Overview of Fraud Dynamics in Government: Trends, Causes, and Mitigation Strategies

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ABSTRACT

Fraud in government is a major challenge that impacts public trust and the efficiency of state administration. This study aims to analyze the trends, causes, and mitigation strategies of fraud in the government sector through a systematic literature review approach. Based on the fraud triangle theory which includes pressure, opportunity, and rationalization, it was found that fraud in the public sector is often triggered by weak internal control, political and economic pressure, and an organizational culture that is permissive of corruption. Recent trends show an increase in the use of digital technology in fraud modes, especially in data manipulation and public procurement. This study also identifies mitigation strategies, including the implementation of effective internal control, strengthening transparency, ethics education, and collaboration between supervisory institutions. These findings are expected to provide relevant policy recommendations for the government to improve transparency, accountability, and integrity in the public sector.

INTRODUCTION

The government is defined as an entity responsible for managing a country, with the primary goal of improving the welfare of its citizens and society. The government executes the interests of its people and ensures that the executive, judiciary, and legislative functions are carried out optimally and by applicable regulations. Based on this understanding, the government must act in the interest of societal welfare and prioritize national interests above all else. However, in implementing governance, numerous cases harm the public and fail to prioritize national interests at the regional and central government levels. One detrimental act perpetrated by the government against the public is fraud (Haurissa & Dewi, 2021).

According to Dewi and Muslimin (2021), fraud, also called cheating, is an act committed by individuals or specific groups to gain the maximum benefit, often causing harm to organizations or other parties. Albrecht & Albrecht (2003) define fraud as the deliberate misrepresentation of material facts, which are then believed by the victim, resulting in adverse consequences. Such fraudulent acts constitute illegal behavior. Similarly, Sukanto (2009) describes fraud as intentional deceit aimed at gaining benefits at the expense of others. Fraud in accounting remains prevalent in Indonesia, including "record manipulation, document elimination, and mark-ups," which negatively impact the nation's financial and economic conditions. According to a survey by the Association of Certified Fraud Examiners (ACFE, 2019), corruption accounts for 70% of fraud cases, asset misuse for 21%, and financial statement fraud

for 9%.

Fraud in accounting is generally associated with acts of corruption. In Indonesia, corruption is a common and persistent problem. Corruption is an intriguing phenomenon to discuss due to its relevance to current societal issues, as outlined in Law Number 31 of 1999 and Law Number 20 of 2001, which detail seven types of corruption: state financial losses, bribery, embezzlement in office, extortion, fraudulent acts, conflicts of interest in procurement, and gratuities. According to Transparency International Indonesia (2024), Indonesia's Corruption Perception Index (CPI) in 2023 scored 34 out of 100, the same as in 2022. Indonesia ranks 115th out of 180 countries included in the assessment. This score is calculated based on indicators ranging from 0 (highly corrupt) to 100 (very clean).

A leader who lacks decisiveness in managing an organization can lead employees to engage in fraudulent behavior. Employee fraud is often attributed to the organization's lack of commitment to its employees or, conversely, the employees' lack of commitment to the organization. Higher job positions provide individuals with more significant influence over decisions and policies. As employee positions increase, so does the tendency to commit fraud (Wijayanto, 2020). Additionally, fraud is caused by weak internal control systems and the limited human resources capable of managing government accounting. This complexity is exacerbated by the political interests of the legislative and executive branches in budget management, often in violation of regulations (Yasmin et al., 2024).

The most important conceptual framework for understanding fraud is the fraud triangle theory. According to this framework, fraud arises from three elements: pressure/motivation, opportunity, and rationalization (Cressey, 1953). Two elements—pressure/motivation and opportunity—are commonly cited as predictors of fraud (Hogan et al., 2008; Murphy, 2012; Wells, 2004); however, few researchers have emphasized the role of rationalization (Hogan et al., 2008; Murphy, 2012). Rationalization is a critical factor that precedes fraudulent acts (Reinstein & Taylor, 2017). This study adopts the cognitive dissonance theory perspective to evaluate individual rationalization (Rustiarini, Sutrisno et al., 2019).

The fraud triangle theory was later expanded into the fraud diamond theory proposed by Wolfe & Hermanson (2004), which added the fourth factor: capability. Horwath (2011) further developed the fraud diamond theory into the Crowe Fraud Pentagon, introducing five factors driving fraud: pressure, opportunity, rationalization, competence, and arrogance. The fraud hexagon theory was subsequently developed by Vousinas (2019), incorporating the element of collusion into the S.C.O.R.E model, which consists of stimulus, capability, collusion, opportunity, rationalization, and ego as factors contributing to fraud.

