
Revealing the fraud at the end of the fiscal year at local government agencies in Indonesia

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Abstract: The purpose of this study is to identify the occurrence of fraud that accompanies the phenomenon of accumulation of budget in each budget realisation at the end of the fiscal year, in a local government agency in Indonesia. A qualitative research method using the phenomenological approach obtained indicates a fraud accompanying the phenomenon due to the performance target of budget implementation, particularly in the availability of the remaining budget that has not been absorbed optimally, which is a common thing to happen in government agencies in Madura. Fictitious activities carry out fraud, manipulate evidence of expenditure, and create activities that are not important and useless. This research is limited to a local government agency, so it cannot be generalised to other government agencies. Further research can be carried out on other government agencies or government companies with a different approach.

Keywords: fraud; budget implementation performance; fictitious activities; markup; local government agencies; Indonesia.

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1 Introduction

Each country has different characteristics in its entrepreneurial activity, history, culture, politics and economy. These characteristics are deeply rooted in society, so that entrepreneurial activity is a differentiator between one country and another. These historical and contextual factors influence the entrepreneurial activities of people in the Asian region, including Indonesia (Dana, 2007, 2014). These characteristics also encourage entrepreneurs in Indonesia to continue to develop their businesses in accordance with the original characteristics of the Indonesian nation. Micro, small and medium enterprises are the main pillar of entrepreneurial development that is able to support the local and national economy in Indonesia (Dana, 1999). In line with this, socio-cultural habits and religious teachings that develop in the community also shape the characteristics of entrepreneurship (Anggadwita et al., 2017a, 2017b). The role of the government to encourage the creation of community entrepreneurship activities is very important because entrepreneurial growth is expected to improve the community's economy, which in turn increases national economic growth (Asongu and Tchamyou, 2016; Bruton et al., 2015). Public sector institutions in Indonesia were formed to provide complete public services to the community (Roosbroek, 2010; Wardhani et al., 2017), including entrepreneurship in the community. Government agencies' excellent public services aim to establish and develop entrepreneurship as the primary key so that entrepreneurship continues to grow and increase (Athamneh et al., 2018; Tambunan, 2007).

A phenomenon that often occurs in government agencies is that fraud often occurs (ACFE, 2020) which impacts the decline in the performance of government agencies as a result of which people are harmed. Fraud becomes a highly complex problem for government agencies in the field of increasing and developing entrepreneurship as well as in budget management. The direct impact of this fraudulent activity is the reduction in the entrepreneurship budget for the benefit of the community, which can be ascertained not to achieve the entrepreneurship development target as has been proclaimed (Girūnas and Mackevičius, 2014). This is a complicated problem that must be resolved immediately to carry out public services and accountability. Government agencies that function as public servants receive budgets from the state, which in essence the budget comes from the community so that it must be used entirely for the benefit of the community to realise a just and prosperous society (Lampe and Hilgers, 2017).

The budget received by government agencies every year must be managed, accounted for and reported correctly by government agencies to create transparency in public budgets. Transparency in the use of the budget becomes an absolute thing that government agencies must do because the community has the right to oversee implementing the budget managed by government agencies, starting from planning, realisation, accountability, to reporting. This cannot be separated because, in essence, the community and government agencies have reciprocal relations as principals and agents, where government agencies as parties entrusted with the mandate of the public in carrying out public services (Ramadhani et al., 2019). Therefore, the level of compliance in managing, accountability and reporting on the public budget by government agencies continues to be the main focus to be addressed from time to time to build a clean and transparent government.

Budget execution by government agencies must be managed effectively, efficiently and transparently following the provisions. However, in implementing the budget in

government agencies, a significant problem has never become extinct from time to time, namely fraud (Ariyanto and Bone, 2020; Atmadja and Saputra, 2018). Fraud in government agencies becomes very interesting to discuss, especially in Indonesia, because government agencies in developing countries have many opportunities to commit fraud in all their activities. In contrast to developed countries, the gap for committing fraud in government agencies is very minimal. This is in line with the results of surveys and reports from ACFE, Deloitte, KPMG and NFA stating that the public sector is more vulnerable to fraud than the private sector (Abdul Aris et al., 2017).

