

THE POTENTIAL MISUSE OF VILLAGE FUNDS IS CAUSED BY INDIVIDUAL MORALITY AND THE PRESENTATION OF FINANCIAL STATEMENTS THAT ARE ENGINEERED

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ABSTRACT

Presentation of financial statements is very important to inform government accounting information. The government demands to present financial statements that are fairly and fully disclosed so that the financial statements presented can be accounted for so as to create transparency and accountability of a financial report. The method used in this study is the F test to see whether the existing regression model is feasible or not. The regression model describes the effect of the independent variables, namely the accounting information system, individual morality, and the presentation of financial statements on the dependent is the misuse of village funds. Through the ANOVA table, the regression model is declared feasible if the value of Fcount (Sig.) is less than 0.05. The results show that individual morality affects the presentation of financial statements with implications for misuse of village funds due to opportunities and individual needs.

Keywords: Individual Morality, Financial Reports, Potential Misuse of Village Funds

1. Introduction

The Village Fund is a source of income in each village in order to increase village income provided by the government to improve community service facilities in the form of meeting basic needs, strengthening village institutions and other activities needed by village communities which are decided through the Village Musrenbang. The existence of the Village Fund also raises new problems, namely not a few people are worried about the management of the Village Fund. This is related to the condition of the village apparatus which is considered to be of low quality human resources, and the lack of community supervision over the management of the village income and expenditure budget so that the form of supervision carried out by the community cannot be maximized. The village is the level of government that is directly related to the community. Village development plays an important role in national development. Villages have village funds from the government which are intended for rural areas.

Based on Law Number 11 of 2019 article 2, Village Funds are funds sourced from the State Revenue and Expenditure Budget designated for Villages which are transferred through the district/city regional revenue and expenditure budget and are used to fund government administration, development implementation, community development, and community empowerment. The law on village funds provides an opportunity for the village and for the village people to make changes to the village. Villages that experience changes to development and regional income will become an important foundation for the progress of the nation and state in the future. The regional financial accounting information system is a system of grouping, recording, and processing local government financial activities in a financial report as information that can be used by certain parties in making decisions. (Chen& Rui,2006: Lenz, &Graycar, 2016}

With the advancement of information technology that is growing so rapidly and the potential for its widespread use, the management and access to regional financial information can be carried out more quickly and accurately. The use of reliable technology applications is needed to support the success of data processing and to produce relevant reports. In addition to the application of technology that supports accounting information systems, the ability to use information systems is also necessary to influence the progress of the accounting information system (AIS) for the village. Morality is something that can affect the ethics or actions taken by someone. Morality will relate to misuse of village funds. According to (SantiPutriLaksmi&Sujana, 2019) To prevent abuse, efforts can be made by prioritizing and instilling thoughts about morality. One of the theories of moral development that is widely used in ethical research is the Kohlberg model.

This theory holds that moral reasoning, which is the basis of ethical behavior, has six identifiable developments. Kohlberg (1969) used stories about moral dilemmas in his research and he was interested in how people would justify their actions when they were in the same moral problem (Komala&Piturungsih, 2019). In addition, workenvironment factors also affect morality. The financial statements of public sector organizations are an important component for creating public sector accountability. The increasing demands on the implementation of public accountability have implications for the management of the public sector to provide information to the public. According to the 2016 Government Accounting Standards Committee (KSAP), the components of village financial reports compiled in the Village Government Financial Reporting Standards consist of Village Budget Realization Reports (LRA),

Village Balance Sheets and Notes to Village Financial Reports (Ramadani, 2020). The poor presentation of financial statements that describe accounting information for local governments, the role of financial statements is very important and often has problems. The government demands to be able to present financial statements that are fairly and fully disclosed so that the financial statements presented can be accounted for so as to create transparency and accountability of a financial report. The phenomenon of cases of misuse of village funds has occurred in Indonesia. Based on the results of monitoring by Indonesia Corruption Watch (ICW), there were 169 corruption cases during the first semester of 2020. Of this number, the most corruption in the village fund budget sector occurred, namely 44 cases.

