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The Influence of Village Financial System Applications on Fraud Prevention with Competence as Moderator in Village Fund Management

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ABSTRACT

This research is based on the intention to provide a wealth of knowledge regarding village fund management and provide a review of the use of the SISKEUDES application and the role of competence in village fund management. The data has been taken from village officials using questionnaires. The analysis method in this study uses path analysis with the help of SEM PLS tools. The results show that there is a direct influence of the SISKEUDES Application on Fraud Prevention in village fund management in Babakan Cikao Village, Purwakarta. Competence is also able to strengthen the influence of the SISKEUDES application on preventing fraud in village fund management. This shows the importance of increasing the competence of village officials to be able to operate the SIKEUDES application. Competence can be in the form of training, routine assistance or formal education needed by village officials.

Keywords: Competence, SIKEUDES application, Fraud Prevention, Village Fund Governance

INTRODUCTION

Village government is managed by several apparatuses according to their functions and duties. In general, the village government consists of a village head, village secretary, section heads who are divided into heads of general affairs, finance and services. According to the regulation of the Ministry of Home Affairs number 113, it states that the management of village funds is all activities that include planning, implementation, administration, reporting, and accountability of village finances. According to (Indonesia.go.id, 2024) the 2024 Village fund budget is IDR 71 trillion or an increase of 1.42 percent compared to 2023. On the other hand, the large number of village heads being investigated by law enforcement officers, both the Prosecutor's Office and the KPK, is not new news. They are generally caught up in Village Fund affairs. In the records of the Corruption Eradication Commission (KPK), throughout 2012-2021, there were 686 village heads who were involved in legal problems. The number of cases has the potential to continue to increase, along with the Village Fund budget which increases every year.

Financial management in Babakan Cikao sub-district, Purwakarta is not yet good. Based on the results of the interviews conducted, the governance of village fund management in Babakan Cikao Sub-district has not been running optimally due to the lack of knowledge regarding which village fund allocations should not be funded from village finances, the lack of internal reviews to all parts of the village apparatus, and the absence of clear sanctions regarding the law for fraudulent behavior. This shows that there are still problems in the aspect of village apparatus competence and the fraud prevention system they have. In addition, although the village financial system application has been implemented, it still has problems with the up-to-date information available.

Several fraud prevention methods have now been widely implemented before losses occur by public sector organizations. Some efforts include improving the government's internal control system which continues to be promoted. Several elements of the internal control system are commitment to competence and control over the management of information systems. These two aspects are continuously pursued to create professional and transparent performance. Research conducted by (AT Atmadja et al., 2018) states that village apparatus ability and village facilitator competence significantly influence the success of village budget management. In addition, The result from (Bawono et al., 2020) found that the role of village officials, the competence of village officials, and the application of the village financial system are partially significant on the accountability of village fund management. The result also confirmed that the role and competence of village officials are partially significant on the accountability of village fund management through the application of the village financial system.

Based on the background, the formulation of the research problem is as follows;

1. Is the SISKEUDES application able to influence efforts to prevent fraud in village fund management?
2. Is Competence able to moderate the SISKEUDES application against preventing fraud in village fund management?

This research is based on the intention to provide a wealth of knowledge regarding village fund management and provide a review of the use of the SISKEUDES application and the role of competence in village fund management.

LITERATURE REVIEW

Financial System Applications

According to the regulation of the Ministry of Home Affairs number 113 of 2014, it states that the apparatus is responsible for submitting an accountability report on the realization of the implementation

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of the Village Budget to the Regent/Mayor at the end of each budget year as well as an accountability report on the realization of the implementation of the Village Budget. (Indonesia, n.d.) With this responsibility, the village apparatus is assisted by simple records compiled by the BPKP and the local Ministry of Home Affairs.

The Village Financial System (Siskeudes) application was developed jointly by the Financial and Development Supervisory Agency (BPKP) and the Ministry of Home Affairs (Kemendagri). The Siskeudes application is intended for village government officials to facilitate village financial management from the planning stage to the reporting/accountability stage. The aim is for the use of the Siskeudes Application to be coordinated by the Regional Government so that it can be applied to all villages in the relevant regional government area. Approval for the use of the Siskeudes Application is carried out by providing the local government's SML code officially issued by BPKP and the Ministry of Home Affairs. (Siskeudes Application Material Version 2.06, 2023)

The Siskeudes application uses a Microsoft Access database so that it is more portable and easy to implement by even novice application users. Technically, village financial transactions are included in the small-scale group, so it is more appropriate to be handled easily with this Microsoft Access database. The use of applications using the SQLServer database is only intended for certain purposes or transaction volumes that are already in the medium-scale category. (Deputy for Supervision of Regional Financial Management, n.d.). The existence of this Siskeudes application is part of the government's internal control elements which aim to minimize fraud.