Studies on fraud indicate that there have been acts of fraud in government agencies. According to the study of Sholihah and Prasetyono (2016) any public authority commits fraud by manipulating an accountability report or supporting documents used as the source of data for financial statements. Committing fraud at the time of asset acquisition, determination of the remaining inventory of assets, interpretation of the residual value of assets related to asset write-offs, or in the case of a disproportionate depreciation of assets, and negligence in recognition of grants or assistance from the central or provincial government and have been wrong in placing an account.

According to Wahyuni and Tarjo (2016), fraud in a government agency found in the technical guidance activities, which include the planning stage, implementation phase and reporting stage. In the planning stage, the pattern of fraud is to markup transportation money or technical assistance for participants, markup the price of materials/completeness of training and markup the number of participants. Moreover, in determining the source of information directed to the insider, namely the organiser. At the implementation stage, the pattern of fraud is to shorten the implementation time and the existence of fictitious technical guidance related to the falsification of documents. In contrast, the pattern of fraud at the reporting stage is the respondents' incompatibility with the actual expenditure. According to Indriani et al. (2019), the act of fraud in a government agency occurs in budgeting involving all parties, from planners, officials of technical implementation activities, and treasurer of the executive staff. The fraud can be in the form of commitments (fees), the allocation of funds for non-budgetary activities, the use of legal loopholes that are less effective in the supervision system, and assume that what is done is expected in all government agencies. Acts of fraud, according to Dinata et al. (2018), also found in the recruitment of employees, which is common and as a form of culture of mutual help, the habit of relying on insiders, utilising the gaps in the procedure, and getting around the system and bureaucracy. This is in line with research (Kamal, 2018) that the frauds highest in government agencies often occur in the form of increasing the value of budget submission in activities, passing requests for placement or transfer of employees even though it does not fit the criteria and the usage of state property for personal benefits.

The trigger for fraud in a government agency according to Setiawan et al. (2013), as a form of action in the interest of tactical funds, which is believed by the apparatus in a government agency is not an act of fraud because it has been acknowledged among parties in the government agency. According to Syahrina et al. (2017), the trigger for fraud is caused by a culture of profit-making that is seen from the habit of 'utilising' the needs of agencies, the habit of abusing the authority they have, and the habit of tweaking some of the provisions of state financial regulations for personal or group interests. Henceforth, fraud has involved all parties in a government agency (Indriani et al., 2019).

Based on the research results (Indriani et al., 2019; Kamal, 2018; Setiawan et al., 2013; Sholihah and Prasetyono, 2016; Syahrina et al., 2017; Wahyuni and Tarjo, 2016) as

described above, fraud occurred in government agencies, both forms of fraud and how the fraud was performed as well as the reasons and the causes of action fraud. However, those studies still have not discussed indications of fraud associated with the phenomenon of the accumulated realisation of the budget at the end of the fiscal year. The phenomenon that occurs from year to year in almost all government agencies shows a high budget realisation at the end of the fiscal year. This phenomenon can be seen in government agencies at the central level and the local government level. The recurring phenomenon asks why this happened and could occur fraud at the end of the fiscal year in government agencies.

The increased budget realisation at the end of the fiscal year has been examined (Gofur, 2017; Setyawan, 2016; Sudarwati et al., 2017) which states that the accumulation of budget expenditures at the end of the fiscal year due to weak budget planning and budget execution and lack of human resources owned by government agencies as financial managers. The realisation of the accumulated budget is a red flag of fraud (Elsayed, 2017). According to Rozali and Apandi (2012), fraud symptoms in the form of accounting anomalies are characterised by immature budget planning, late disbursement of funds so that realisation accumulates at the end of the fiscal year can potentially lead to fraud.