Various mitigation efforts to prevent fraud in the government sector include developing internal control systems, strengthening organizational culture, segregation of duties and authority, implementing effective reporting mechanisms, fostering a culture of integrity, formulating anti-fraud values, applying reward and punishment systems, anti-fraud socialization, and establishing agents of change. Based on the above background, this study discusses "A Review of Fraud Dynamics in Government: Trends, Causes, and Mitigation Strategies."

LITERATURE REVIEW

Fraud

    Fraud is a deliberate act aimed at obtaining illegal gains or harming others. According to the Association of Certified Fraud Examiners (2024), fraud is a dishonest or deceitful act committed by an individual or organization to achieve financial benefits. According to Wells (2017), fraud can be categorized into several types, including:

- Financial Statement Fraud: Altering financial statements to present a false picture of a company's financial condition.
- Asset Misappropriation: Illegally taking company assets, such as cash, inventory, or other properties.
- Corruption: Involving acts of bribery, gratuities, or conflicts of interest.

Fraud in Government

    Fraud in government refers to acts of deception, corruption, or abuse of power committed by civil servants or public officials to gain personal benefits. According to the World Bank (2021), fraud in the public sector may involve manipulation of financial reports, bribery, embezzlement of funds, and misuse of state assets. Transparency International (2022) identifies common types of fraud in the government sector, including:

- Corruption: Bribery, gratuities, conflicts of interest, nepotism, and other acts involving abuse of authority.
- Embezzlement of Funds: Budget cuts, procurement manipulation, or misappropriation of state funds.
- Abuse of Power: Violations of authority for personal gain, such as improper position appointments.

Trends in Government Fraud

    Fraud trends in the government sector evolve with technological advancements and regulatory changes. Key trends identified in the annual report by the Association of Certified Fraud Examiners (2023) include:

- Use of Technology in Fraud: The lack of strict supervision of information technology often creates loopholes for fraud, such as digital data manipulation and misuse of electronic procurement systems.
- Vulnerability in Public Procurement: Public goods and services procurement in the government sector often becomes a primary target for fraud, especially regarding collusion, price mark-ups, and tender manipulation.
- Fraud through Fictitious Reports: Fictitious activity reports or manipulated budgets remain

standard fraud methods in some countries, particularly concerning fund allocations for social aid and infrastructure projects.

Causes of Fraud in Government

Various factors influence fraud in government, typically categorized into three main elements in the fraud triangle theory: pressure, opportunity, and rationalization. Specific factors frequently triggering fraud in the public sector include weak internal control systems, political and economic pressures, unethical work cultures, and a lack of transparency and accountability.

According to Jensen and Meckling (2019), governments with weak internal control systems, such as inadequate supervision and ineffective audit procedures, are more vulnerable to fraud. Opportunities arise when officials or employees have broad access without strict supervision. According to Rose-Ackerman and Palifka (2016), external pressures, such as political demands, campaign funding needs, or pressure from interest groups, often drive government officials to engage in fraud. Furthermore, economic pressures, such as financial crises or budget deficits, also contribute to fraudulent behavior.

According to Ashforth and Anand (2003), an organizational culture that does not emphasize ethical values and integrity allows fraud to thrive. Officials or employees who see their peers commit fraud without consequences tend to perceive such actions as normal or acceptable. Low transparency and weak accountability create opportunities for fraud. Transparency International (2022) highlights that governments that are not open about budget allocations and fail to involve public oversight are more likely to experience significant fraud.

Fraud Mitigation Strategies in Government

Fraud mitigation in government refers to a series of strategies, policies, and measures to prevent, detect, and address fraudulent activities in the public sector. According to the Association of Certified Fraud Examiners (2023), fraud mitigation involves strengthening oversight, increasing transparency, and providing ethics training. To reduce fraud risks, governments in various countries have developed several mitigation strategies, including strengthening internal control systems, implementing anti-fraud technologies, enforcing transparency and accountability policies, providing ethics and compliance training, and empowering oversight institutions.

Internal control is a method for directing, monitoring, and measuring organizational resources and plays a vital role in preventing and detecting fraud or embezzlement (Handayani et al., 2022). Strong and effective internal controls are crucial in preventing fraud. These controls include segregation of duties, periodic audits, and continuous risk assessments. Strong internal controls are expected to minimize unwanted actions by institutions that may lead to deviations, especially those carried out by individuals with responsibilities and interests in financial reporting processes. As an internal supervisory body, the inspectorate is expected to optimize the effectiveness of internal control. Internal controls allow cross-checking of work by other individuals, ultimately reducing the potential for fraud (Sukhemi et al., 2022).

This system also involves regular evaluations and updates of control policies and procedures (COSO, 2013). Digital technologies, such as data analytics and artificial intelligence (AI), enable governments to detect transaction anomalies and suspicious behaviors. These technologies also assist in monitoring transactions and identifying patterns indicative of potential fraud (KPMG, 2021).

