

***e-PROCUREMENT FRAUD IN GOVERNMENT SECTOR : IN THE  
PERSPECTIVE OF FRAUD DIAMOND THEORY***

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**ABSTRACT**

Many cases of corruption and irregularities in domestic procurement of goods and services in the government sector is the reason of this research. This research determine the pattern of fraud procurement of goods and services in the government sector. The researcher Using descriptive qualitative method by interviewing informants who were directly involved in the process of e-procurement with the aim to further explore the meaning of the phenomena that occur. The aspects that will be analyzed include two phases: the planning stage and the stage of provider selection. The results showed a pattern of fraud which occurred due to the multiple interpretations of interpreting the existing regulations and delegation of authority has been given. Ignorance due to weak human resource competencies of the work will be done at the planning resulted in the slit mark-up rates and error in determining the technical specification of goods. In this phase of provider selection is dominated against their policy pressures and superior authority within the organizational structure of the procurement of goods and services

***Keyword*** : *e-procurement, government sector, fraud diamond theory*

## **1. Introduction**

Implementation of Presidential Decree No. 54 of 2010 and amendments as amended in Presidential Decree No. 4 of 2015 on Goods and Services Procurement, hereinafter referred Procurement of Goods and services (PBJ), has changed the paradigm of the process of procurement of goods and services from manual to electronic procurement, known as e-procurement. e-Procurement is divided into two types: Electronic auctions (e-tendering) and the purchase of goods and services electronically (e-purchasing). Presidential Decree No.54 / 2010 stipulates that the implementation of e-procurement in the area of support is realized through two organizations ie Electronic Procurement Service (LPSE) and Procurement Services Unit (ULP). LPSE is a unit that is tasked to serve PBJ using information technology and electronic transactions in accordance with statutory provisions. ULP is an organizational unit that functions to implement PBJ permanent, can be stand alone or attached to a unit that already exists (Presidential Decree 70/2012).

Regulation is increasingly detail, improvement of human resources sustainability and the establishment of technical institutions associated with the procurement of goods and services established, ironically fraud that most often occur precisely in the procurement, a contract that does not comply with the regulations, tender processes right, mark-up the price by the amount that does not make sense, the competence of officials maker commitments that far from being able to constitute the majority of cases of irregularities and forms of abuses which in turn makes the activity becomes an activity wasteful spending that can cause losses to the state is often called corruption (LKPP, 2011).

"Corruption" is one of the impacts of the goods and services of the government, hereinafter referred to as PPBJ, these words always we have heard throughout the years 2014-2016, became the editor in the media until making headlines in the electronic media. (Nurharjanti, 2008) describes corruption is one form of fraud in domestic procurement of goods

and services, which are defined by a series of irregularities (irregularities) in respect of acts against the law (illegal act) is done intentionally for purposes such as cheat, mischaracterized, (mislead on the part of others), carried out by people from within or from outside the organization, to benefit both individuals and groups and are directly or indirectly harm other people.

Procurement of goods and services, hereinafter referred to as PBJ is a government activity which is considered the most vulnerable to fraud (Kaufmann, 2005), the results of this study also confirmed a little more in Indonesia. Based on the statistical data related to the handling of the case by Republik Indonesian Corruption Eradication Commission (KPK-RI) RI shown that the Commission had to handle as many as 411 cases of corruption were 131, or 31% of these cases occur in the process of PBJ. This puts corruption as the second most cases handled by KPK-RI after bribery (Wibowo, 2015).

The phenomenon of fraud on PBJ can be seen from the central government and local governments. Some findings related to fraud PBJ in arty and Local Government, among others: Cases of alleged corruption that has recently become the public spotlight is the alleged corruption case of e-ID ([www.bbc.com](http://www.bbc.com), 2017), the state losses of nearly 2.5 trillion, such as gili kondo cases which financial harm states over 450 millionrupiah ([www.LombokPost.net](http://www.LombokPost.net), 2015), gili bidara cases over 300 million ([www.RadarLombok.co.id](http://www.RadarLombok.co.id), 2015). IHPS I BPK report related to LKPD Local Government said that PBJ in areas still peratyrin in accordance with applicable legislation and weakness of internal controls.

Various empirical evidence has shown the existence of fraud, among others, PBJ research Akbar (2012), Arifianti (2015) whose results of understanding of actors involved in the PBJ toward regulation significantly affects against fraud perpetrators observance of regulations available. Sabana (2010) in the competence of procurement officials research suggests a significant effect on the implementation of procurement in accordance with the rules PBJ so

that it can be accounted for. In contrast to research Jatiningtyas and Kiswara (2011) argue that the quality of procurement officials does not affect the occurrence of PBJ fraud . Likewise with Aji study (2013) found evidence that the ethics committee and the procurement of income has no effect on PBJ fraud.