There are four aspects that can trigger abuse in village financial management, namely regulatory and institutional aspects, management aspects, supervision aspects and human resource aspects (Tama, 2020). In 2018 there were still cases of misappropriation of village funds, for example in East Nusa Tenggara, the village head was proven to have misappropriated village funds, not only to misappropriate village funds, the village head was involved in a murder crime case. The village head cost the state Rp 445 million in a village road project in the village of Noenasi, Miomafo Tengah sub-district, NTT. The problems in this case are the lack of knowledge of the village apparatus, the lack of transparency, and the factor of deliberately using village funds for personal interests also triggers the misuse of village funds.

Phenomenon explained that the community needed to participate in monitoring and evacuating the misuse of village funds, so as to minimize and emphasize fraud against village funds. Previous research (Farida & Suyono, 2021) stated that the accounting information system had an effect on the potential for misuse of village funds, supported by the statement (Husnurrosyidah & Suendro, 2018) stating that the accounting information system had an effect on the potential misuse of village funds. However, this statement contradicts the statement (Farida et al., 2021) which states that the accounting information system has no effect on the potential misuse of village funds. This research was conducted (SantiPutriLaksmi & Sujana, 2019) stating that morality has an effect on the potential misuse of village funds, this statement is supported by (Ramadani, 2020) which states that individual morality has a significant effect on the potential misuse of village funds, but according to (Komala & Piturungsih, 2019) morality has no effect on the potential for misuse of village funds. Ramadani, (2020) states that the presentation of financial statements has an effect on the potential for misuse of village funds, but according to (Laila, Yetty et al., 2018) states that the presentation of financial statements has no effect on the potential for misuse of village funds. The reason the researcher conducted the research was that the Sukabumi village was the village of the researcher's origin, making it easier to access and reach it, besides that the researcher wanted to find out how influential the accounting information system, individual morality and presentation of financial reports on the potential misuse of village funds in Sukabumi Village. Husnurrosyidah & Suendro's research, (2018) states that morality triggers to manipulate financial reports due to the pressure of the individual interests of the village head and the opportunity so that the presentation of financial statements is modified in such a way that accounting information shows inaccurate numbers.

Theoretical basis Stewardship theory is part of agency theory. divided into three types, namely, assumptions about human nature, organizational assumptions, and information assumptions. The assumption of human nature emphasizes that humans are self-interested, have limited rationality (bounded rationality) and do not like risk (risk averse). Stewardship theory explains the form of leadership patterns and the relationship between superiors and subordinates in an organization using situational mechanisms. Village Heads and Village Apparatus (Stewards) tend to be motivated to act according to the wishes of the Government (principals). (Muhammad Fadil, 2020)

According to Gudono (2012) there are two kinds of agency problems that exist in the principal and agent relationship, namely: (1) Bad choices (2) Moral disaster.

Bad choice (adverse selection or negative selection) occurs when the principal does not know the agent's abilities, therefore the principal can make bad decisions about the agent. Meanwhile, moral hazard (moral hazard) occurs when a contract that has been approved by the principal and agent, but the agent has more information that does not meet the requirements of the contract. So that management gets excessive facilities. (Maria Goretiusboko, 2018). Agency theory concerns the contractual relationship between two parties, namely the principal and the agent. Agency theory discusses the agency relationship in which a certain party (principal) delegates work to another party (agent) who does the work. This theory intends to solve two problems that occur in agency relationships. Problems that arise due to differences in interests between the principal and the agent. (Komala & Piturungsih, 2019).

2.1. Individual Morality

Morality is a term that is closely related to morals. Etymologically, the word moral comes from the Latin word *mos*, the plural form of *mores*, which means ordinances or customs. Moral is a set of values about various kinds of behavior that must be obeyed. Laila, yetty et al., (2018) explain that morality occurs when people take the good because they are aware of their obligations and responsibilities and not because they seek profit. It can be interpreted that individual morality is the attitude and ethics of the individual himself, which is related to individual behavior in carrying out activities that are visible or invisible to others. Maria Goretiusboko, (2018) and Abayomi, (2016) states that morality has many factors that support it, especially the surrounding factors.