Transparency in budget management and public procurement is essential in preventing fraud. Transparency policies, such as public information disclosure and e-procurement systems, minimize risks of collusion and tender manipulation (United Nations Office on Drugs and Crime, 2019). Regular ethics and compliance training is critical in raising employee awareness and understanding of the importance of integrity. Public employees should be provided with guidance on codes of ethics, legal consequences of fraud, and values of honesty and transparency (OECD, 2020).

Establishing strong independent oversight institutions, such as financial audit boards or ombudspersons's offices, plays a significant role in conducting audits, investigations, and law enforcement against fraudulent acts in the government sector (World Bank, 2020).

RESEARCH METHOD

The method used in writing this article is a systematic literature review (SLR). A systematic literature review (SLR) is a structured and comprehensive method for identifying, evaluating, and synthesizing existing knowledge in a particular research field. This method allows researchers to deeply understand the latest developments, trends, key findings, and gaps in the scientific literature (FEB Unair, 2024). This study adopts the systematic literature review (SLR) methodology to address the primary research on fraud trends, causes, and mitigation strategies in the government sector. This approach involves collecting, evaluating, and synthesizing relevant information on a particular topic or issue from various literature sources. The systematic literature review/SLR follows five stages or phases described by (Denyer & Tranfield, 2009).
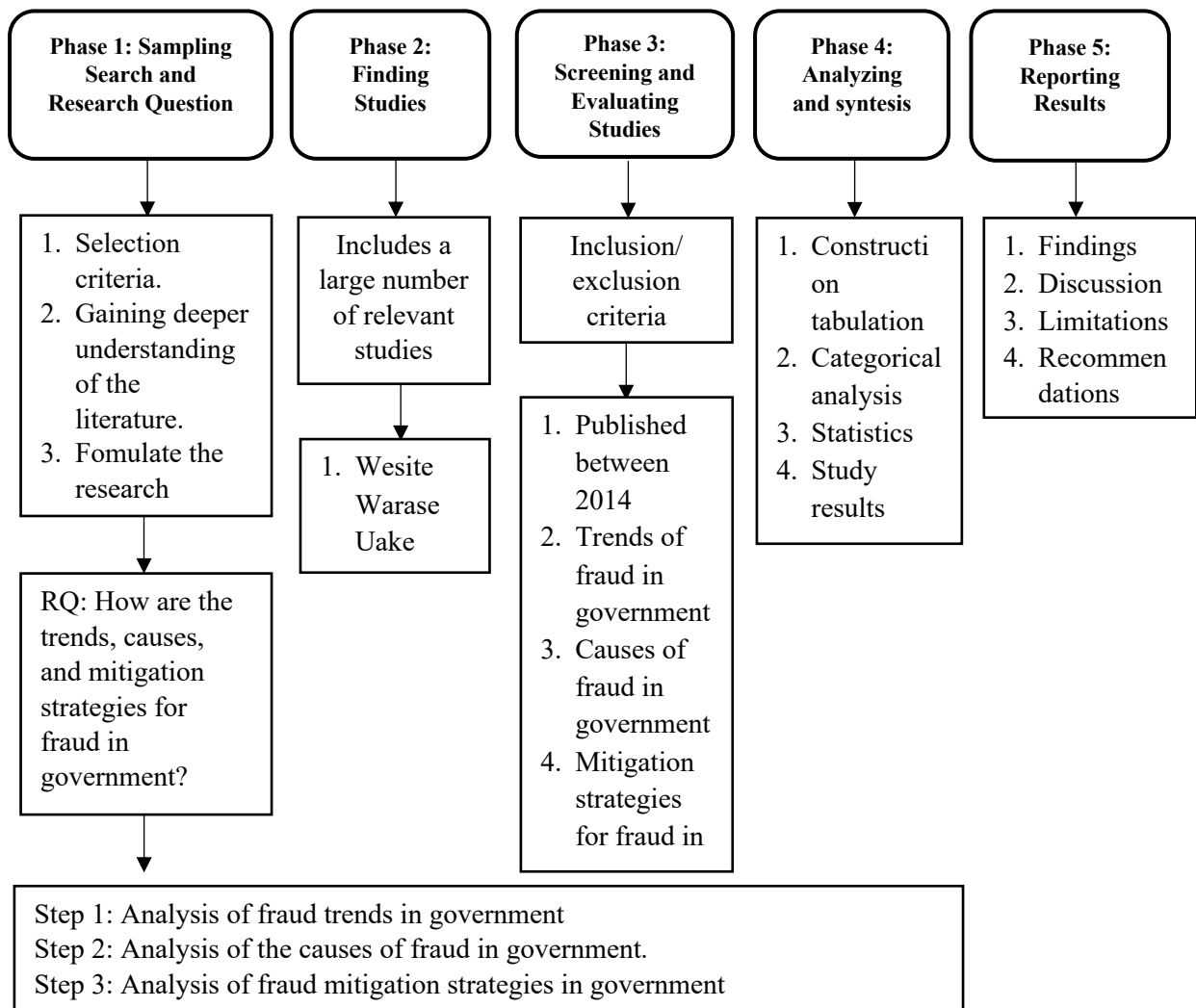
Phase 1: Sampling Search and Research Question	Phase 2: Finding Studies	Phase 3: Screening and Evaluating Studies	Phase 4: Analyzing and syntesis	Phase 5: Reporting Results
1. Selection criteria. 2. Gaining deeper understanding of the literature. 3. Fomulate the research	Includes a large number of relevant studies	Inclusion/ exclusion criteria	1. Constructi on tabulation 2. Categorical analysis 3. Statistics 4. Study results	1. Findings 2. Discussion 3. Limitations 4. Recommen dations
RQ: How are the trends, causes, and mitigation strategies for fraud in government?	1. Wesite Warase Uake	1. Published between 2014 2. Trends of fraud in government 3. Causes of fraud in government 4. Mitigation strategies for fraud in		