Based on the phenomenon gap, gap research described above, raises the curiosity of researchers, which raised the question: what factors caused their motivation to commit fraud in the process of PBJ. To facilitate interpretation in this study, the researchers tried to show a theoretical concept of agency theory, by reason of agency theory can describe relations agent (actors involved in the procurement process) and the principal (the government) are bound to a contract to perform services for the principal with a delegation of authority decision-making to the agent, which may result in asymmetry of information and conflicts of interest. The motivate for someone doing fraud seen from fraud diamond theory, concept theory fraud Diamond theory (Wolfe and Hermanson, 2004) which is the development of the theory of the fraud Triangle theory (Cressey, 1953) . The theory is used to identify the occurrence of fraud procurement of goods and services. To make sense of the dimensions that exist in the theory of rectangular fraud namely: Pressure , Oppurtunity, rationalization and Capibility, which will be translated into units of meaning as an indicator of fraud procurement of goods and services.

The results of this study are expected to add to the literature on application and justification. Several theories used above and concepts in the procurement of goods and services (in treasury accounting public sector, especially on the procurement of government goods and services, so that future research will be not focused only on the elements technical, but made the highlight of behavior and experience in the phenomenon of the case. In addition, the results of this study can also be an inputs to lombok village in fostering and proper supervision and can be used literature as well as a reference in determining policy related to the procurement of goods and services, so fraudulent procurement of goods and services can

be minimized.

## **2. Research Methods**

This research used a qualitative method, because researchers feel that the phenomenon to be studied in-depth understanding of the need to provide a clear picture rather than elaborate become interrelated variables. According to Creswell (2015: 87) the purpose of qualitative research is to understand the phenomenon or social phenomena with emphasis on the assumption, the lens and the study of research problems that examines how individuals or groups knowing the phenomena. This research is scientifically based on the assumption that explored through scientific explanation for their views on what they felt and what they experienced. This research attempts to uncover the experience of the actors involved in the process of procurement of goods and services sector in Lombok Village regency government in conducting e-procurement through transcendental phenomenology. This research laid the assumption that the experience of the actors involved in the process can have the essence or meaning.

The location of this study beginning from the Lombok Village Procurement Services Unit (ULP) of goods and services , selected based on the selection and logical argument, as an organization that has the duties and functions embody everything that related to the procurement of goods and services in Lombok Village. Meanings of each actor involved in the procurement process in one entity can provide an understanding of the context of the phenomenon or concept in the e-procurement process can take place in reflective and follow the flow or process that existed before and after, prior to implementing e-procurement process and during the e-procurement process. Knowing what they are experiencing, how they experience it and develop it into a composite description of the essence of each individual experience (Moustakas, 1994 in Creswell, 2015: 105).

Informants in this study are the person who really involved in the electronic

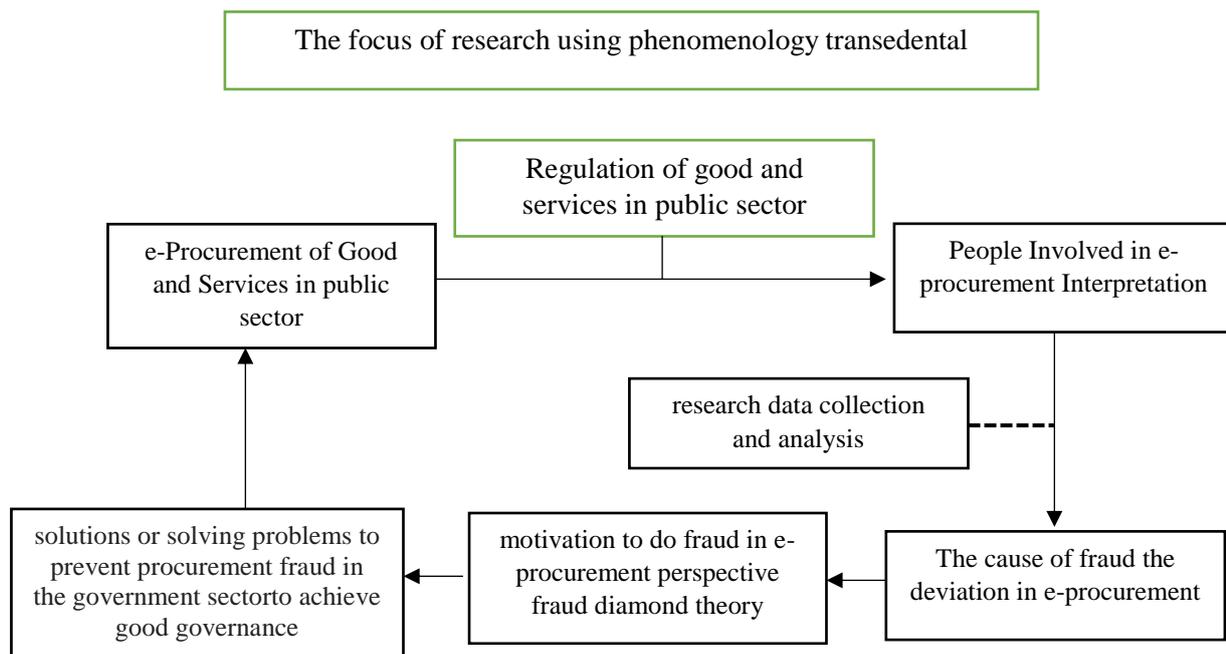
procurement process (e-procurement). In the process of e-procurement, direct contact with the process either in the process of preparation and selection of goods and services provider, whereby the informant are individuals who actually have experience in the implementation of the goods and services in Lombok Village. To completed data and information, a description of some outsiders who come to see and explore public issues that occurred in relation to the goods and services, media information calso complement and strenghtness in declaring the important statement. The information obtained from them who works as a "roving" this certainly can not be excluded, because it comes from the assumptions and the reality behind the procurement process in Lombok Village.