In a local government agency in Indonesia in the last five years, there has always been a build-up of budget realisation at the end of the fiscal year each year. Based on the previous description, there are indications of fraud in the local government agency, so it is essential to research to reveal why there is a build-up of budget realisation at the end of the fiscal year, whether fraud occurs. Its forms of fraud accompany this phenomenon. This research is different from existing research, with different approaches, methods, locations, problems and perspectives, which are expected to provide new findings or enrich findings from existing research.

This research is essential to be discussed so that the correct solution can be found. The phenomenon of piling up budget realisation at the end of the year does not repeat itself in local government agencies. The results of this study will be an additional reference to knowledge of fraudulent acts that occur in government agencies. The phenomenon of piling up budget realisation at the end of the year has the potential for fraud to occur. Therefore an appropriate way is needed to prevent, detect and investigate fraud in government agencies.

2 Research method

This study uses a qualitative method with a phenomenological approach to dissect the accumulation of budget at the end of the fiscal year occurring in a local government agency in Indonesia. This method aims to investigate and understand what happened, why it happens, and how this phenomenon occurred and to understand a social situation, events, roles, and interactions in a local government agency (Creswell, 1998; Moleong, 2007). This phenomenological study seeks to uncover the meaning of concepts or experience phenomena based on the awareness that occurs in the local government agency (Creswell, 2007; Creswell and Creswell, 2017). The phenomenological approach is carried out in realistic situations; so that there are no limits in understanding or interpreting the phenomenon, and the researcher is free to analyse the data obtained. Furthermore, the description of the phenomenon that we want to explore and study can be

adequately revealed if there is a close relationship between the researcher and the informant. The informants of this research are officials and staff of financial management at local government agencies in Madura Indonesia.

To obtain a comprehensive and in-depth disclosure of the meaning, it is necessary to strengthen the scope of research following the research problem (Dana and Dana, 2005; Dana and Dumez, 2015) and continue with appropriate research procedures. Phenomenological procedures are applied to identify phenomena that occur in financial management in local government agencies by classifying the experiences of informants and collecting data or information obtained. The next step is data analysis by reducing information into important statements and grouping them into research themes. After these stages are carried out, the development of texture and structural descriptions related to the experiences experienced by the informants is carried out so that a comprehensive essence of the informant's experience is obtained (Creswell and Poth, 2018).

In this study, data sourced from primary data, i.e., a local government agency in Indonesia. The reasons for selecting local government agencies are the government agencies managing the APBN and similarities in characteristics, social and culture between researchers and informants; so that closeness arises and minimises the distance between researchers and informants. Hence, the informants are expected to feel comfortable when interviews were conducted. The research subjects in this study were officials and financial management staff in a local government agency in Indonesia. The informants of this study are Toni as a financial management officer, Tina as a financial management official, Tono as a financial management official and Tini as a financial management staff. The names of the informants, as mentioned above, are not their real names to maintain the confidentiality of the personal data of the informants to protect their security. Those informants were selected as informants because they are officials and staff directly involved in the implementation of the managed budget; so that meaningful information about the presence or absence of fraud can be drawn based on the information from the informants.

Data collection techniques used in this study were in-depth interviews, observation and documentation. The form of an interview conducted is a semi-structured interview, in which the contents written in the interview's guidelines were discussed referring to a central theme, namely the presence or absence of fraud at a local government agency in Indonesia. In conducting the interviews, researchers make detailed notes regarding essential themes that informants have disclosed. This type of interview is intended to make the informants freer to express what is happening; so that the informants do not feel pressured by researchers that will impact the lack of information obtained. Furthermore, observations are made by the researchers. In this observation, the researchers directly engage and participate in financial management activities to determine the process of recording financial transactions and the standard modus of perpetrators of fraud at a local government agency. The last step taken is documentation. In this study, documentation becomes an important thing that must be done to complete the evidence and data regarding the problem to be examined.