Step 1: Analysis of fraud trends in government
Step 2: Analysis of the causes of fraud in government.
Step 3: Analysis of fraud mitigation strategies in government

Figure 1. Research process Systematic literature review (SLR) research process

Phase 1: Pilot search and research question

The pilot search and research question is the first step in the SLR research method. The literature search utilized the Watase Uake database (a journal search site indexed by Scopus) with predefined keywords, as shown in Table 1. The search was conducted with specific search strings to find contributions relevant to the research topic. Articles were obtained based on title searches and predefined keywords. The main objective of this literature search was to answer the main research questions on fraud trends, causes, and mitigation strategies in government. To ensure a comprehensive response, the research question was divided into three sub-research questions: (SRQ 1) Analyzing fraud trends in government. (SRQ 2) Analyzing the causes of fraud in government. (SRQ 3) Analyzing fraud mitigation strategies in government. Examining these sub-questions allows for a detailed understanding of government fraud trends, causes, and mitigation strategies.

Database	Part Articles Search	Keyword	Time Range
Watase Uake	Title, Keywords	*Trends Fraud in Government*	2014 - 2024
		Causes Fraud in Government	
		Mitigation Fraud in Government	

Source: Data processed in 2024

Phase 2: Locating the study

The study locating phase is used to find relevant articles through appropriate search databases. In this article, one database that provides broad access to literature related to the research statement, namely Watase Uake, was used with pre-defined keywords. The search protocols used to explore individual databases in both databases are the same. For example, for the search in Watase Uake, the search was applied to the title section. Watase.web.id is an online platform that facilitates research collaboration. The system was first developed in 2018 and began involving researchers from various universities in 2020. The primary purpose of watase.web.id is to support researchers in collaborative research. Using watase signifies a researcher's willingness to interact with other researchers. Some features developed by Watase include systematic literature reviews using the PRISMA method, simple meta-analysis, article classification, and data visualization (Wahyudi, 2024).