Competence

Competence is the basic abilities and quality of work needed to do a good job. The competence of the local government apparatus means the ability that must be possessed by an apparatus in the form of knowledge, skills, attitudes, and behaviors required in carrying out their duties (Adi Kurniawan Saputra et al., 2022). According to Law No. 13 of 2003, work competence is the work ability of each individual which includes aspects of knowledge, skills, and work attitudes in accordance with the established standards. (Law of the Republic of Indonesia Number 13 of 2003, 2003) The competence aspect of a public apparatus refers to the Regulation of the Minister of State Apparatus Empowerment and Bureaucratic Reform Number 38 of 2017 concerning Job Competency Standards, where there are 3 (three) competencies that must be possessed by state civil servants, namely Technical Competence, Managerial Competence and Socio-Cultural Competence. Managerial competency is knowledge, skills, and attitudes/behaviors that can be observed, measured, developed to lead and/or manage an organizational unit. Technical competency includes knowledge, skills, and attitudes/behaviors that can

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be observed, measured, and developed that are specifically related to the technical field of the Position. (PERMENPAN Number 38 of 2017, 2017).

Competence is one of the efforts to prevent fraud. Where a competent person has the knowledge and technical skills to carry out his duties and responsibilities appropriately and wisely. This is driven by Vousinas' research which takes the competence factor in someone committing fraud. He stated that ability influences someone in committing fraud. (Vousinas, 2019) The results of the study conducted (Franheid Fredi Ranto et al., 2022) stated that the competence possessed by village officials greatly influences the management of development in the village, so that village officials must have good competence in supporting the implementation of development management in the village. Research conducted by Sabulon et al. (Sayang et al., 2023) stated that competence has an influence on preventing fraud in village fund management.

RESEARCH METHOD

This research is a quantitative research with data collection using questionnaires as a hypothesis test. This research will be conducted in Babakan Cikao District, Purwakarta by testing the effect of using the desa financial system application on fraud prevention with competence as a moderating variable in village fund management. Babakan Cikao District has 9 villages where the sample of this study was taken using the Saturation Sampling method. Respondents used in this study were village officials including the Village Head, Village Secretary, Head of Affairs and Head of Section and Head of Financial Affairs. The analysis method in this study uses path analysis with the help of SEM PLS tools. The description of this research model is as follows ;

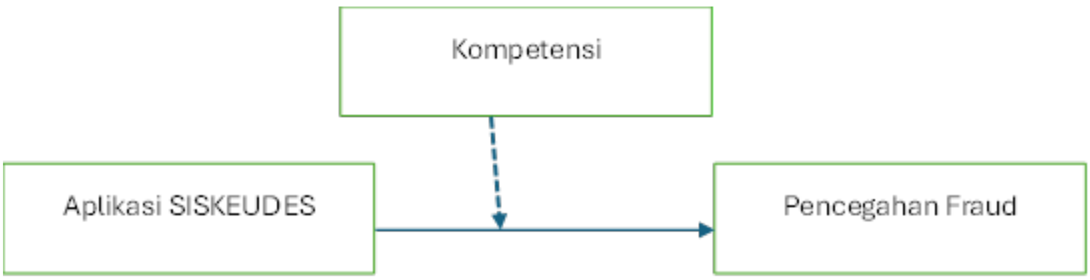

Figure 1. Research Model

RESULT AND DISCUSSION

Evaluation of Reflective Measurement Model

The competency variable is measured by 5 (five) valid measurement items with outer loading of more than 0.70, which means that the five measurement items are valid and reflect the measurement of competency. The level of reliability of the variable is acceptable, indicated by Cronbach alpha and

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composite reliability above 0.70 (reliable). The level of convergent validity indicated by the AVE value of 0.64 > 0.50 has met the requirements of good convergent validity. Overall, the variation of measurement items owned by the variable reaches 64%.

Among the five measurement items, competency measurement item 4 has the highest outer loading (0.865) which indicates that the measurement item, namely village staff are able to find their own solutions to overcome the problem of using the SISKEUDES application, has been running well in each village. The role of village apparatus competence is very much reflected in terms of how a village apparatus is able to solve problems in the village independently. Meanwhile, the measurement item that needs to be improved is by having supervision of the highest office holder.

The SISKEUDES Application variable is measured by 5 (five) valid measurement items with outer loading >0.70, which means that the five items are valid and reflect the measurement of the SISKEUDES application variable. The level of reliability of the variable is acceptable as indicated by Cronbach's alpha and CR above 0.70 (reliable). The level of convergent validity indicated by the AVE value of 0.68>0.50 has met the requirements for convergent validity. Overall, the variation of measurement items owned by this variable reaches 68%.

Among the five measurement items, the SISKEUDES 3 and 7 application measurement items have the highest outer loading (0.883) and (0.842) which indicate that the measurement items are the village financial application has displayed the required reports and this application supports the monitoring and audit process as expected. While the measurement item that needs to be improved is the availability of real-time information access.

