Proactive Fraud Audit, Whistleblowing and Cultural Implementation of Tri Hita Karana for Fraud Prevention

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Abstract:

Purpose: Fraud prevention is required in managing village funds because the government distributes village funds with the aim of building the village economy so that the need for supervision and management of village funds must be proactive and transparent. This study aims to examine the proactive fraud audit, whistleblowing and tri hita karana culture variables for fraud prevention in village fund management.

Design/Methodology/Approach: The study used a survey method with a personally administered questionnaire and multiple linear regression methodology with ordinary least squares on a sample of 88 villages in Bali Province.

Findings: The results of this study are proactive fraud audit and tri hita karana culture that significantly influence fraud prevention in village fund management, while the whistleblowing variable does not show a significant influence on village fund management fraud prevention.

Practical Implication: The village’s government is required to manage the village’s funds and formulate budgets according to the rule of the central government with the principles of honesty, transparency and accountability by knowing that all the flows of funds from the government are susceptible to fraud, so it needs to be protected by various systems and local cultures that exist in each region.

Originality/Value: The research was conducted in a way to conclude that the public must know the practice of fraud related to village’s funds carried out by individuals in the management of village. In this case public can consider the management of village funds any time it has the chance to do so.

Keywords: Proactive fraud audit, whistleblowing, tri hita karana, fraud.


Paper type: Research article.

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1. Introduction

Based on the regulation of the Minister of villages, the development of disadvantaged regions, and transmigration of the Republic of Indonesia number 21 of 2015 concerning determination of priority for the use of village funds in 2016, village funds are funds sourced from the state revenues and expenditure budget allocated to villages transferred through the regional budget. District and city are used to fund governance, development implementation, community development, and community empowerment. The government plans to disburse village funds from the central government to the provincial and district/city levels amounts to Rp 20,76 trillion in 2016.

With the distribution of village funds that have a large nominal value to each village, there is a need for strict competency and supervision of each village’s management by the government. This is needed to avoid fraud that has been feared by the government and the society. Fraud usually occurs if the existing control system is very weak and lack of supervision in financial management. Problems that have been found in the remaining funds are facilitator recruitment systems and weak accountability or financial reporting in village funds. Some of the problems found by the Corruption Eradication Commission (KPK) in managing village funds are that the regulatory aspect is still considered weak and some of them are overlapping authority between the Ministry of Rural Development and the Ministry of Home Affairs.

Moreover, based on a study of the anti-food commission last year, the formula for distributing village funds in Government Regulation Number 22 of 2015 was not transparent. Meanwhile, related to management, there is no standardization for the reference of village officials to design the village budget and expenditures. The accountability report was also considered prone to falsification. Alleged project play by the mafia who infiltrated the villages and on behalf of the villagers. This may occur because the work of the Regional Inspectorate has not been effective. For the KPK and other relevant institutions such as the Ministry of Home Affairs, the PDT Ministry, and the Financial and Development Supervisory Agency are formulating an action plan to address this problem. The expected results will be in the form of a solution and action plan in accordance with the authority of each agency, as well as the Regional Government, in this case the Regional Inspectorate, and the relevant agencies related to the village funds, need to proactive fraud audit so that every step and program carried out by the village’s government can perform well without any indication of fraud.

Tuanakotta (2012, p. 24) states that proactive fraud audit is an audit activity that is outside the forensic accounting component. Various terms are used for proactive fraud audits such as system studies because in this fraud audit a system review is conducted which aims to identify potential or risk of fraud. So, it needs to be implemented in order to guard the success of village fund management in each
village. This can be done by the Inspectorate, the Village Consultative Body (BPD), the internal village government, or the village observer community or NGO. In addition to a strict and proactive supervision system, the internal control system of the village’s government also needs to be improved, and it is very necessary to be supported by the courage of the village apparatus, the community or other parties in the village to report fraud committed by specific individuals by utilizing all the concessions in the distribution and management of village funds. Such a system is often referred to as a whistleblowing system. According to Bagustiando and Nurkolis (2015) and Suryanto and Thalassinos (2017) the act of whistleblowing is a form of action prosocial members of the organization to deliver directives, procedures, or policies that might be unethical, illegal or bring disaster to the long-term goal of the organization to individuals or other entities in a position to take corrective action.