The main data collection techniques is to do depth interviews, which became the main part in fully understanding the informant describe of the concepts or phenomena in the context of e-procurement, the assessment of behavior and attitudes still be a consideration when conducting interviews. This interview not easy to run, several obstacles were encountered in the field. A promise that has long been planned to conduct interviews with suddenly canceled and the most dominant is the atmosphere change directly occur during the interview when the ethics of interviewing explaining by using a tape recorder. At the same time, the researchers also conducted observation and documentation of some procurement documents in this case the checking of bidding document standard (SBD) procurement, all of which can be viewed online in the portal LSPE of Lombok Village. Researchers saw the direct inspection system runs and able to understand of e-procurement activities.

After data collection complete collected, the researcher analyze all the recording interviews transcript into written form . After the transcript of the interview was finished, then the second step was Inventory important statements relating to the research topic. At this step, the researchers suspend judgment (bracketing) or do a self confinement (epoche). It means that an element of subjectivity of the researcher not to interfere an important points

from informants interviews. The third step was categorized informant statements known as units of meaning, at this stage irrelevant statements and overlapping or repetitive set aside. The fourth step was finding all the meanings that may arise and relevant to the research topic, at this stage, researcher reflected in the form of ratings opinions, feelings and expectations about the informant experienced phenomenon . The fifth step was built the description of meaning or the essence of the experience acquired and associated with a framework of definitions and everything about fraud. Data collection and the analysis of data is done above can be clarified with a research focus scheme illustrated in the chart below

Figure 1. The focus of the research scheme



### 3. Result

According to the interviews conducted from an actor who has deep experience in the process of procurement of goods and services in Lombok Village, the goods and services in general and e-tendering in particular, have followed the procedures and stages according to the rules. E-tendering process is broadly divided into two stages: First Planning e-tendering process which is the realm of the Committing Officer (CO), Second provider selection process which is the realm of the Working Group (WG) ULP or the Procurement Committee. The second stage is what will be the basis in determining the themes that will be developed based on interviews of informants.

#### **Tema 1: Ignorance and Multinterpretations in the PBJ planning process**

Planning is a process to determine the appropriate future actions started in order of preference, taking into account the available resources (ps.1 Law 25/2004). In the context of PBJ According to Presidential Decree No.54 / 2010 Procurement of Goods and services, hereinafter referred to as PBJ is an activity to obtain goods and services that the process starts from planning until completion of all activities need to obtain goods and services (ps.1 Presidential Decree 54/2010 ). Planning is an important point in the process PBJ, and has become the main tasks of the Committing Officer (CO) as the official responsible for the implementation of the PBJ. In the planning stages of the duties and authority of the KDP is set PBJ implementation plan which includes: technical specifications of goods and services, the estimated price itself (HPS) and the draft contract. In developing spekteknis goods is the most important thing to be understood by the official commitment maker.

