors. Shintadevi Research (2015) shows that there are negative and significant influences between the Obedience of Accounting Rules for fraud.

Hypothesis

The hypothesis is a temporary answer to the object of the research that conducted (Arikunto 2013).
Based on the relationship between variables previously stated, the hypothesis in this study are:

H1: Application of good corporate governance and compliance with accounting rules simultaneously affect fraud in Aceh's housing and settlement services.

H2: The application of good corporate governance has an effect on fraud in the Aceh housing and settlement services

H3: compliance with accounting rules that affect fraud at the Aceh provincial housing and settlement office

Purpose of study

The purpose of this study is to test hypotheses, namely research that explains phenomena in the form of influences between variables. This study aims to examine the analysis of the application of good corporate governance and compliance with accounting rules for fraud in the housing and settlement services Aceh.

Type of investigation

This research is causality, namely the type of research which states that there is an influence between the independent variables, namely the analysis of the application of good corporate governance and compliance with accounting rules for fraud.

Level of researcher intervention

The level of intervention of the researchers in this study was minimal intervention where the researchers conducted the research without intervening in the normal activities of the Housing and Settlement Agency Aceh which was the location of the research.

Study situation

To test the hypothesis in this study, the researcher used the Kueisoner which was distributed to employees of the Housing and Settlement Agency the Aceh.

Analysis unit

Referring to the unity of data collected in this study. The unity of data collected in this study are individual employees.

Time horizon

In this study the time horizon carried out was a combination of cross-functional

Data Analysis Equipment

To analyze data, the method used is a multiple linear regression method. This simple linear regression is used to determine whether the independent variable has a significant and positive impact on the dependent variable. The form of the regression equation is (Sugiono: 2005: 204) as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + e$$

4. Discussion

Multiple Linear Regression

Tabel 4.7, Coefficients[a]

Nama Variabel	B	Unstandardized Coefficients		t_{hitung}	Sig
		Std error	Beta		
Constant	7,283	3,535		6,021	0
Implementation GCG (X_1)	0,565	0,125	0,16	2,522	0,603
Complience accounting rule (X_2)	0,63	0,115	0,43	4,257	0,798
Koefisien Korelasi (R)	0,865	a. Total data are 78 respondents			
R square	0,504	b. Predictors of quantitative characteristic variables for implementing GCG (X1)			
F hitung	9,157				
F table	3.117	c. Predictors of quantitative characteristic variables compliance with accounting rules			
		d. Dependent variable: fraud			

Source: Promer Data, 2018 processed

$$Y = 7.283 + 0.565X_1 + 0.630X_2 + e$$

Based on the results of the regression equation above, it is known that the results of the study are as follows:

a. The constant value of 7,283 can be interpreted that without the implementation of good corporate governance and compliance with accounting rules, fraud has a value of 7,283. The better the employee's understanding of the application of good corporate governance and compliance with accounting rules, the prevention of fraud will also increase. every increase in the implementation of good corporate governance and compliance with accounting rules in each employee, it will improve fraud prevention, so as to be able to realize transparency in employee performance

b. The application of good governance has a positive effect on fraud amounting to 0.565 units, meaning that if there is an application of good corporate governance of one unit, it will increase fraud prevention by 56.5%.

c. Compliance with accounting rules has a positive effect on fraud, the effect is 0.630 units, meaning that if there is compliance with accounting rules of one unit, then fraud will increase by 0.630 units or 63.0%. thus the higher the level of compliance with accounting rules, the greater the influence in increasing fraud prevention at the Housing and Settlement Agency Aceh.

d. The value of the correlation coefficient (R) of 0.865 indicates that the correlation or relationship between the dependent variables with the independent variable is 86.5%. This means that the dependent variable has a strong relationship with the independent variable, because the percentage is above 50%.

e. 4 The value of determination coefficient (R^2) of 0.50 can be interpreted that the application of good corporate governance and compliance with accounting rules have a positive effect on fraud at the Housing and Settlement Agency Aceh, the effect is 0.504 or unit, meaning that it means 50.4% changes changes in the dependent variable (fraud) can be explained by changes in the factors that influence it such as the application of good corporate governance and compliance with accounting rules. While the remaining 49.6% is influenced by other variables not examined in this study.

Proof of Hypothesis

H1: The value of tcount is 2.522> table of 1.992, then Ha is accepted, that is, the application of good corporate governance has an effect on fraud at the Housing and Settlement Agency Aceh.

H2: Tcount of 4.257> t table of 1.992, then Ha is accepted, That is, compliance with accounting rules affects fraud at the Housing and Settlement Agency Aceh.

H3: Fcount value of 9.157> F table of 3.117, then Ha is accepted, This means that the application of good corporate governance and compliance with accounting rules simultaneously affect fraud at the Housing and Settlement Agency Aceh.

5. Conclusion and Limitations

a. The constant value of 7,283 can be interpreted that without the implementation of good corporate governance and compliance with accounting rules, fraud has a value of 7,283.

b. The application of good corporate governance partially affects fraud at the Housing and Settlement Agency Aceh Province, with an effect value of 0.565.

c. Compliance with accounting rules partially affects fraud at the Housing and Settlement Agency Aceh, with a value of 0.630.

d. The better the employee's understanding of the application of good corporate governance and compliance with accounting rules, the prevention of fraud will also increase. every increase in the implementation of good corporate governance and compliance with accounting rules in each employee, it will improve fraud prevention, so as to be able to realize transparency in employee performance.

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