Putri (2012) states that whistleblowing can be done internally and externally. Of the two internal and external reporting sources, there are several benefits obtained when whistleblowing is done internally. Problems within the organization can still be resolved internally before a full scandal is revealed outside. Besides, internal disclosure will create an ethical atmosphere in organizations where employees are encouraged to report unethical behavior. Internal settlement strongly supports the use of various approaches including an organizational culture that is inherent in each village. This is the basis for the use of local Balinese culture Tri Hita Karana (THK) as a research variable, because these cultural values have been rooted in each Balinese Hindu community, and this research was conducted in the District of Bali Province, precisely in the nine regencies / cities because Bali Province is one of the most rural areas, consisting of 716 villages (Bali Provincial Statistics Agency, 2016).

The concept of THK is a concept of harmonization of relationships that is always guarded by Balinese Hindus including parahyangan (human relations with God), pawongan (inter-human relations), and palemahan (human relations with the environment) originating from the holy book of Baghawad Gita Hinduism (Riana, 2010). Therefore, the THK concept that developed in Bali is a cultural concept rooted in religious teachings (Saputra, 2012). In improving the economic resilience of the Balinese people, in addition to seeing the potential that exists, the government must also improve the social order of the local, cultural and mental communities.

Therefore, a strong concept is needed which is the basic foundation for improving the economy, namely tri hita karana. The foundation can be built in accordance with the local wisdom of the local community, or through a philosophical concept that is believed by the Hindu community in Bali which leads to harmonious community life. This is the basis for the use of the teachings of Tri Hita Karana as a research variable related to village fund management in Bali Province. Based on the explanations that have been stated, related to the importance of preventing fraud in village fund management in Bali Province, the research was conducted to find out
proactive fraud audit, whistleblowing and Tri Hita Karana cultural implementation for fraud prevention in a village’s fund management.

2. Literature Review

Fraud is translated as a deviation, as well as errors and irregularities, each of which is translated as error and irregularity (Dewi and Apandi, 2012). Whereas SAS No.99 (Rustiarini and Sunarsih, 2015) defines fraud as an act of intent to produce misstatements in financial statements. The difference between deviation and error is whether the action is underlying, whether the action is intentional or not. Fraud or deviation is done with an intentional element in doing so. ACFE’s defines fraud as an act of intentionally taking profits by misusing a job/position or stealing assets/resources in an organization (Singleton & Singleton, 2010).

Fraud is the main object in forensic accounting. Fraud is a general understanding that includes a variety of ways that can be used by human ingenuity, which is used by someone to benefit from others through improper actions. Cheating is intentional fraud, generally in the form of lies, plagiarism and theft. Fraud is done to obtain profits in the form of money and wealth or to avoid payment or loss of services, or avoid taxes and secure personal or business interests.

Fraud prevention in managing village funds needs to be done because the village funds channelled by the government have a very noble goal of building Indonesia from the outskirts (villages) so that village fund management should be monitored proactively and transparently. In various cases in the public sector, misappropriation of public funds has often graced the news so that an effective system is needed to guard the success of village fund management and avoid fraud. The current step is offered by one method for forensic accounting, namely a whistleblowing system. An effective, transparent, and responsible whistleblowing system will encourage and increase employee participation to report alleged fraud. This system is a breakthrough in the supervision and effectiveness of village fund management for accountable and transparent accountability purposes.

