

ABSTRACT

DETERMINANTS OF ACCOUNTING FRAUD TENDENCY IN LOCAL GOVERNANCE ON BANDAR LAMPUNG CITY

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The Tendency of Accounting Fraud in Local Government environment often occurs in the form of manipulation of Financial Data, omission of transactions, and deviating from budget use. Although the Lampung Provincial Government in 2023 received the title as a regional government that is highly dedicated in eradicating corruption, cases of suspected corruption were still found, including in the scope of Bandar Lampung City. This study aims to explore the perceptions of employees in the agency by using four variables, namely compensation suitability, internal control system, organizational culture, and competence analyzed using the Fraud Hexagon approach. The population in this study were employees of the Bandar Lampung City Regional Government who worked in the finance sub-division. The research was conducted quantitatively on 40 respondents selected using purposive sampling technique with the criteria of having at least one year of work experience and understanding financial statements. The results of the analysis show that compensation suitability and organizational culture has a significant effect on the tendency of accounting fraud, meanwhile internal control system and competence have no significant effect. This study concludes that strengthening ethical values in organization, as well as providing fair and appropriate compensation can be the key in suppressing the tendency of accounting fraud.

Keywords: Competency Suitability, Internal Control System, Organizational Culture, Competence