Individual morality will be created according to stages according to what is happening around the individual himself. According to Bertens (1993) in (Widyaningsih, 2018) Moral has the meaning of a value and norm that becomes a guide for a person or a group in regulating their behavior. Morals are accepted standards of behavior that enable people to live cooperatively in groups. This of course has its own values that need to be known. The characteristics of these moral values are grouped into 4 by Bertens K.

The following are the characteristics of these moral values: (1) Regarding responsibility Moral values are related to the human person, but are more specifically related to the responsible human person. Moral values make a person guilty or innocent, because he is responsible. (2). Relating to conscience. The hallmark of moral values is that only these values raise the voice of conscience, whether accusing, because people underestimate or oppose moral values or praise when people realize their moral values. (3). Mandatory. Moral values absolutely oblige and are non-negotiable. For example, if someone has an aesthetic value, then he will appreciate a quality painting, otherwise other people may not appreciate the painting. But on moral values, people must recognize and must realize. Absolute obligations are attached to moral values, because these values apply to humans as humans (4). It is formal.

Max Scheler stated that moral values piggyback on other values. This means that in realizing one's moral values, one includes other values in a moral behavior. Morality is the behavior of a person who has many links with other treatment values, which in other words this morality value supports or supports other treatments carried out by the individual himself. Morality is an act or human behavior that arises because of the interaction of individuals - individuals in association. So morals are the procedures for the rules of abstract norms that regulate human life to carry out certain actions and as controllers that regulate humans to become good human beings (Albrecht&Zimbardo, 2011).

2.2.Presentation of Financial Statements

The Financial Accounting Standards Board (FASB) inaugurated PSAK 1 Concerning the Presentation of Financial Statements. The rules were then revised in 2013 and readjusted in 2014. The contents of PSAK 1 include the terms, structure and content of the financial statements. According to the Indonesian Accounting Association (IAI, 2015), financial statements are a structured presentation of the financial position and performance of an entity. In other words, financial statements are written records that convey the business activities and financial performance of a company. The purpose of financial statements according to PSAK 1 (Revised 2009) is to provide information about the financial position, financial performance, and cash flows of an entity that is useful to most users of the report in making economic decisions.(Abdullahi, & Mansor, 2015: Beneish, & Nichols, 2012).

The main purpose of financial statements is to provide financial information that includes changes from elements of financial statements that are addressed to other parties with an interest in assessing the financial performance of the company in addition to the company's management. The users of the report will use it to predict, compare, and assess the financial impact arising from the economic decisions taken. Information about the financial effects that arise earlier is very useful for users to forecast, compare and evaluate finances. If the value of money is unstable, then this will be explained in the financial statements. Financial reports will be more useful if they report not only quantitative aspects, but include other explanations that are deemed necessary.

And this information must be factual and objectively measurable. Qualitative characteristics are characteristics that make the information in financial statements useful to users. There are three main qualitative characteristics, namely:(1). Understandable- The information presented in the financial statements can be understood by participants and the form and terms are adjusted to the limits of the users (2). Relevant Financial statements are considered if the information presented in them can influence user decisions; (3). Reliability The information in the financial statements is free from misleading understanding and material errors; The presentation of financial reports illustrates that the presentation of good village financial reports and supported by the ability of competent village officials can avoid fraud (Laila, Yetty et al., 2018). The presentation of this Financial Statement is a normative measure

that needs to be realized in accounting information so that it can fulfill its objectives. Size.(Ramadani, 2020).

2.3.Potential for Misuse of Village Funds

YuyunYulianah, (2015) The success of implementing a policy, one of the determining factors is socialization which is a process of communicating activities. There are 3 (three) things that need to be considered, namely transmission, clarity, consistency. The Village Fund Allocation is a fund from the regional government that goes directly to the village account, where its use is the full authority of the Village Head (Luthans, 2005). The modus operandi of misappropriation that is generally carried out by village government officials, regarding the allocation of village funds that generally occurs are: Using village fund allocations for personal interests; (1) Divert funds to other programs. (2) Include new activities that were not previously planned. (3) Manipulating reports on the use of village fund allocations. (4) Village fund allocation funds are used to cover PBB deposits (5) Purchase of village inventory items. (6) Allocation of village fund allocations that are not in accordance with the provisions. (7) The Village Head does not allocate funds for community activities that should be financed by the allocation of village funds.(Abayomi, &Abayomi, 2016: Ghosh, & Moon, 2010: Hanifa, &Laksito, 2015: Cieslewicz,2012).