Village fund distribution in Bali can be believed to be very well distributed because it has a very strong culture in each village. However, it is certain that in every village that receives village funds has their interests and needs related to infrastructure development, community economic development, education and so on. Whatever the interests and needs of the village recipient of village funds, the main principle that must be held in the management of village funds are honest, transparent, accountable and responsible. The point is that the management of village funds is in accordance with the existing regulations, intended for all the necessary needs in order to improve the welfare of rural communities so that the government supports the program of developing Indonesia from the village.
In principle, village fund management in Bali has been escorted and supervised by all community organizations in the village, where the people uphold the local Balinese culture based on the teachings of Hinduism as in this case the tri hita karana teachings. This teaching underlies Balinese people in acting or behaving. Tri hita karana is the basis for humans to act and in carrying out all tasks in the community or other social environments. The act of fraud could be minimized if the teachings of tri hita karana implemented properly and is believed to exist as the doctrine that brings kegahagiaan those who implement it. All forms of fraud in the management of village funds in Bali always lead to corruption or inappropriate use of funds, so it is appropriate for tri hita karana teachings as the basis for managing village funds to achieve prosperity and avoid financial fraud in any form. On the grounds that the tri hita teachings of karana direct all societies to a karmic teaching. If now cheating, then there will be a worthy response in the future, this is the protection force of the tri hita karana teachings in avoiding humanity from all fraud.

2.1 The Relationships between Proactive Fraud and Fraud Prevention

Proactive auditing is carried out on entities that have a risk of irregularities, but the entity in the initial audit process has not or is not preceded by information about indications of irregularities that can or could potentially cause financial losses/state wealth and/or the country's economy. Fraud audits with a proactive approach to detect financial fraud, using records and information, analytical relationships, and awareness of fraudulent treatment and attempted hijacking. Proactive auditing is carried out by internal auditors in companies or organizations. Internal auditors have the potential to conduct proactive audits because of their presence in the company so that they know all the operations carried out by the company (Tuanakotta, 2012; Yazid and Suryanto, 2016). This research is focusing explicitly on village governments. The research hypothesis is as follows:

\[ H1: \text{Proactive fraud auditing affects the prevention of fraud in the management of village funds.} \]

2.2 The Relationships between Whistleblowing and Fraud Prevention

Whistleblowing is an effort to achieve an economic and social goal, so the culprit expects support from various parties that the goal is achieved (Putri, 2012). Tuanakotta (2012) states that whistleblowing is the disclosure of acts of violation or disclosure of acts that are unlawful, unethical/immoral acts or other acts that can harm the organization or stakeholders by employees or organizational leaders to other organizational leaders or institutions. Therefore you have to take action for the violation.

Whistleblowing is an activity of disclosing information to someone in the organization to certain parties due to a violation or crime (Miceli et al., 1991). The existence of community concerns to conduct whistleblowing is also very useful in
revealing corruption and fraud. A person who informs the public or authorities in charge of alleged dishonesty, illegal activities or mistakes that occur in government, public organizations, or the private sector is called a whistleblower (Susmanschi, 2012). Considering that the whistleblowing system is effective enough to detect fraud, currently, most government agencies such as the central government and the village government have a complaint handling system to reduce the phenomenon of corruption in public institutions (Rustiarini and Sunarsih, 2015). The research hypothesis for this is as follows:

H2: Whistleblowing affects the prevention of fraud in the management of village funds.

2.3 The Relationships between Tri Hita Karana Cultural Implementation and Fraud Prevention

Tri Hita Karana (THK) is a philosophy that is at the same time a concept of the life and cultural system of the Balinese people. The concept of life that emphasizes the principles of togetherness, harmony and balance between economic goals, environmental and cultural preservation, aesthetics and spirituality (Tenaya, 2007). The concept of THK is a concept of harmonization of relationships that is always guarded by Balinese Hindus including parahyangan (human relations with God), pawongan (inter-human relations), and palemahan (human relations with the environment) originating from the holy book of Baghawad Gita Hinduism (Riana, 2010). Therefore, the THK concept that developed in Bali is a cultural concept rooted in religious teachings (Saputra, 2012).