This is the script of the informan in Bahasa

“biasanya kalo spekteknis kita susun dari katalog-katalog barang yang ditawarkan dari beberapa rekanan yang memasukkan profil company perusahaannya, itupun perusahaannya kita lihat dulu ya, tidak asal-asalan, kita lihat yang bonafit, karna waktu kami untuk menentukan spekteknis barang tidak ada, bagaimana cara kami mau melakukan survey ke pabrik, sedangkan link kesana tidak ada, yang punya link kan rekanan, untuk HPS juga disesuaikan dengan anggaran, kalo fisik, spekteknis dan HPS langsung dari konsultan perencanaan, nah hasil produk dari konsultan ini yang kita jadikan

dasar dalam penentuan HPS, yah..dilemanya memang di kita, produk jasa dari konsultan perencana yang mensyahkan produk itu PPK, dan mau bagaimana lagi terus terang itupun menjadi keterbatasan kami, karna kebanyakan kalo saya lihat disini yang menjadi PPK jarang ada yang ornat teknis, orang yang mengerti langsung dari tugas sebagai PPK itu”

Statement Informant A above, a senior PBJ already approximately twenty years as a procurement committee in various departments / agencies that now serves as the KDP in one of the offices in the Lombok Village reveals a dilemma in determining spekteknis goods and services and HPS are the responsibility of the CO , lack of knowledge and lack of connection to the companies is one of the determining factors spekteknis and HPS, skewed to be arranged by the service providers who have direct access to the principal distributor or retailer where the item is available.

“,..pengalaman kami saat nyusun HPS, di aturan itu mengatakan bahwa HPS itu adalah harga, harga ditambah keuntungan ditambahkan dengan pajak kan, aa..na terpaku dengan kalimat itu jadi kita mencari harga di pasar ditambahkan lagi keuntungan padahal disana sudah ada keuntungan disanakita baru tau kalo HPS itu berlaku 28 hari, begitu 28 hari belum dilepas harus di review kembali, jadi kebanyakan kami sudah pake apa yang dari perencana, sehingga begitu muncul eee hasil dari perencana EE nya langsung dijadikan OE tanpa dilakukan review baik mengenai harga, spesifikasi dan sebagainya”

Statement informant B above, further strengthens the claim of the informant A, that the limited knowledge of a KDP poses no interpretations in the determination of HPS procurement of goods and services, transfixed by the words contained in the regulation that HPS is the unit price plus the entire tax burden and profits. In Article 66 paragraph (3) regulation No.54 / 2010, HPS is the result of the calculation of the entire volume of work multiplied by the unit price plus the entire burden of taxes and profits. HPS arranged for up to 28 (twenty eight) days prior to the deadline for submission of bids and the history of HPS should be documented.

Indirectly cases that most afflict the CO in the implementation of the PBJ is in terms of the determination of HPS and Spekteknis Goods and services. HPS is the price calculated by the expertise and based on the data that can be accounted for (annex regulation No.54 / 2010, Chapter II). Being persolaan when HPS and Spekteknis goods and services is based on

ignorance or inadvertence, KDP cede calculation HPS to the provider, which of course this issue is a phenomenon that often happens so that when Spekteknis and HPS has been prepared along with a deadline time of implementation of procurement related to the realization of the budget, a KDP directly obtain prices without doing a check and recheck, that when the work has been completed and the case examination of Government Internal Supervisory Apparatus (APIP) of the local government became known HPS compiled trdapat unit price that exceeds the market price, inflating prices unwittingly ignorance, multiple interpretations of the regulation, the competence of which is not in accordance with the work performed for the KDP in the implementation of PBJ.

“pekerjaan PPK itu bukan hanya sekedar tanda tangan kontrak, banyak hal yang harus kita cermati, baik spekteknis barang yang akan diadakan dan HPS, untuk draft kontrak kadang kami sesuaikan nanti pada saat tanda tangan kontrak dengan rekanan, biasanya seperti itu, jadi memang sudah kebiasaan kami kontrak nanti pada saat lelang sudah selesai (ada mimik muka tidak puas yang tergambar di wajah informan, dengan nada berat melanjutkan sebuah kalimat yang sarat dengan makna)...diluar tanggung jawab kami sebagai PPK,honor yang saya terima tiap bulannya jika dibandingkan dengan beban berat yang kami tanggung sangat tidak sesuai, honor sebagai PPK tidak sebanding dengan kerja keras kami selama ini, sedangkan semua orang berpikir posisi kami posisi basah, kalo ada yang mau jadi PPK di kantor ini dengan senang hati saya persilahkan”

Statements and expressions of informant A, implies a great responsibility of the PPK. . Sometimes with responsible and authority, CO (PPK) indirectly has ignored one of the main tasks as CO(PPK) to submit the draft contract in which there is important information for the procurement committee. In addition, payment of PPK is not comparable with the heavy burden during their job.