Potential Misuse of Village Funds. According to (Husnurrosyidah&Suendro, 2018) there are several characteristics of misuse of village funds: (1) Fund management. (2) Activity Plan. (3) Administrative Activities. (4) Transparent. (5) development of activity results. socialization and implementation of ADD, there are several determining factors, namely: (1). Socialization has been carried out by the Regency Team while supervision is delegated to program implementers through the implementation of work accountability (2). The achievement of information from policy makers to policy implementers and vice versa runs smoothly so as to facilitate the control system (3). There is consistency in achieving policy messages/orders, meaning that there are no conflicting orders. Efforts that can be made to minimize misappropriation of ADD funds include: conducting socialization on ADD, increasing community participation and Human Resources (HR) both as technical actors and as parties who supervise the allocation of village funds from the initial stage to reporting.

Farida &Suyono's research, (2021) explains that financial reporting containsorganizational forms, records, and reports that are coordinated in such a way as to provide financial information needed by management to facilitate companymanagement. According to Ghozali, (2019) In terms of administration and management village funds, financial reports are very necessary because they willdetermine how to manage and use village funds properly. In this case, financial reports can be interpreted as notes and coordination reports in such a way as to provide village financial information needed by the village government to facilitate the management of existing village funds. Financial management data storage does not require a lot of files and the data can be used for a relatively long period of time. Financial reports on the management of village funds will have a very influential impact

on the instability of existing village fund management and changes in good financial position will affect the village fund management system in the village, (Kelly, & Hartley, 2010:Hertati, 2015).

DeniRamadani's research (2020) concludes that data processing regarding accountability and morality so that the presentation of financial statements can be accounted for so that fraud prevention on the presentation of financial statements is free without exception. the village has no effect on preventing fraud in the management of Village Fund Allocations because of the control environment so that fraud in the management of Village Fund Allocations (can be minimized. Then village heads who have good individual morality can prevent fraud in Village Fund Allocations. (Fadli, 2020). Then the research of DwiUtami, et, all (2019) concluded that information asymmetry has an influence on the tendency of accounting fraud, meaning that if information asymmetry increases, the tendency of fraud also increases; individual morality has a negative influence on the tendency of cheating, meaning that the higher the level of individual morality, the lower the tendency to commit fraud; and internal control has a negative influence on the tendency of fraud, meaning that the better the internal control of an agency, the tendency.(Kelly, & Hartley, 2015: Purnomo, 2017: Norbarani, 2012).

Nitimiani et al (2020) research on the tendency of individual morality to commit accounting fraud. Due to information asymmetry that affects the tendency of accounting fraud. As well as the effectiveness of Internal Control can reduce the tendency of accounting. Suendro (2018) from his research that the accounting transparency system can detect misuse of village funds and low levels of ability and knowledge, village officials in the accounting field can minimize the potential for misuse of village funds Rasuli's research Mohamed,& Simon (2015) proves that the competence of village financial management officers affects village financial management accountability to the village government. Then information technologyhas a significant effect on the accountability of village financial management to the village government. The village financial accounting system has a significant effect on the accountability of village financial management to the village government and a strict internal control system can control theaccountability of village financial management to the village government. (Ruankaew, 2016: Prajanto, A., & Pratiwi,2017: Perols, & Lougee,2011).