In the Vedic literature, it is also found that the values of the work ethic of Hindus include: creativity, hard work without knowing despair, respect for time, harmonious cooperation, Satya discourse, ethical efficiency and full initiative (Gunawan, 2009). Balinese cultural philosophy Tri Hita Karana which emphasizes on the theory of balance states that Hindu society tends to view themselves and their environment as a system that is controlled by the value of balance, and manifested in the form of behavior due to: (1) always want to adapt themselves to their environment, so that the impression that people of Bali strongly maintain a pattern, but they are comfortable to accept adaptation; (2) always want to create inner peace and balance with the environment (Gunawan, 2009).

Thus, balance with the environment is a cultural value of Hindu society which is very suitable to be adopted as an organizational culture (Saputra, 2012). The research hypothesis is as follows:

H3: Tri Hita Karana culture implementation affects the prevention of fraud in the management of village funds.

3. Methodology
The population in this study is all village heads who lead official villages in Bali Province. The sampling technique used was the selection of samples on a purposive random sampling method based on judgment, namely the selection of samples based on the objectives and problems of the research. In this study, the sample was taken from the village head and had a one-year tenure so that it was expected to have adequate knowledge, understanding of sufficient working conditions, and having comprehensive perceptions and considerations of fraud, whistleblowing, proactive fraud audit and also Tri Hita Karana culture. The number of village heads who met the sampling criteria was 716. Of these, 88 respondents were our random sample being in the range for correlational research that is more than 30 and less than 500 (Sekaran and Bougie, 2010). The following Slovin formula (Usman, 2007) has been used for the determination of the sample size, namely:

\[ n = \frac{N}{1 + Ne^2} \]  

where: \( n \) = number of samples; \( N \) = population number; \( e = 10\% = 0.10 \).

Based on the formula above, it can be determined that the minimum sample size is as follows: \( n = \frac{716}{1 + 716 \times 0.10} = 88 \).

The data set used in this study is primary data obtained directly from the source. The data used in the form of opinions from research subjects were collected using the survey method, namely through a questionnaire. Data collection was carried out using personally administered questionnaires, which means researchers can relate directly to respondents and provide necessary explanations about the questionnaire and can be collected immediately after the respondent has finished answering (Indriantoro and Supomo, 2009, p. 154). The scale used for measurement is a Likert scale which is expressed in the range of numbers 1 to 5. Proactive fraud audit (proactive fraud audit) is a component of fraud audit that usually uses a system review that aims to identify potential or risk of fraud (Tuanakotta, 2012, p. 24). This is also often referred to as systems audit which aims to identify the risk of fraud.

Tuanakotta (2012) also mentions that systems’ audit is the term fraud-oriented systems audit (FOSA). So, in this study the components of FOSA are used as indicators to measure proactive fraud audit variables that assess the potential or risk of fraud, analyze the potential or risk of fraud, and assess the risk and potential of fraud. To analyze the data, the method we have followed is multiple linear regression and OLS using SPSS for windows 19.0 programming software. This method is one of the ways to calculate statistical regression coefficients that are unbiased, efficient and consistent. The method can be formulated in the multiple linear regression formula as follows:

\[ Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + e \]
where: Y: fraud prevention; α: constants; X₁: proactive fraud audit; X₂: Whistleblowing; X₃: Tri Hita Karana culture; e: error term.

4. Results and Discussion

Profile of respondents in this study is grouped based on gender, age and tenure. Characteristics of respondents based on gender showed that the percentage of village heads male sex was 97.5% and women 2.5%. Based on the age, it was 27.5% at the age of 30-39 years, 42.5% of the respondents were at the age of 40-49 years, 20% at the age of 50-59 years and 10% over the age of 60 years. Most of the tenure of respondents is under 6 years 57.5%, and above 6 years is 42.5%.