Data analysis procedures are performed after data collection is completed. The procedure adopted is through data reduction, data display and conclusion drawing. The data analysis method used is thematic analysis, a qualitative analysis method to identify, analyse, and present patterns (themes) in the data (Braun and Clarke, 2006). The stages of thematic analysis begin with understanding the data, through making data transcriptions and reading data repeatedly, up to the preparation of the report. Thematic analysis is used

to understand social phenomena or phenomena by focusing more on describing the phenomenon being studied. This analysis allows researchers to find patterns or themes that appear randomly in a collection of information. By focusing on specific themes, thematic analysis is expected to find out in detail and prove specific themes to produce findings based on themes.

3 Research findings and discussion

The implementation period of the budget in government agencies is limited to one fiscal year, which is from January and ends in December each fiscal year. In that period, government agencies receive a budget from the state budget or regional budget following the authority of the government agency. APBN or APBD received by government agencies must be managed, accounted for and reported following applicable regulations. Budget realisation by government agencies refers to technical guidelines governing the budget received following each government agency's policies and strategic plans. High budget realisation indicates high expenditure as well so that the accumulation of budget realisation at the end of the fiscal year is due to increased spending at that time. It occurs to a local government agency for the last five years, culminating in a build-up of budget realisation in December.

Based on interviews with officials and financial management staff related to the mechanism of implementation of the budget at the end of the fiscal year, some information was obtained illustrating the causes behind the phenomenon of the accumulation of budget at the end of the fiscal year at a local government agency in Indonesia. Based on the descriptions of local government financial management officials and staff in Madura, Indonesia, the accumulation of budget realisation at the end of the fiscal year in local government agencies is intended to achieve budget execution performance targets. However, the budget has not been optimally absorbed for the activities carried out, so there can be budgetary slack. Therefore, the accumulation of budget realisation at the end of the fiscal year is essential for government agencies.

The cause of accumulation of budget realisation at the end of a fiscal year in a local government agency based on the interviews with the officials and financial management staff are described as follows:

3.1 Achievement of the budget implementation performance target

One of the indicators in budget execution performance is the percentage of budget realisation managed by government agencies. The high budget absorption causes the percentage of budget realisation to be also high, so that the higher the budget realisation, the better the performance of the government agency. The indicator of the budget realisation is the highest proportion, i.e., 20% of the 11 other types of indicators. The target of budget absorption at the end of the fiscal year (quarter IV) is 90%. Thus government agencies will compete to achieve the percentage of budget realisation at the end of the fiscal year above 90%. Targets to achieve a good performance of budget execution have an impact on achieving high budget realisation; hence, the leader in a local government agency as the policyholder of budget execution will take any actions to absorb the budget as much as possible even though the benefits of the budget absorption are perceived as not so necessary.

As Toni said as the policy holder in implementing the budget:

“... budget realization must be high, it must be above 90%, at least 90%, because that is an indicator that we work, Mr.”

Tina conveyed a similar statement that the percentage of budget realisation of at least 90% at the end of the fiscal year is an essential requirement that government agencies must achieve; so that the performance of the budget implementation is sound. The following is an explanation from Tina:

“Although the output and outcome achievements have been carried out as a whole, if the budget absorption is still low, it is considered as a failure in achieving the implementation of the budget, yes ... rather than we are considered not to work better we absorb it.”

Tono's statement also supported Toni and Tina's statement that high realisation will improve budget execution performance. The following is Tono's explanation:

“For a good budget implementation performance, the budget realization must be at least 90% Mr. in the fourth quarter. It varies every quarter. Yes, even though many other indicators become parameters in determining the performance of the budget implementation, but the highest in the budget realization, 20 %.”

To realise, the budget realisation target of at least 90% causes unnecessary budget realisation to be carried out, many activities that are not necessary but have to be carried out.

To convince researchers of the information given by Toni, Tina and Tono, the same thing was also confirmed by Tini. Based on Tini's explanation, the performance of the budget implementation is one of the nominations for determining government agencies to get a reward from the KPPN every year. Tini's explanation is as follows:

“... evaluation of the performance of the budget implementation by the KPPN is used as a reference to provide rewards, awards so, Mr. ... for agencies, having the best performance of the budget implementation.”