Fraud Prevention Variable is measured by 7 (seven) valid measurement items with outer loading >0.70 which means that the seven items are valid and reflect the measurement of fraud prevention variables. The level of variable reliability is acceptable as indicated by CA and CR above 0.70 (reliable). The level of convergent validity indicated by the AVE value of 0.63>0.50 has met the requirements of convergent validity. Overall, the variation of measurement items owned by this variable reaches 63%.

The seven items of variable measurement, there are two variables with the highest outer loading fraud prevention 10 (0.851) and Fraud Prevention 1 (0.838) which indicate that the measurement items are the Agency has implemented control over asset documents and the Agency responds responsively to everything that happens. has been in accordance with applicable regulations. This shows that the village apparatus has done it well in terms of documentation and is responsive to forms of fraud. Meanwhile, the measurement item that needs to be improved is the need for a reminder of the code of ethics in the employee environment to build an honest and clean culture. This can be done by putting up stickers or posters or even daily reminders to remain honest village apparatus.

Discriminant Validity Evaluation

Evaluation of discriminant validity needs to be done by looking at the cross loading criteria. Discriminant validity is a form of evaluation to ensure that variables are theoretically different and proven empirically/statistical testing. The cossloading criterion is that all items measure the highest on the variables measured alone than other variables. These results indicate that the discriminant validity of the Siskeudes application, competence and fraud prevention variables is met.

Structural Model Evaluation

The results of the data testing that have been carried out show that the inner VIF value <5, then the level of multicollinearity between variables is low. These results strengthen the results of parameter estimation in SEM PLS which is robust (unbiased).

Tabel 1. Hypothesis testing Result

Variable	Path Coeffisien	**P values**	**Lower Limit**	**Upper Limit**
SISKEUDES Application -> Fraud Prevention	0.801	0.000	0.497	1.076
Competence -> Fraud Prevention	0.039	0.812	0.332	0.341
Competence x SISKEUDES Application -> Fraud Prevention	0.403	0.001	0.590	0.161

Source: Data processed by researchers(2024)

Based on the results of the hypothesis testing above, it is known as follows:

1. The first hypothesis (H1) is accepted, namely the influence of the SISKEUDES Application on fraud prevention with a path coefficient (0.801) and p-value (0.000> 0.05).
2. The second hypothesis (H2) is accepted, namely Competence significantly moderates the influence of the SISKEUDES Application on fraud prevention as indicated by the path coefficient (0.403) and p-value (0.001 <0.05). Because the interaction coefficient is positive, competence strengthens the influence of the SISKEUDES application on fraud prevention.

Discussion

a. **The Village Financial System Application has an impact on Fraud Prevention in village fund management**

The role of the SISKEUDES application is able to provide transparency and accountability for the management of village fund finances. This is indicated by the statement by the village apparatus that the SISKEUDES application is able to display the reports needed by the village apparatus. In addition, this application has helped the monitoring and audit process in the management of village funds. These results are in line with the results of research (Fitriansyah & Halilintar, 2024) stating that the Village Financial System plays an important role in the village government directly impacted by village employees. This is in line with the purpose of implementing the Village Financing System, which is to assist the work of village employees. With the existence of a village financial application, it can facilitate the preparation of planning to reporting village finances.
Research conducted by (Hemalian et al., 2023) the results showed that the application of the Village Financial System (Siskeudes) application in efforts to manage village finances in Ciangir Village is already running well. However, there are still inhibiting factors that need to be considered in terms of human resources. The Ciangir Village Government needs to improve the performance of its human resources so that village financial management can run optimally.

b. The influence of Competence strengthens the implementation of the Village Financial System Application to prevent fraud in village fund management.

The influence of competence plays a very important role in the use of the SISKEUDES application by village officials. Without competent competence, a village official will not be able to operate the SISKEUDES application. The use of the SISKEUDES Application itself in Babakan Cikao Village, Purwakarta has been running for 4 years and it helps village officials to plan budgets to financial reporting. Training before using the SISKEUDES Application has been running, but in its implementation, the device often finds some confusion and difficulties. However, several village officials are able to solve problems independently in these difficulties. This can be seen from the initiative of the village financial device who also seeks solutions to problems encountered during the use of the application.
These results are in line with research conducted by (Rasaili, 2022) which states that the results of the study suggest that the siskeudes application is very helpful in managing village finances, and the use of the siskeudes application must be supported by the competence of village officials and operators by covering, educational qualifications, management financial training with and using the system application, and self-development efforts.

CONCLUSION

Based on the results and previous discussions, it can be concluded that there is a direct influence of the SISKEUDES Application on Fraud Prevention in village fund management in Babakan Cikao Village, Purwakarta. This strengthens the importance of village financial applications for village fund management. The benefits of the application are shown by the fulfillment of transparency aspects in village fund management and assisting in monitoring and auditing village finances.

Competence is also able to strengthen the influence of the SISKEUDES application on preventing fraud in village fund management. This shows the importance of increasing the competence of village officials to be able to operate the SIKEUDES application. Competence can be in the form of training, routine assistance or formal education needed by village officials.

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