Phase 3: Study selection and evaluation

The study selection and evaluation phase is the stage in the research process where the literature that has been found is selected and assessed. This stage aims to select relevant and high-quality literature. The literature selected from the study discovery stage is then read, further researched, and evaluated based on the research topic that has been determined. Based on the literature search results, 186 relevant articles were found. Next, each article was evaluated using predetermined exclusion and inclusion criteria. One of the criteria used was the publication period between 2014 and 2024. At this stage, articles that did not meet the criteria were eliminated three times. First, nine articles that had duplication between two keywords were eliminated. Second, 51 articles published outside the 2014-2024 period were eliminated. Finally, 14 articles that did not have Q1, Q2, Q3, or Q4 rankings in the Scopus database were eliminated. After that, a filtering stage was carried out, which involved two eliminations. The first elimination was done manually to ensure the presence of related keywords in the title and abstract of the article, resulting in 69 articles that were not included in the analysis because they needed to meet the specified criteria. The second elimination was performed on articles that did not have available data (15 articles). At the final analysis stage, 28 articles that met the criteria and passed the elimination stage were selected. However, seven articles were excluded for several reasons. Thus, a total of 21 articles could be used in this article.
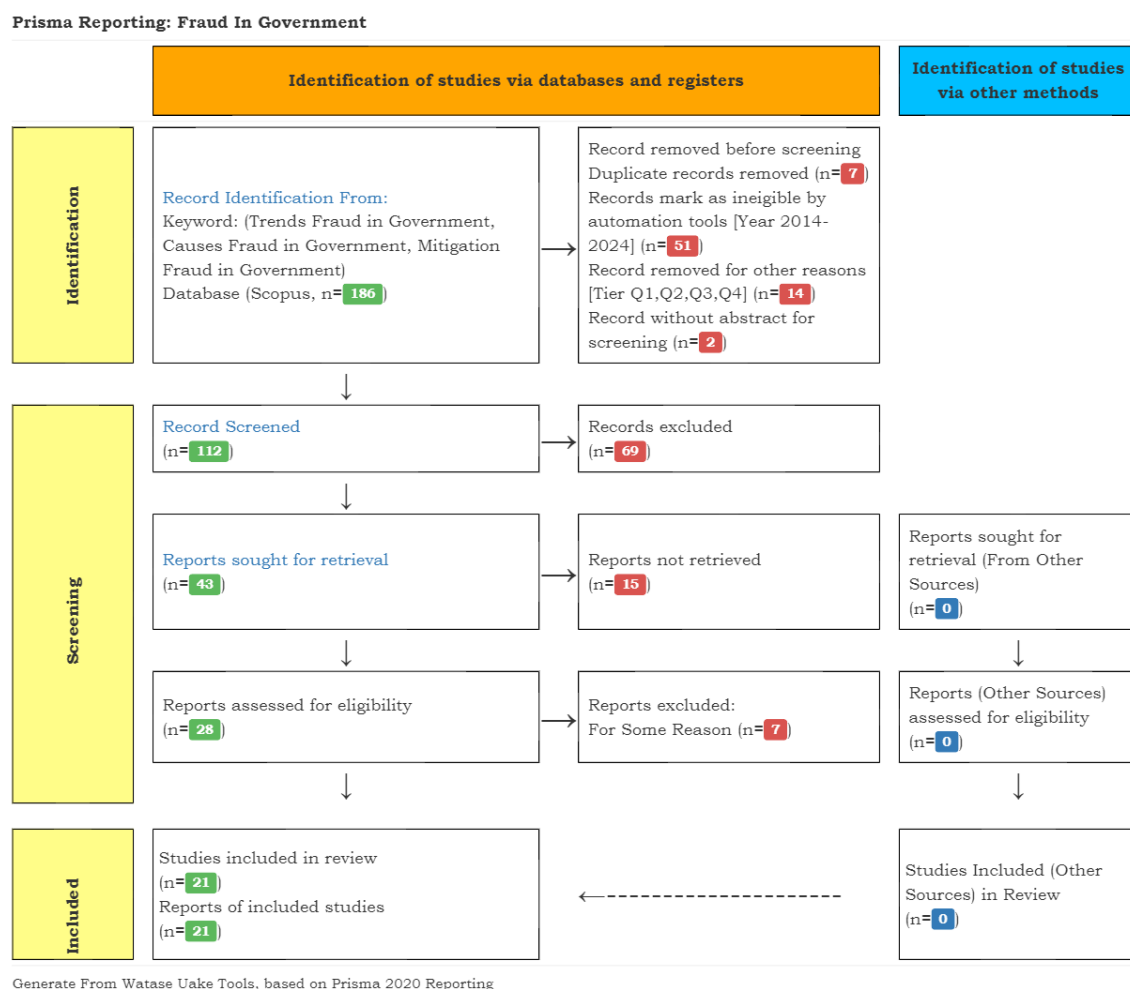
Prisma Reporting: Fraud In Government

Identification of studies via databases and registers		Identification of studies via other methods

Identification

Record Identification From:
Keyword: (Trends Fraud in Government, Causes Fraud in Government, Mitigation Fraud in Government)
Database (Scopus, n= **186**)

Record removed before screening
Duplicate records removed (n= **7**)
Records mark as ineigible by automation tools [Year 2014-2024] (n= **51**)
Record removed for other reasons [Tier Q1,Q2,Q3,Q4] (n= **14**)
Record without abstract for screening (n= **2**)

Screening

Record Screened
(n= **112**)

Records excluded
(n= **69**)

Reports sought for retrieval
(n= **43**)

Reports not retrieved
(n= **15**)

Reports sought for retrieval (From Other Sources)
(n= **0**)

Reports assessed for eligibility
(n= **28**)

Reports excluded:
For Some Reason (n= **7**)

Reports (Other Sources) assessed for eligibility
(n= **0**)

Included

Studies included in review
(n= **21**)
Reports of included studies
(n= **21**)

Studies Included (Other Sources) in Review
(n= **0**)

Generate From Watase Uake Tools, based on Prisma 2020 Reporting

Figure 2: Reporting Prism: Fraud in Government

Source: Data processed from watase uake website, 2024

Phase 4: Analysis and synthesis

In this phase, the 21 selected articles were analyzed, and the extracted data was synthesized to identify factors and patterns related to fraud trends, causes, and mitigation in government. This analysis aims to understand the development of fraud trends in government, the factors that cause fraud in government, and the implementation of fraud mitigation strategies in the government sector. In addition, a bibliometric analysis was conducted to determine the evolutionary trends related to this topic by paying attention to several important points, such as (1) the number of articles published in the last 10 years, (2) the Distribution of articles by journal database, (3) Distribution of articles by country.