Based on the exposure of the four informants, increased budget realisation at the end of the fiscal year is triggered to achieve performance targets of budget implementation; so that government agencies absorb the budget as much as possible to the rest of the budget that has been carried out. Therefore, pressure to achieve the target of budget realisation can be fraud in a local government agency.

3.2 Remaining budget from activities that have been done

The realisation of the budget in government agencies is preceded by a budget withdrawal plan referring to the planned activities to be carried out. Every activity carried out must have met the budget requirements needed to carry out those activities. After the activities were carried out, the remaining budget had not been absorbed optimally. It might be caused by the unit price used as a reference in the operating instructions of the activity is a unit price set nationally. Meanwhile, the unit price in the operational instructions is the price in the area of the local government agency.

Based on Toni's explanation, the managed budget increases dramatically if there is a national celebration, which increases the budget gap, causing a sizeable remaining budget at the end of the fiscal year. The following is an explanation from Toni:

“The budget that we manage can be very large, Mr. if there is a national celebration, and almost every activity after we carry out activities there is still an excess budget.”

There is a budget gap between operational instructions for activities and market prices in a local government agency causing the remaining budget for each activity or budgetary slack.

Tina's explanation was similar to what was conveyed by Toni, that the occurrence of the remaining budget was because the budget absorption had not been maximised due to the budget gap between those listed in the operating instructions for the activity and the market price or the actual prices that were around the local government agencies. The following is Tina's explanation in support of Toni's presentation:

“The budget is excessive because the unit prices listed in our POK are indeed high, compared to the unit price of service goods here, so yes ... after we do the activity referring to POK and Technical Guidelines, there are still leftovers due to unit price of service goods, Mr.”

The occurrence of the budget gap between the operating instructions of the activities with the realisation of the budget needed to finance the activities following technical instructions is because of the unit price used in the operating instructions for activities refer to a standard input cost that applies nationally as the maximum unit in the preparation government budget. Meanwhile, the standard input costs are always higher than market prices in local government agencies.

The remaining budget from the activities carried out at the beginning to the middle of the fiscal year will be absorbed maximally at the end of the fiscal year, which causes the realisation of the budget at the end of the budget year to increase dramatically. As Tono explained:

“Usually, towards the end of the year, it can be ascertained that there are no other activities, Bro. Therefore, usually, we absorb the remaining budget ...”

Additional information obtained from Tini clarifies that the budget realisation at the end of the fiscal year absorbs all remaining budget from the activity posts that have been carried out before. In other words, realising the remaining available budget. Following is the explanation from Tini:

“... the realization of the budget at the end of the year, especially in December, has indeed absorbed much budget in the post activities that have been carried out before Mr.”

From the exposure of the four informants, the increased budget realisation at the end of the fiscal year is due to the maximum budget absorption of the remaining budget from activities that have been carried out before. Achieving the performance target of good budget realisation is by absorbing the remaining budget from activities that have been carried out to minimise the budgetary gap (budgetary slack). It is also believed to be carried out by officials and financial managers in other government agencies. Apart from

the pressure to achieve the budget realisation target, the availability of the remaining budget from activities carried out allows committing fraud in a local government agency.

3.3 It is commonly happening in government agencies

Almost every government agency realises its budget accumulates at the end of the fiscal year due to the lack of planning for absorption of the budget, or possibly the form of deliberate action to gain profits. Weak planning of budget absorption is sure to not occur in most government agencies and will not be repeated at the end of every fiscal year. However, the accumulation of budget realisation constantly recurs every year in a local government agency. The accumulation of budget realisation at the end of the fiscal year is typical in other government agencies. Following is the explanation from Toni:

“... there are also many other agencies which accumulate realization at the end of the year, not only in us ...”

In a local government agency that is the object of research, the realisation increases towards the end of the fiscal year in other government agencies. In line with what Toni said, Tina explained that increasing realisation at the end of the fiscal year is a common thing, following Tina's explanation:

“High budget realization at the end of the year is common, Mr., other agencies are also many Mr.”