Reliability test, according to Ghozali (2009) states that reliability is a tool to measure a questionnaire which is an indicator of a variable or constructs. A questionnaire is said to be reliable if someone's answer to the statement is consistent or stable over time. Reliability of a test refers to the degree of stability, consistency, predictive power, and accuracy. Measurements that have high reliability are measurements that can produce reliable data.

**Table 1. Reliability Test**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach Alpha</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactive Fraud</td>
<td>0.907</td>
<td>Reliable</td>
</tr>
<tr>
<td>Whistleblowing</td>
<td>0.906</td>
<td>Reliable</td>
</tr>
<tr>
<td>Tri Hita Karana</td>
<td>0.922</td>
<td>Reliable</td>
</tr>
<tr>
<td>Prevention Fraud</td>
<td>0.896</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Cronbach alpha value of 0.907 obtained the reliability value of proactive fraud variable instrument, whistleblowing variable instrument with eleven statements obtained Cronbach alpha value of 0.906, tri hita Karana variable instrument with eleven statements obtained Cronbach alpha value of 0.922 and eleven statements of fraud prevention variable obtained value Cronbach's alpha of 0.896. Since the reliability coefficient of the four variable instruments is greater than the test number 0.60, the results of reliability testing in Table 1 state that all instrument variables are reliable.

Normality test proposed by Ghozali (2011) states that the normality is to test whether the regression model, the independent variables and the dependent variable have normal or abnormal data distribution. Normality test with Kolmogorov-Smirnov test is known that the significance of 0.758 is greater than 0.05 so it can be concluded that the data tested is normally distributed as shown in Table 2 below:
Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test

<table>
<thead>
<tr>
<th>Unstandardized Residual</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>88</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal Parameters(^a,b)</td>
<td>Mean</td>
<td>.0000000</td>
<td>Std. Deviation</td>
<td>13.75155030</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td>Absolute</td>
<td>.072</td>
<td>Positive</td>
<td>.046</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
<td>-.072</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td></td>
<td>.672</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td></td>
<td>.758</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) Test distribution is normal
\(^b\) Calculated from data

Multicollinearity testing is aimed to test whether the regression model found a correlation between the independent variables (Gozhali, 2011). The approach used to test the presence or absence of multicollinearity by the Variance Inflation Factor test (VIF), with analysis if the tolerance value is greater than 0.10 and VIF is less than 10, it means that there is no multicollinearity in the study or if the tolerance value is less than 0.10 and VIF is greater than 10, it means that there is multicollinearity in the study. Multicollinearity test results are shown in Table 3.

Table 3. Multicollinearity Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
<td>VIF</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proactive Fraud</td>
<td>.967</td>
<td>1.034</td>
<td></td>
</tr>
<tr>
<td>Whistleblowing</td>
<td>.980</td>
<td>1.020</td>
<td></td>
</tr>
<tr>
<td>Tri Hita Karana</td>
<td>.985</td>
<td>1.015</td>
<td></td>
</tr>
<tr>
<td>Dependent Variable: Fraud Prevention</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Multicollinearity testing is seen from the tolerance value of variables Proactive Fraud (X1), Whistleblowing (X2) and Tri Hita Karana (X3) which are 0.967, 0.980 and 0.985 greater than 0.10, and the VIF values are 1.034 for variables Proactive Fraud (X1), 1.020 for Whistleblowing (X2), and 1.015 for Tri Hita Karana (X3) which means less than 10. So, it is proven not the presence of multicollinearity, while the results of the heteroscedasticity test with the Glejser test show the significance value of all variables more than 0.05 which indicates that there is no heteroscedasticity in the regression model.