The presentation of village financial reports has a negative effect on the potential for fraud in the management of village fund allocations and the control environment has a negative effect on the potential for fraud in the management of village fund allocations supported by the morality of the village apparatus for potential fraud in the management of village fund allocations (Astut, et, all, 2019: Skousen& Wright,2009). Research (Ratna Sari, 2020) concludes that individual morality, organizational commitment and compensation suitability have a negative effect on accounting fraud. Purwantin's research (2019) shows that competence does not affect village fund management accountability, while the internal control system and quality of financial report presentation affect village fund management accountability. The framework of this research can be seen below:

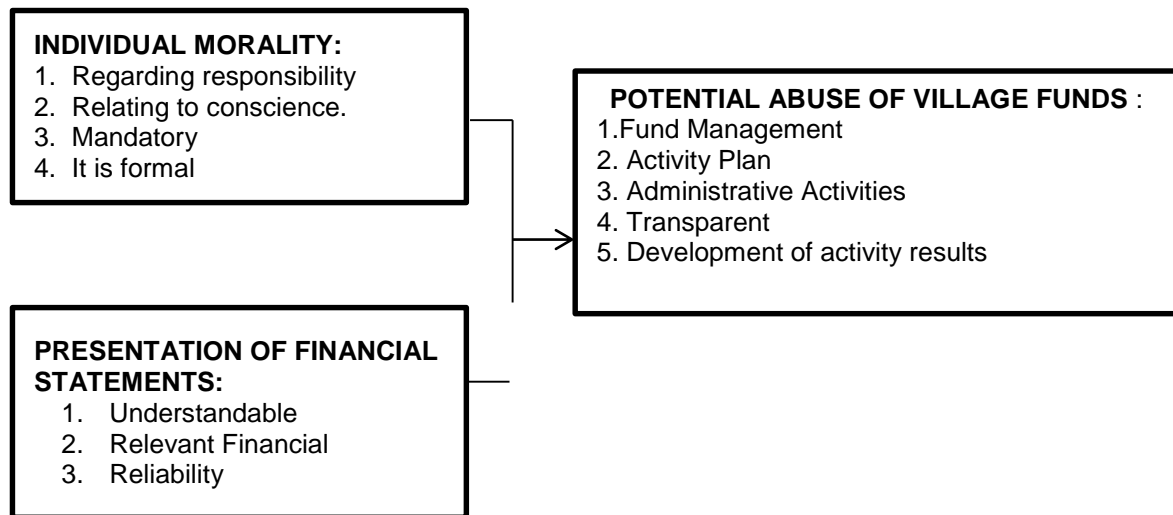


Figure 1 Conceptual Framework for Thinking, 2021.

Hypothesis:

H1: The Influence of Individual Morality on the Presentation of Financial Statements

H2 : Effect of Financial Statement Presentation on Potential Misuse of Village Funds

2.4. ReserchMethods

This study will discuss issues related to the influence of individual morality and the presentation of financial statements on the misuse of village funds in villages in South Sumatra, Indonesia. The type of data used by this researcher is using primary data, primary data is data obtained by using a questionnaire. So that the data collection technique is done by giving several questions or written statements to be answered by the respondents. The questionnaire is a primary data collection technique obtained directly from the original source, using written questions with the aim of obtaining information from respondents (Maria Goretiusboko, 2018). Data, the researchers carried out data collection techniques using questionnaires, observations and interviews. According to Sugiyono (2017), population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers from all village head offices in Cempaka District. The following is a summary of the list of village head offices in Cempaka District, South Sumatra, Indonesia.

Table 2 Village Apparatus

No	Village Name	Village Apparatus				Amount Sample
		Village head	Secretary village	Treasurer village	Element Kaur	
1	CampangTigaUlu	1	1	1	1	4
2	CampangTigallir	1	1	1	1	4
3	CampangTiga Jaya	1	1	1	1	4
4	Cempaka	1	1	1	1	4
5	Sukaraja	1	1	1	1	4
6	Harisan Jaya	1	1	1	1	4
7	Sukabumi	1	1	1	1	4
8	GunungBatu	1	1	1	1	4
9	Gunungjati	1	1	1	1	4
10	Kuripan	1	1	1	1	4
11	Meluai Indah	1	1	1	1	4
12	Krisakti	1	1	1	1	4
13	UlakBaru	1	1	1	1	4
JumlahPopulasi		13	13	13	13	52

Source: Sukabumi Village Head's office, 2021

Descriptive statistics are statistics used to analyze data by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. Descriptive analysis describes a summary of data such as mean, standard deviation, maximum, minimum, variance, mode and others (Maria Goretiusboko, 2018). Validity test is a condition that describes whether the instrument we use is able to measure what we are going to measure. The results obtained from the validity test are a valid or valid instrument. This test is used to measure the validity of the results of the questionnaire answers which indicate the depth of measurement of a measuring instrument. The correlation results must be significant based on certain statistical measures by setting the level of 5%. Each item

is said to be valid if it has a correlation value greater than r table and $= 5\%$ or r count $> r$ table (Ghozali, 2019).