“draft kontrak jarang sekali kita buat disini (pandangan jauh kedepan), biasanya langsung tanda tangan kontrak, kalo mau lelang yang kita berikan ke ULP dari dinas ada surat pengantar permohonan lelang,HPS dan spekteknis saja dan biasanya gak ada masalah, kalo tidak lengkap biasanya langsung dikembalikan dari ULP untuk dilengkapi persyaratan untuk lelangnya (ada sedikit beban dalam nada bicara yang disampikannya)...toh juga beban kami sebagai PPK tidak sebanding dengan honor PPK, bagaiman bisa saya bergerak untuk memantau semua pekerjaan dengan honor yang sedikit, sedangkan honor teman-teman ULP ”

Statement of informant A is reinforced by statements made by informants B who also a

PPK employee senior in one of the offices in the Lombok Village, statements and expressions that have been expressed with full awareness by informants A and B, this tendency could be an early symptom of understanding the basic tasks as the CO which has responsibility without competence in understanding emerging regulation. General Plan Contracts which have often ignored by the CO (PPK) into the important document in which at least contains the Terms of Reference which products from the PPK list, contains of activities description , time of execution, the technical specifications of the goods and services and the amount of the total estimated cost of the work, location and place of activity (ps.22 Presidential Decree No.54 / 2010).

The contract is the main bond between the provider and the CO, in the case of an auction announcement aired in the Standard Bidding Document (SBD) Auction, contained in the decree of Deputy First LKPP 2 In 2015, the procurement committee based on the draft contract submitted by the CO must be able to show the important information to providers, because of the draft contract this will be caught scope of work, the stages of the things that must be considered before starting a job, what kind of contract, the terms of general and special contract which very crucial for information needed by the working group of PBJ and service providers in consideration of developing tender documents and bidding in an auction PBJ. Do not let old habits assume is a sheet contract with blank paper, bond or agreement merely to get a job without regard to risk.

Their limited understanding of the procurement regulations, causing misinterpretations in comprehend the existing language in the regulation of procurement, lack of knowledge, habits or work culture that has become a tradition can actually be minimized.

“yang kami butuhkan sebenarnya komitmen pimpinan (sambil menghela napas dalam-dalam, ada sesuatu yang menggantal di raut wajahnya), arahnya menjadi jelas ketika pimpinan dengan tegas mengatakan, PPK itu harus terus di upgrade kemampuannya, harus orang yang memiliki kompetensi di bidang pekerjaan yang akan dilaksanakan, selama ini kami tidak pernah ada peluang untuk dikirim Bimbingan Teknis Pengadaan (menggelengkan kepala berusaha menegaskan pernyataanya) khusus untuk PPK, sering

ada tawaran pelatihan dari LKPP untuk pelatihan penyusunan HPS, penyusunan kontrak, tapi itu semua tidak pernah diperhatikan, pengembangan SDM PPK yang selama ini dengan tanggung jawab yang berat tidak diimbangi dengan peningkatan kemampuan yang kami miliki, bagaimana kami bisa paham, sedangkan kemampuan kami terbatas hanya menjalankan perintah atasan dan kebijakan-kebijakan yang harus kami jalani tanpa peduli resiko kami nantinya, kalo semuanya mau berjalan dengan prosedur pengadaan yang ada, jangan lagi ada intervensi, itu yang terkadang membuat ada berbagai kepentingan dalam proses lelang, kalo kami karena semua sudah ditangani di ULP bisa kami abaikan, bola panasnya lebih banyak di pokja lelang dan ULP ”

Statement informant A filled with deep meaning above and supported with facial expressions full of dilemmas in under pressure with the policies and interventions superiors within the scope of the service is strategically located in District Cabe. giving some idea of what is actually happening in the auction process, strategic policy leadership and supervisor intervention, although not implied but situational stress affects the CO work patterns. The solution to the problems in the planning process of PBJ is an important part in the implementation and the auction process work well and that a commitment of the leadership of the focused and clear. The capability of the PPK with upgrade capability by sending the employee periodically to carry out technical guidance related to the PBJ, both in HPS technical guidance case preparation, and preparation of contracts technical specs were important pillars of success or failure of the PBJ implementation .

Moral hazard (intention to commit irregularities) and adverse selection (asymmetry of information which the agent has more interest as a result of having more information than the principal) can not be seen clearly. Confirmation Agency theory (Jensen and Meckling, 1976) remains to be seen clearly that due to the authority of the auction today is more dominant in the ULP.