Phase 5: Reporting the results

Research findings are communicated using tables, statistics, and discussions, following a similar methodology (Pontoh et al., 2024). This approach includes presenting thorough details regarding the search strategy, study inclusion or exclusion criteria, selection of relevant studies, quality evaluation, data extraction, and synthesis of findings. The results of the subsequent analysis are reported comprehensively

and systematically, either in the form of a scientific article or a detailed report. This comprehensive presentation offers an in-depth overview of fraud trends, causes, and mitigation strategies in the government sector.

RESULTS AND DISCUSSION

Classification of articles based on keywords

Table 2. Article Classification

No.	Topik / Keyword	Name of Researcher (Year)
1.	Trends *Fraud in Government*	Ning & Qi (2023), Ferrari & Cerutti (2023), Albanese et al. (2019), Rispel et al. (2016),
2.	*Causes Fraud in Government*	Fenger & Simonse (2024), Achcar (2021), Nuswantara & Maulidi (2021), Vian (2020), Naher et al. (2020), Maulidi (2020), Rustiarini et al. (2019), Montesdeoca et al. (2019), Lewis & Hendrawan (2019), Taylor (2019), Rustiarini, T, et al. (2019), Abdullahi & Mansor (2018), Rönnerstrand & Lapuente (2017), Prabowo (2016)
3.	*Mitigation Fraud in Government*	Shonhadji & Maulidi (2020), Maulidi & Ansell (2020), Nuswantara et al. (2017)

Based on the information presented in Table 2, the articles have been categorized into three groups according to relevant topics or keywords. Four articles focus on discussing fraud trends in the government sector, followed by 14 articles discussing the causes of fraud in the government sector. Furthermore, only three articles specifically discussed fraud mitigation strategies in the government sector. This data shows that the topics of fraud trends in the government sector and fraud mitigation strategies in the government sector are relatively limited.

Bibliometric Analysis

Next, the results of the bibliometric analysis will be presented to examine the trends and evolution of research related to this topic by providing a graphical representation of the distribution of published articles per year, per country, and per journal database of all articles published in the last 10 years (2014-2024). The publication of scholarly articles on fraud trends, causes, and mitigation in the government sector between 2014 and 2024 shows fluctuations in the annual trend, with some years seeing an increase in publications while others seeing a decrease. Research productivity provides an overview of an institution or individual's contribution to research activities. Research outputs measure research productivity, and one of the research outputs is publications.
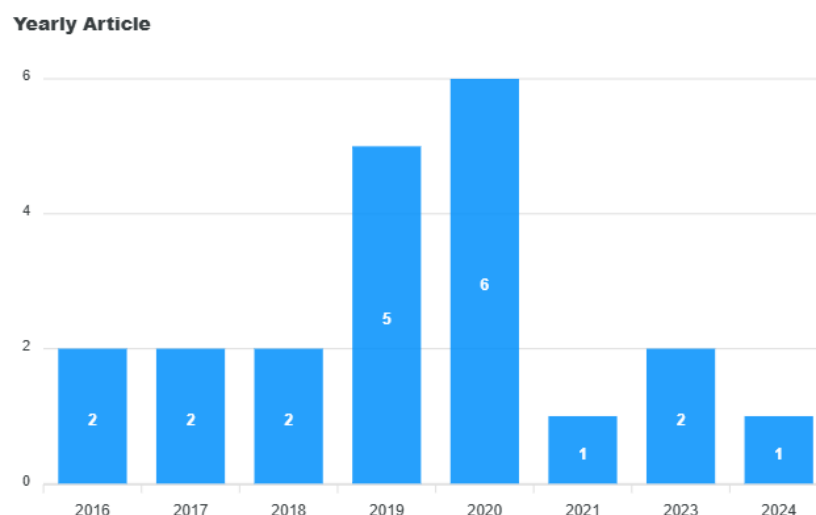
Figure 3: Distribution Chart Based on Year of Publication
Source: Data processed in 2024

Analysis of 21 articles shows that the number of publications began to increase in 2015. In 2019, compared to 2016 - 2018, it increased from 2 to 5 articles. Figure 3 shows that the peak of research productivity and publications was seen in 2020, reaching six articles, but in 2023, the number of published articles decreased to 2. Data for 2024 is still possible to increase. It is expected that the publication of articles on fraud trends, causes, and mitigation strategies in the government sector in 2024 and 2025 will increase when compared to 2023 to increase the literature on this topic.