4.1 Hypothesis Test Results (Partial Test t)
Partial Coefficient (t-test), Ghozali (2011) partial test shows how far the influence of an independent variable is individually in explaining the dependent variable. Testing is done by using the significance level of 0.05 (α = 5%). Acceptance or rejection of the hypothesis is done if \( t \)-counted > \( t \)-table or probability < level of significance (significance level <0.05). In this case \( H_a \) is accepted and \( H_o \) is rejected which means that the independent variable affects the dependent variable. If \( t \)-counted < \( t \)-table or probability > level of significance (0.05), then \( H_a \) is rejected and \( H_o \) is accepted which means that the independent variable does not affect the dependent variable. The results of hypothesis testing (partial test \( t \)) are shown in Table 4.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>( t )</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>29.156</td>
<td>8.659</td>
<td>3.367</td>
<td>.001</td>
</tr>
<tr>
<td>Proactive Fraud</td>
<td>.287</td>
<td>.171</td>
<td>.239</td>
<td>.040</td>
</tr>
<tr>
<td>Whistleblowing</td>
<td>.039</td>
<td>.128</td>
<td>.031</td>
<td>.764</td>
</tr>
<tr>
<td>Tri Hita Karana</td>
<td>.382</td>
<td>.117</td>
<td>.339</td>
<td>.002</td>
</tr>
</tbody>
</table>

Dependent Variable: Fraud Prevention

Statistical test results show that Hypothesis 1 is accepted, namely there is a significant influence of proactive fraud audit variables on fraud prevention in managing village’s funds as indicated by the significance value of 0.04 (<0.05). This means that in the management of village’s funds there is a need for a proactive audit that can be translated into practice as an audit system better known as intensive supervision by both the appointed village apparatus, second experts, village communities who are committed and have competence in the village, or from a provincial/district/city government institution designated in conducting supervision.

The results of this study indicate that the management of village’ funds requires intensive and proactive supervision, which means being swift, guiding, and training so that no intentional or accidental errors occur. Proactive fraud audits emphasise monitoring of the process of using funds and reporting accountability. All systems that are implemented must be in accordance with the procedures and rules set out in the Act, or ministerial regulations and government regulations and local government regulations. Proactive fraud audit affects fraud prevention because in the audit the system monitors step by step the flow of village’s funds and the procedures for managing village’s funds. This was done by all village officials, the BPD, as well as NGOs and the wider community so that anyone who wanted to cheat was difficult to do so. In proactive fraud audits, village fund management must go through every procedure and system. For example, in the disbursement of funds for road or other infrastructure repairs, all requirements must be passed including proposals, budget plans, companies appointed in the workmanship whether through auction or direct
appointment, etc. Therefore, proactive fraud audit is more focused on monitoring any potential for fraud and the possibility of people being able to manipulate. The results of this study are in accordance with the statement from Tuanakotta (2012) that proactive fraud audit is one way to prevent and find fraud in accounting or finance both in the public sector (government) and the private sector.

Test results for Hypothesis 2 state that the significance value obtained is 0.764 (> 0.05) which means that the second hypothesis is rejected. This proves that the whistleblowing variable has not reached its existence in village financial management. Whistleblowing is not yet needed in village financial management because the village government has a basic organization with non-complex personnel such as regional government and central government so that the village government has high confidence in the apparatus because all come from one village.

More than that a village in Bali, has a very extraordinary belief in each other in the form of tolerance, kinship, and faith that is manifested in the teachings of that wamasi which means “I am you, then you are me”. This is what makes Hindus in Bali in managing the village believe that what we do to others, then we will get a reward that is worth it, which in everyday life is known as Kharma teachings so it does not need to report to each other, and prefer to conduct investigations together if fraud occurs and uphold the principles of honesty, transparency and accountability in managing village’s funds. Reflecting on these teachings, whistleblowing methods are not yet needed in village fund management in Bali, and they prioritize individual trust and protection of strong traditional village (spirituality) organizations. So, in this study whistleblowing variables do not have a significant influence on fraud prevention.

Although it is difficult to translate these teachings compared to whistleblowing, Balinese who manage village funds rely on traditional studies and rules owned by each village, the legal protection of the traditional village (awig-awig) is one of the triggers of belief high in confidence to manage village funds honestly, transparently and accountably. The results of this study are different from Rustiarini and Sunarsih's (2015) and Suryanto and Thalassinos’s (2017) researches which state that whistleblowing has a strong influence on fraud that occurs in government organizations, in this case, government auditors as research respondents.