Reliability testing is carried out to find out how far the measurement results remain consistent if the measurement is carried out twice or more for the same symptoms using the same measuring instrument (Sugiyono, 2012). To see the reliability of each instrument used, the author suggests a questionnaire is declared reliable if the Cronbach Alpha value 0.6. According to (Ghozali, 2019) said that the F test was used

to see whether the existing regression model was feasible or not. Appropriate means that the existing regression model can be used to explain the influence of the independent variables, namely the accounting information system, individual morality, and the presentation of financial statements on the dependent is the misuse of village funds. Through the ANOVA table, the regression model is declared feasible if the value of Fcount (Sig.) is less than 0.05. According to Maria Goretiusboko, (2018) The coefficient of determination (R²) essentially measures how far the model's ability to explain variations in the dependent variable is. The value of the coefficient of determination is between zero and one. The small value of R² means that the ability of the independent variables in explaining the dependent variable is very limited.

A value close to one means that the independent variables explain almost all the information needed to predict the variation of the dependent variable. To measure the responses and opinions of respondents in this study, the authors used the Likert Scale method. Likert scale is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena. Each question has five alternative answers, so for that the author places the weight of each alternative answer chosen below is a Likert scale table (Sugiyono, 2017). Ghozali (2018) said that the t-test was used to determine each independent variable on the dependent variable. If tcount > ttable or the significance value of t test < 0.05, it is concluded that individually the independent variable has a significant effect on the dependent variable. Testing this hypothesis is done by using multiple linear regression analysis. Multiple linear regression analysis is an analysis used to determine the effect of two or more independent variables on the dependent variable (Maria Goreti usboko, 2018: Silaen, 2018). The Multiple Linear Regression Equation can be written as follows:

$$Y = \alpha + b_1x_1 + b_2x_2 + b_3x_3 + e$$

Where:

Y: Misuse of Village Funds

X₁: Individual Morality

X₂: Presentation of Financial Statements

α: Constant Value

b₁ : Individual Morality Regression Coefficient

b₂ : Regression Coefficient of Financial Statement Presentation

e : Standard Error

The operational hypothesis is the variables in it so that it can be operationalized in this study, as follows:

a. Ho₂ : β₂ ≤ 0 : Individual morale does not have a positive effect on the potential misuse of village funds.

Ha₂ : β₂ > 0: Individual morality has a positive effect on the potential for misuse of

village funds.

b. Ho3 : $\beta_3 \leq 0$: Presentation of Financial Statements does not have a positive effect on the potential for misuse of village funds.

Ha3 : $\beta_3 > 0$: Presentation of Financial Statements has a positive effect on the potential for misuse of village funds.

Table 4 Operational Definition

Variable	Dimension	Indicator	Ckale
Individual Morality	1.Responsibility	1. Moral Value	Ordinal
		2. The Human Person	Ordinal
	2. Conscience	3. Characteristics of Moral Values	Ordinal
		4. Moral Values	Ordinal
	3. Require	5. Absolute Obligation	Ordinal
		6. Non-negotiable	Ordinal
Presentation of Financial Statements	1.Understandable	7. Understandable Information	Ordinal
		8.The term is adjusted to the limit	Ordinal
	2. Relevant	9.Complete Financial Statements	Ordinal
		10. Information Relevant to Users;	Ordinal
	3.Reliability	11. Complete Financial Statements	Ordinal
		12.Financial Statements Are Not Misleading	Ordinal
Misuse of Village Funds	1.Socialization	13.Supervision Delegated	Ordinal
		14. Work Accountability	Ordinal
	2.Information Achievement	15.Policy Maker	Ordinal
		16.System Control	Ordinal
	3.There is Consistency	17.There is Consistency	Ordinal
		18.Command Not Against	Ordinal