Figure 4. Graph of Article Distribution Based on Article Classification
Source: Data processed in 2024

The development of publications on fraud trends, causes, and mitigation strategies in the government sector, as presented in Figure 4, shows that 21 journals contain articles on fraud trends, causes, and mitigation strategies in the government sector. The Journal of Financial Crime contributed the most with seven articles. Most other journals only contain one article related to this topic. This indicates

considerable interest in research into fraud trends, causes, and mitigation strategies in the government sector, with various sources of information available to researchers and practitioners in this field.

Figure 5. Distribution by Tier Article Classification
Source: Data processed in 2024

Based on Figure 5, in terms of Scopus-indexed article tier distribution, ten articles used in this article have tier Q1, ten articles have tier Q2, and 1 article has tier Q3. This shows that most of the research conducted in this domain is tier Q1 and Q2. This fact highlights the strong interest and focus on research and knowledge dissemination regarding fraud trends, causes, and mitigation strategies in the government sector.
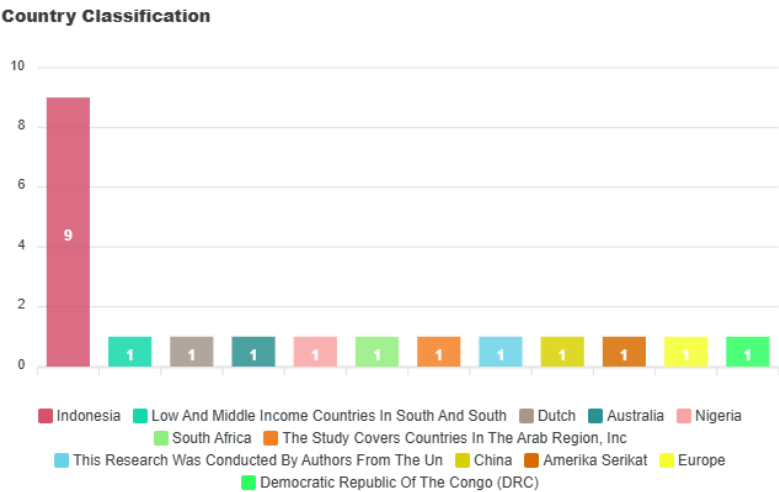
Figure 6. Country Article Distribution Chart
Source: Data processed in 2024

The development of publications on the topic of fraud trends, causes, and mitigation strategies in the government sector is presented in graphical form in Figure 6, which shows a total of 12 countries that contribute to the publication of articles on the topic of fraud trends, causes, and mitigation strategies in the government sector. Based on the data obtained, the researcher found that Indonesia ranks first as the country that discusses this topic the most, namely nine articles, followed by Germany, Australia, Nigeria,

South Africa, Arab/Middle Eastern Countries, the United States, China, Europe, and Congo, each of which obtained 1 article. Research on this topic has spread worldwide and has yet to be centered on one continent in the last 10 years. The emergence of several countries from Asia, America, Europe, Australia, and Africa shows this.

SRQ 1: Analysis of Fraud Trends in the Government Sector

The high development of fraud in the government sector is caused by economic policy uncertainty (EPU), which affects management in making decisions. Increased performance pressure encourages managers to commit fraud (Ning & Qi, 2023). Fraud occurs most frequently at the federal level and involves misappropriation of public funds. Bribery is more common at the state level, while extortion is most common at the local level, where local officials may feel more protected in extorting citizens. Cases of corruption at the federal level often involve fraud related to government contracts. In contrast, corruption at the local and state levels is more often related to extortion and accepting bribes for influence over government decisions (Albanese et al., 2019).

Corruption in the South African health sector is a significant problem and involves a range of actors from both the public and private sectors. There is a need for more effective policies and mechanisms to detect and address corruption, including increased accountability and transparency. Citizen and civil society participation is critical in curbing corruption and ensuring accountability of public officials (Rispel et al., 2016). The "timber park" model effectively detects various tax fraud and can be a valuable tool to reduce illegal timber trade, increase tax revenues, and protect tropical forests in Congo (Ferrari & Cerutti, 2023).