Test results for Hypothesis 3 state that the significance value is 0.002 (< 0.05) which means that Bali’s local culture tri hita Karana has a significant effect on fraud prevention in village fund management. This is because the tri hita Karana teachings are very easily adopted in the village government organizational culture. Tri hita Karana teachings have even taken its root in the life of Balinese Hindus. This local culture is believed to be a benchmark for human behavior in organization and decision making. All organizations in Bali must be based on tri hita Karana because their teachings are trusted and recognized by the wider community. Synergize with fellow human beings, respect and care for each other in the universe, and believe in
God Almighty, these are the three tri hita Karana teachings that make people in this world live happily respect and protect each other. The remaining three tri hita Karana teachings are considered capable of preventing fraud in village fund management. From these results it can be shown that organizational culture embodied in the teachings of Tri Hita Karana as the main stronghold of fraud, so that it can be concluded that the implementation of the teachings of Tri Hita Karana highly believed to be adopted into the work culture of the village administration in order to create the fund management village to avoid fraud because cheating is the beginning of the destruction or deterioration of the organization.

With the adoption of the Tri Hita Karana teachings as an organizational culture, village officials in Bali have full responsibility for God, fellow village communities, and their environment (Atmadja and Saputra, 2018). Therefore, if you commit fraud, it is obligatory to think because besides the legal process awaits, the process of sanctioning traditional villages is also more painful. Research using Tri Hita Karana variables was also carried out by Gunawan (2009), Saputra (2012), Atmadja and Saputra (2014), and Adiputra et al. (2014), but not in the context of village governance. Therefore this research is considered a new research conducted by raising a number of new variables and according to the researcher, the object of realistic research is still rarely touched by other researchers.

5. Conclusion

Based on the results of hypothesis testing, of the three hypotheses proposed, only two hypotheses were accepted, and one hypothesis was rejected. Hypothesis 1 is accepted which states that proactive fraud audit has a significant effect on fraud prevention, this is because in village fund management it does require intensive supervision which in this case is called a proactive monitoring system. Hypothesis 2 is rejected, namely whistleblowing does not show a significant influence on fraud prevention, this is because in the village administration and village fund management more trust in methods that trust, respect and not accuse each other, meaning the village government in Bali believes national law and customary law in dealing with perpetrators of fraud. Moreover, for the prevention of fraud entrusted to the method of supervision that is proactively carried out by the community, village institutions or provincial / district /city governments.

Meanwhile, Hypothesis 3 is accepted, namely the implementation of Tri Hita Karana culture has a significant influence on the prevention of fraud in management and villages. This is natural because the Balinese Hindu community strongly believes in the Tri Hita Karana teachings both in daily life and organizations (Atmadja et al., 2018). Tri Hita Karana teachings can protect organizations from all forms of fraud because these teachings have been embedded in each of Balinese villages. So, the Tri Hita Karana teachings can protect these individuals to commit fraud.
The research is expected to contribute to interested parties such as village government in managing village funds, formulating budgets or using village funds according to central government regulations in accordance with the principles of honesty, transparency and accountability. For the general public to know that all funds flowing from the government are indeed very susceptible to fraud, so it needs to be protected by various local systems and cultures in each region. The community must also know that there are many types of fraud that some aspects of village fund management can do. In addition, always consider moral or ethical values as a factor that needs to be considered in financial management.

This research cannot be separated from some limitations. The following are some limitations and suggestions given as follows: The study has inherent limitations because it uses primary data obtained through questionnaires, namely the possibility of differences in perceptions between researchers and respondents because respondents and researchers cannot clarify each other's questions or statements. Therefore, research indeed becomes more representative if it combines with the interview method so that the respondent's perception of questions or statements can be known in depth. Further research is recommended to consider other variables such as government ethics, managerial information systems, and variables with a focus on current issues in the field of accounting.

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