Confirming the theory of diamond fraud in the planning stages of the auction is the responsibility of the PPK, dominated on the side of ignorance, incompetence multiple interpretations and PPK in understanding and assessing the existing regulations. In this case related to the PPK understanding Perpres 54/2010 and its amendment (Presidential Decree

No.35 / 2011 Change First, Presidential Decree 70/2012 Second Amendment, Third Amendment of Presidential Decree No. 172/2014, up to four changes that Presidential Decree No. 4/2015). HPS understanding and interpretation of the validity period of HPS, giving a clear picture, whether this is a factor of ignorance or inadvertence. Many PPK ignorance in the preparation of HPS made PPK stuck in the realm of law as a result indicated inflate the price (mark-up).

Research (Arifianti et al., 2015) corroborate these results, that the quality of the CO / Officer Procurement / Procurement Committee affect the occurrence of fraud PBJ, the lower the quality aktif involved in the process PBJ then the chances of fraud PBJ getting bigger, the quality of KDP in accordance with competence areas of procurement implemented will minimize the occurrence of fraud PBJ.

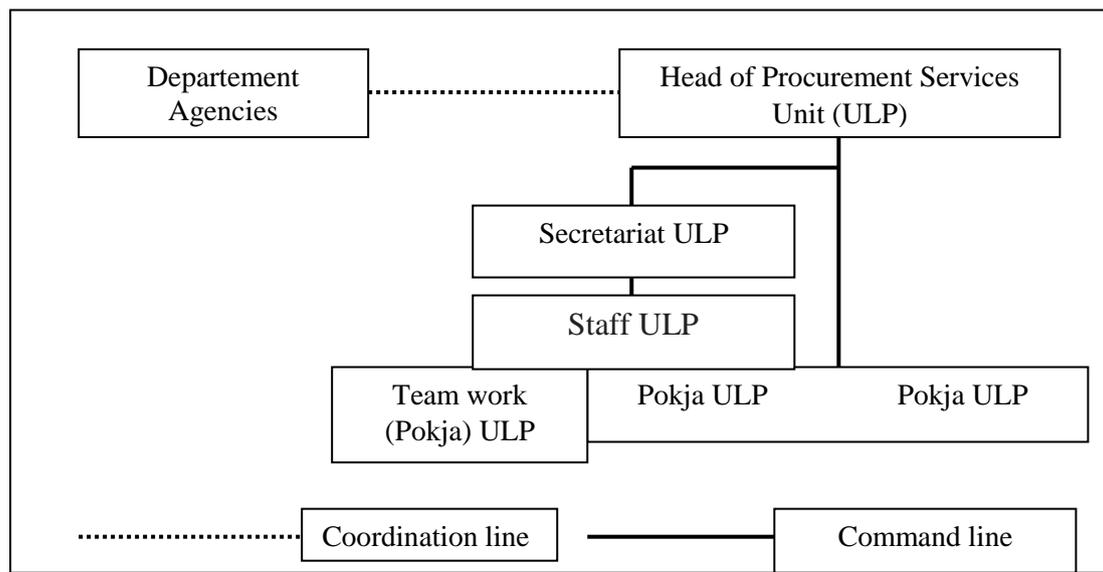
Strategic policies of regional leaders and authorization of superior orders is situational is a factor that can not be ignored, the CO which is a structural position in the organizational structure of local governance often get direct intervention from superiors without regard to risk due to the impact of the policy and authorization superiors in the bidding process, so spekteknis influence in the determination of the goods and services and HPS are indications directed at a particular service provider. Coupled with honor as a relatively low KDP increasingly provide an opportunity to take action to deviate (fraud) to get compensation for what to do with ignorance or kesengajaannya as add a tax burden and the price advantage of the market price in the preparation of HPS. Fraud diamond theory (Wolfe and Hermanson, 2004), (Kurniawan, 2014: 28) confirmed this, the occurrence of fraud, because of pressure working environment with an indicator of policy leaders, their orders, lack of respect for work performance and low incentives.

## **Tema 2: Selection of Service Provider: The Weakness of Internal Control System**

The organizational structure of the Procurement Services Unit (ULP) still attached to the existing units, not permanent is the dilemma of a ULP as a unit of organization for the

implementation of the Procurement of Goods and Services (PBJ), with substantial powers in the implementation of e-tendering, policy interventions and authorization of superior orders would not be denied. Picture below is a chart of the organizational structure of the ULP in the Lombok Village.

Figure.2. The organizational structure of ULP Lombok Village



Command line relationship between the head of ULP inherent with existing structural positions with ULP Working Group that can be interpreted situationally superior command authority, directly or indirectly.