Table 3 Descriptive Statistics of Research Variables

Variabel	Statistical Size				Relative Frequency					
	Min	Max	Average	D	[0-1)	1-2)	2-3)	3-4)	[4-5)	5

Individual Morality	2,1	4,9	4..0	0,5	0,0	0,0	5,2	44,8	50,0	0,0	
Presentation Of Financial Statements	2,1	5,0	8	,3.	0,6	0,0	0,0	12,1	50,0	34.5	3,4
Potential Misuse Of Village Funds	1,5	1,3	3,4		0,5	00	0,0	3,4	24,1	69.0	3,4

Source: Statistical Processed Data, 2021

Table 4 Evaluation of Structural Model

No	Reason	Consequence	Middleman	Estimation(0)	Standard error (STD EV)	Statistik-t O/STD EV)	Value-P	Sig	VI F	Colonia lity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	IM	PM VF		0,56	0,14	4,13	0,00	Sig	3,23	non-kolinier
2	PFS	PM VF		-0,26	0,18	1,50	0,13	Sig	1.94	non-kolinier

Source: Statistical Processed Data, 2021

Following are the results of the calculation of scores for each construct of Individual Morality, Presentation Of Financial Statements, Potential Misuse Of Village Funds. Furthermore, the interpretation based on the table will be explained in a separate sub-chapter. The variable has an average (mean) of 4.0. When viewed from the category of answer criteria for the unit of analysis, the respondent's answer to the Village Fund is in the high category. This means that the misuse of village funds used by village officials has been based on the village apparatus used which reflects the authority and duties of each village apparatus. The highest score regarding the misuse of village funds that became the research sample was individual morality. The relationship between constructs can be said to be significant if it has a p-value smaller than the significance level (0.05). In the table above, it can be seen the results of the estimation of the relationship between constructs by presenting the p-value. Based on table 4.column 8, Individual Morality and Presentation Of Financial Statements on Potential Misuse Of Village Funds have a p-value smaller than 0.05, meaning that the relationship between constructs is significant.

Discussion

The Influence of Individual Morality on the Presentation of Financial Statements According to Laila, Yetty et al., (2018) explains that morality occurs when people take the good because they are aware of their obligations and responsibilities and not because they are looking for profit. Individual morality will relate to a person's tendency to commit accounting fraud. The higher the level of individual moral reasoning, the more likely it is not to commit accounting fraud (Maria Goretiusboko, 2018). The morality possessed by the leader can determine what is good and bad for an agency or organization. Morality is an important factor in the emergence of fraud. The tendency of accounting fraud is also influenced by the morality of the people involved in it. (Zhizhong & Wenli, 2011; Wells, 2011).

The effect of presenting financial statements on the potential for misuse of village funds. Ramadani, (2020), the financial reports that the village must account for are the APBD's Realization Accountability Report (Village Expenditure Budget) and the Village Owned Wealth Report. The accountability report consists of income, expenditure, and financing. The presentation of this Financial Statement is a normative measure that needs to be realized in accounting information so that it can fulfill its objectives. The normative measure is contained in the Governmental Accounting Conceptual Framework. The qualitative characteristics of financial statements in PP 71 of 2010 which include relevant, reliable, comparable and understandable. This illustrates that the presentation of good village financial reports and supported by the ability of competent village officials can avoid fraud (Ramadani, 2020; Tessa, & Harto, 2016; Schuchter, & Levi, 2016).

Conclusion

The encouragement of individual morality has three stages related to moral development, namely (1) at the lowest stage (pre-conventional). In addition, individuals at this moral level will also view their personal interests as the main thing in carrying out an action. (2) In the second (conventional) stage, the individual will base his actions on the approval of his friends and family and also on the norms that exist in society. (3) At the highest stage (post-conventional), individuals base their actions by paying attention to the interests of others and based on their actions on universal laws. The Village Fund is prioritized for financing the implementation of local village-scale programs and activities with the aim of improving the welfare of rural communities and the quality of life of the community as well as poverty alleviation. The priority of the Village Fund is allocated to finance the field of community empowerment based on the conditions and potential of the village, in line with the achievement of the RPJMD's and RKPD's targets every year.

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