To corroborate Toni and Tina's explanation, a similar question was asked to Tono. Tono gave a similar explanation with Toni and Tina's opinion that the realisation of the budget at the end of the fiscal year is indeed commonplace and naturally occurs every year in government agencies and local government agencies. The following is Tono's explanation:

“If we are like this at the end of the year, maybe in other agencies, it is also not much different; surely we are busy taking care of the expenditure evidence.”

Tono confirmed that many receipts of expenditure had to be completed at the end of the fiscal year, which might also occur in other government agencies. The presentation from Tini emphasises that the accumulation of budget realisation in government agencies is in this local government agency and other government agencies. Following is the explanation from Tini:

“Yes, yes, sir, if at the end of this year there must be many entries of expenditure's receipts, other agencies also seem to, lots of friends because of that too.”

Based on the explanation from the four informants, the increase in budget realisation at the end of the fiscal year is not a problem, but it becomes a habit that does not only occur in a local government agency but also in other government agencies. Pressure to achieve the budget realisation target and the availability of the remaining budget from the activities carried out provides an opportunity to commit fraud at a local government agency.

After obtaining information about the triggers for a build-up of budget realisation at the end of the fiscal year with the potential for fraud, the researcher explores more

information about fraud that accompanies the phenomenon and tests the consistency of informant exposure on different occasions.

Following the explanation of all informants that there has been a significant increase in budget realisation at the end of the fiscal year in a local government agency due to the three causes as described above. Next, we will discuss actions fraud caused by the three triggers. Fraud is difficult to be avoided in situations where high budget absorption is carried out in a relatively short period regarding the end of the fiscal year.

In the phenomenon of a build-up of budget realisation at the end of the fiscal year in a local government agency, the triggers for the absorption of a significant budget are the performance target of budget execution; the remaining budget from the activities that had been carried out or budget gaps (budgetary slack); and it is perceived as a common thing occur in other government agencies.

The practice of fraud carried out at the end of the fiscal year is manipulating of evidence of expenditure, such as increasing the unit price of goods compared to the actual unit price or increasing the number of items purchased, as explained by Tono:

“... manipulating evidence of expenditure is normal, Mr., it’s easy, you can put in it as long as it makes sense, the amount or price.”

Another form of *fraud* is manipulating an activity by taking responsibility for an activity. In reality, the activity has never been carried out, but evidence for the accountability report is complete. Alternatively, carrying out an activity and the activity is carried out but does not have a practical value. Toni conveyed the information:

“... manipulate activities, Bro, receipts can be made or just ask.”

To support the fictitious activities but accounted for, all forms of accountability include proof of issuance of notes, receipts, invoices or other evidence that can be made or compromised with counterparties that have been subscribed to by a local government agency. A list of activities can be made; so that the activities seem to be carried out. Documentation can be made by using documentation of other activities or by making settings as if the activity was indeed carried out.

Fraud by anticipating activities carried out with evidence of complete accountability but in terms of the benefits of these activities is lacking. These activities can be official trips to consult, coordinate and travel, socialisation activities, or technical guidance with unclear targets. The aim of those activities is only to absorb the budget. This explanation was obtained from Tina’s explanation as follows:

“... sometimes at the end of the year to spend the budget, it can be a meeting, or for an outreach event, technical guidance, FGD, yes even though the purpose is unclear (smiling).”

Furthermore, after the triggering factors of fraud and forms of fraud that occur in the phenomenon of the accumulation of budget at the end of the fiscal year in a local government agency have been discussed; then, the purpose of the act of fraud is to finance activities without a budget (non-budgeter), because non-budgetary activities are actual must be done and cannot be avoided in government agencies. The information was obtained from Toni’s explanation as follows:

“... my goal is actually for the sustainability of this institution, Mr., there are a lot of non-budgetary expenditures, and it cannot be avoided, yes, if I do not be smart to work around this, how about it ...”