“dalam sistem kami tidak berani main-main, tapi sebegus apapun sistem didalam proses ini kalo orang-orangnya tidak diperbaiki tujuan dan mentalnya saya rasa sulit untuk bisa bersih. Kami hanya staf yang menjalankan perintah atasan, dan walaupun kami dengan istilah ada pengawalan yang kalo bisa dibilang sudah ada pengantin itu atas kebijakan pimpinan, kontrol kami disini dalam organisasi pengadaan ini sangat minim, masih lemah, posisi kami disini bagaikan dua sisi mata uang, kami kadang jenuh dengan situasi ini, tapi kami sudah terlanjur disini kami harus siap untuk itu, sedangkan resiko jika terjadi sesuatu, kami yang paling pertama yang akan diperiksa ”

Informants statement C, one member of the Working Group of the ULP reflected in the appreciation of the meaning explicitly stated, this is one result of the organizational structure that still attached to the existing units, not permanent, thick with policy interventions and orders from superiors. The statement reinforced by the statements of informants C D informant

who is also a member of the Working Group ULP Lombok Village

“sejak kewenangan pelaksanaan lelang dilimpahkan sepenuhnya ke ULP, banyak yang mengincar posisi jadi ketua ULP atau anggota pokja, mereka enggak tau kondisi yang ada di dalam, saya rasa dengan wewenang yang sedemikian kompleksnya seharusnya ini dibarengi dengan pengawasan, maksud saya pembinaan yang intensif, agar jangan sampai terlanjur overload kewenangan yang diberikan ini, saya rasa tidak etis juga kita mendahului SKPD yang bertanggung jawab langsung dalam pelaksanaan kegiatan ini, kalo sekarang kita berpikir tanggung jawab ada di SKPD bisa-bisa saja, tapi saya rasa bukan itu, dan keadaan ini yang terjadi saat ini, berbagai kepentingan muncul, semua merasa dirinya berhak atas proyek yang dianggap strategis, apalagi kalo tidak menginginkan sesuatu yang lebih dari sana ”

The absolute power and redundant in one device will cause a weak organization internal controlled system to the organization. The authority which is identically with the authority of superior orders associated with existing policies may lead to irregularities long before the bidding process begins. Statement of informants stated escort existing tender when tender candidate, the escort will done in the tender at the time before entering into an electronic system implemented.

“panitia hanya bisa kawal ketika sebelum masuk ke sistem, kalo sudah masuk kami angkat tangan, dalam arti mungkin sebelum pengumuman ditayangkan kami panitia diperintah untuk mengawal dan ini kami hanya sebatas melihat dokumen penawaran mereka, mungkin ada yang lebih dan ada yang kurang kami bisa berikan point-pointnya saja, selanjutnya jika sistem berjalan ya harus sesuai dengan kemampuan masing-masing”

Escort in this case merely by observing the bidding document providers, later expected to be the winner and may be assisted by a procurement committee limitation to see the document provider's offerings to be included in the screening service providers normative. This is certainly no longer in accordance with the principles of procurement and ethical procurement apply (Chapter II Rules of Acquisition Value, Presidential Decree No. 54/2010).

Auction no longer fulfill the principle of providing fair / not discriminative. Procurement committee which is certainly as an agent with more information about the auction information to be carried out will have an adverse selection by providing information to the service providers who will participate in the auction on the command and authority of superiors.

Procurement Committee give special treatment to one service provider recommended by superiors to be a winner in the auction, this is caused by devolution excessive that has a monopoly of power in him coupled with great authority that issued the policies that will make it easier in doing irregularities (fraud).

“kalo aturan pengadaan sudah kami jalankan sesuai dengan prosedur, setiap langkah evaluasi dalam sistem SPSE berjalan sesuai dengan jadwal yang ada, dari evaluasi administrasi, teknis, harga sampai dengan pembuktian kualifikasi sudah berjalan sesuai dengan aturan, kalo di luar sebelum proses berjalan kalo menurut saya kacamata saya memang tidak semua paket dikondisikan, banyak paket yang kami lepas begitu saja, tapi kalo paket yang sangat strategis, saya rasa wajar gak salah jika kita melakukan koordinasi sebelumnya dengan rekanan contohnya mempersiapkan apa-apa saja yang menjadi point-point pokok dalam penawaran mereka nantinya ”

Implementation of PBJ accordance with the procurement rules had been seen from the course of each stage in the e-tendering conducted by the Working Group of the ULP between these stages is the manufacture of auction packages, viewing auction announcement on the portal LPSE. Briefing auction (and instructions), opening of bids, evaluation of bids (evaluation of the administrative, technical and price), the evaluation of qualification and verification of qualifications, upload the minutes of the auction results, the announcement of the winner, the winner determination and objection period. During the procurement system, it was never engineered for all stages of the auction will be clearly recorded in each phase of the security code that encrypted by a password state institutions.