Another purpose of the *fraud* is for the advancement of the workplace, as stated by Toni:

“... I also share it, Bro, right? The work is not just me, we are a team just coincidentally I am the captain, what is important for me, is this agency must be more advanced and better.”

Based on the description above, the accumulation of budget realisation at the end of the fiscal year at a local government agency in Indonesia is a phenomenon that cannot be separated. There is fraud accompany the phenomenon, which is caused by the goal of achieving performance targets for good budget execution; opening up of the remaining budget space for activities that have been carried out as a result of budgetary slack (budgetary slack); and perceived as a common thing in government agencies. Fraud that occurs and this phenomenon is perpetrated by manipulating evidence of expenses, carrying out fictitious activities, or carrying out less critical activities and useless for absorbing the budget. The purposes of the fraud are to finance other activities without a budget (non-budgeter), which these activities must be carried out but not supported by the availability of funds, and for the advancement of their workplace.

4 Conclusions and suggestions

4.1 Conclusions

Based on the results of the previous discussion, there has been an act of fraud accompanying the phenomenon of increasing budget realisation at the end of the fiscal year in a local government agency in Indonesia due to achieving the performance target of budget execution, the availability of the remaining budget which is still not absorbed maximally as a result of budget gaps, and the justification that fraud is a common thing in government agencies.

The form of fraud committed by a local government agency in Indonesia at the end of the fiscal year is carrying out fictitious activities, manipulating or marking up evidence of expenditure, carrying out activities that are not important. The form of fraud carrying out fictitious activities has violated the provisions because it accounts for and reports activities that appear to exist but do not exist. The fraudulent form of manipulating or marking up evidence of expenditure is an act of violating the provisions. However, this action is based on implementing activities that exist, even though the evidence of expenditure that becomes the accountability report has been manipulated or marked up. Carrying out activities that are not important or less useful are actions that do not violate the provisions of the implementation of the budget as long as the evidence of expenditure is following the provisions. However, it is detrimental to local government finances when viewed from the objectives and benefits resulting from these activities.

The results of activities fraud in local government agencies in Indonesia used to finance other activities without a budget (non-budgeter), namely activities that must be carried out institutionally but are not supported by the availability of the budget. Besides that, the activities' results are also to be enjoyed together for the advancement of their workplace.

4.2 Limitations and suggestions

The limitation of this study is that the researcher cannot provide transparent information about whom the informant provided the information in this study to maintain confidentiality and good relations between researchers and informants. The confidentiality of the informant must be maintained because the discussion in this study is a sensitive topic; so that anything related to the informant's identity, whether the agency, position and name of the informant, is disguised. This research is also limited to a local government agency in Indonesia which is the object of research. Hence, it cannot be generalised to other government agencies in committing fraud, and researchers also do not justify that government agencies experiencing this phenomenon also commit fraud in the same way as in this study. Another limitation in this study is that researchers only focus on information from financial managers and do not dig up information from all employees in a local government agency that is the object of research and does not explore information from third parties as partners in fraud.

Suggestions for further research can be made at other government agencies by expanding the scope of informants representing all employees committing fraud to identify a new modus of fraud. Future research can also be applied to government companies to see if there are similarities in committing fraud with government agencies because, in regulation, there are different policies between government agencies and government companies. Suggestion for the government is to carry out strict internal control over implementing the budget managed by government agencies by conducting early prevention of possible acts of fraud, detecting fraud that has occurred for further investigation.

4.3 Implication

The practical implications of the results of this study due to the occurrence of fraud in local government agencies impact the accumulation of budget realisation at the end of the year. This research has implications for the community to be used as additional knowledge to control the performance of local government agencies in providing the best public services to the community. The implications for future research can be carried out further research regarding other factors that influence the occurrence of this phenomenon. Further research can examine the phenomenon of the accumulation of budget realisation at the end of the fiscal year from the socio-cultural point of view of the community as the character foundation of the employees of local government agencies. The phenomenon that keeps repeating itself at the end of the year reveals the potential for fraud in local government agencies, so an appropriate solution is needed to overcome this phenomenon.

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