Statement informants from the member Working Group of the ULP in the auction process is more dominant in stuck in a command authority superior to the policy as a result of the authority vested in them, in line with the fraud diamond theory with the factors that motivate him to do fraud is weak control system intern, Delegation of authority is excessive to a system of organization, policies superiors, authority superior orders and procurement committee considers help partners before the auction carried out by looking at the bidding documents partners is fair because it has not entered the stage of the process of selecting a provider is a natural thing to do to give meaning justification over what their actions.

Statement above in accordance with what the findings of Arifianti et al., (2015) which explains that the asymmetry of information enables the moral hazard that occurs between the leader / supervisor as principal and Working Group ULP (Pokja ULP) as an agent. The leadership has a moral hazard to delegate authority to ULP Working Group to make a deviation to its interests and others. This is in line with what the findings of (Wolfe and Hermanson, 2004) in fraud diamond theory, that fraud is done because there are factors that influence them, the authority of superiors who interpreted the pressure ), the internal control system on weak interpreted as an opportunity to commit fraud, rationalization to do something deviant and their fiber authority policies interpreted by their ability (capability) to commit fraud.

#### **4. Conclusion, Implication and Limitation**

##### *4.1. Conclusion*

This study aims to find the motivation to do fraudulent procurement of goods and services in the government sector, using the approach to fraud diamond theory and agency theory to understand and examine the goods and services electronically in every phase of the auction electronically performed by the actors directly involved in the process procurement goods and services electronically with the phenomenological approach to be able to interpret any meaning in the phenomena that occur in the process of procurement of goods and services.

The results of this study indicate fraudulent procurement of goods and services are motivated because of their influence superior authority as pressure working environment, defined by the pressure, weak internal control system define by the opportunity, the justification for what is done define by the rationalization and a low level of understanding define by the capability. This meaning-making can be seen in the matrix category and meaning are summarized by the statement-important statement informants have been presented in the above results and discussion like:

Table 1. Categorizing Patterns And Meaning Unit Generated

No.	Category	Descriptive Narrative Category	Meaning of Units
1	Ignorance	Understanding in articulating e-procurement regulation overall and complex	The level of understanding that is not in accordance with the field work carried out
2	Double Interpretation or wrong interpretation		
3	There is no supervision and internal control	Weak internal control system within the procurement organization structure	Weak Internal Control System
4	Reasonable to do	Carry out orders from superiors to help service providers before bidding included in an electronic procurement system (SPSE) is something that can not be blamed	The justification for what is done
5	Excessive delegation of authority	Delegation of authority so that their monopoly of power in him coupled with policies and authority as a supervisor so that moral hazard (the desire to commit irregularities).	Pressure Work Environment
6	Leadership Policy		
7	Otoritas atasan		

Table 2. Meaning Generated From Unit Meaning

No	Meaning of Units	Meaning Units
1	Pressure Work Environment	Pressure
2	Weak Control Systems	Opportunity
3	The justification for what is done	Rationalization
4	The level of understanding unsuitable with field work implemented	Capability

The above table clearly reveals the factors that influence the motivation to do fraud procurement of goods and services in the Lombok Village viewed from the perspective of diamond fraud theory. Implementation of the e-procurement has not shown the procurement in accordance with the procurement principles and ethics, that is : transparency, open, competitive, non-discriminatory and accountable but it has been demonstrated that efficient and effective procurement.

#### *4.2. Implication*

Changes and increased in regulation of domestic e-procurement improvement of the procurement system, the establishment of an independent procurement agency is the effort of the government to realize the government's e-procurement of a clean and healthy towards good governance. Their procurement irregularities in Lombok indicate the presence of factors that motivate doing procurement irregularities.

Factors that cause the occurrence of fraud procurement of goods and services can be minimized by improving the competence of both the PPK and procurement officials ULP Working Groups hope to upgrade the skills and knowledge of the PPK and the Working Group of ULP through technical guidance on the procurement of goods and services. Internal Control Systems (SPI) can be enforced, with the guidance and supervision and management commitment that is focused and clear to create a conducive working environment, so that it can be done on the responsibilities of risk control work carried out by the PPK and the Working Group of the ULP.

#### *4.3. Limitation*

Limitations of this study is the researchers did not make the contractors and recipient of the work of the committee which are called PPHP became the informants in research because they also become part involved in the procurement process. For next study expected PPHP and contractors can be used as informants in the study, so the motivation to do e-procurement fraud not only in the planning stages and provider selection, but until the stage of the procurement contract signing and handing over the job. So that fraud can be seen not only limited to the diamond fraud theory but can thrive on theories of fraud are new, like GONE Theory or Theory pentagons. This can be a consideration of further research to dig deeper into the motivation to do fraud in e-procurement.

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