SRQ 2: Analysis of the Causes of Fraud in the Government Sector

Based on the fraud triangle theory, fraud in the government sector is caused by several primary factors, among others:

1. Pressure. Fraud in the government sector occurs due to complex interactions between individual, social, and structural factors. Internal factors such as personal motivation and financial pressure encourage individuals to commit fraud, especially when reinforced by corrupt organizational structures and strong social relationships within them. Pressure and incentives from external parties, such as businessmen or politicians, also exacerbate conditions, creating additional opportunities for fraud (Nusantara & Maulidi, 2021). Pressure factors from superiors or organizational situations encourage individuals to fulfill unethical requests, especially when accompanied by threats (Rustiarini, Sutrisno, et al., 2019). Pressure to achieve financial targets, managerial incentives, and an unethical organizational culture can encourage individuals to commit fraud (Montesdeoca et al., 2019).

2. Opportunity. The causes of fraud in the government sector generally occur due to a combination of lack of transparency, weak internal controls, a culture of corruption, and limited supervision and regulation (Naher et al., 2020). Weak oversight and regulation and strong social and political connections create opportunities for fraud. Low levels of transparency and accountability further exacerbate this situation, especially in a work environment already accustomed to corrupt behavior (Vian, 2020). Weaknesses in the internal control system, such as lack of segregation of duties and weak supervision, create opportunities for them to commit fraud (Abdullahi & Mansor, 2018). Technology for fraud detection is becoming increasingly important to identify complex fraud patterns. To prevent fraud, increased supervision, improvements in corporate governance, and the application of more sophisticated detection technologies are recommended (Montesdeoca et al., 2019).

3. Rationalization. Individuals often rationalize their actions by shifting responsibility or considering these actions as usual in the organization, thereby reducing guilt (Abdullahi & Mansor, 2018; Rustiarini, Sutrisno, et al., 2019).

Fraud occurs due to situational, psychological, and social factors and weaknesses in law enforcement. A hierarchical work environment, strong supervisory influence, and an organizational culture permissive of fraudulent acts allow fraud to occur. In addition, social ties such as a sense of indebtedness and reciprocal relationships strengthen individual motivation to commit fraud. Weak law enforcement and political interference also exacerbate the situation. Therefore, a comprehensive approach, including changes in organizational culture and stronger legal oversight, is needed to mitigate the risk of fraud in the public sector (Maulidi, 2020).

Fraud in Indonesia's government sector is caused by a combination of factors, including opportunity due to weak internal controls, individual motivation influenced by social or financial pressures, and rationalizing actions through profit and loss calculations. Poor leadership and a permissive organizational culture further reinforce fraudulent behavior among public officials. These factors highlight the importance of close supervision, strengthening the culture of integrity, and positive role models from leaders to prevent fraud in government (Prabowo, 2016; Rustiarini, T, et al., 2019). Most coalitions in Indonesian local governments initially increased health sector and public services budgets. However, their focus shifted to budget abuse after a year or two, mainly through infrastructure projects. These corrupt practices are allegedly used to finance the next election, reflecting the significant local political cycle associated with budget corruption (Lewis & Hendrawan, 2019).

The causes of fraud in the Australian Public Service (APS) government sector are related to corruption, organizational culture, and employee attitudes and actions. Corruption that is difficult to prove and involves senior officials, such as nepotism and cronyism, is less commonly reported. A rule-focused organizational culture can inhibit reporting, while self-efficacy and prior experience reporting wrongdoing can encourage whistle-blowing (Taylor, 2019).

The leading causes of fraud in the Dutch government sector include strict and inflexible policy design, gradual expansion of surveillance targets, social and political pressure, discriminatory use of surveillance technology, lack of internal control mechanisms, and late reaction to problem signals. This analysis shows that more humanized, flexible policies, supported by effective oversight mechanisms and prompt responses to problem signals, are needed to prevent fraud and the negative impacts of strict policies (Fenger & Simonse, 2024).

Factors contributing to corruption and fraud in Arab governments include intimidation and coercion, active support from special constituencies, and passive acquiescence. Intimidation and coercion take the form of the use of repressive forces and security forces to frighten and suppress political resistance. Active support from specialized constituencies takes the form of support from related groups through clan-based, tribal, sectarian, regional, or ethno-nationalist solidarity to maintain loyalty to the regime. Passive acquiescence from the population through social welfare measures such as economic subsidies and salary increases and corrupt practices through nepotism, clientelism, and the granting of privileges to certain social groups (Achcar, 2021).

SRQ 3: Analysis of Fraud Mitigation Strategies in the Government Sector

Addressing the problem of fraud in the government sector requires a more holistic and collaborative approach, considering organizational culture, individual behavior, and the involvement of various related parties. This approach is expected to increase the effectiveness of the internal control system and reduce the risk of fraud in the public sector. Various strategies to mitigate fraud in the government sector include:

1. **The Importance of Understanding the Concept of Fraud:** Understanding individual fraudsters' behavior and values is paramount to identifying fraud risks (Maulidi & Ansell, 2020).
2. **The Importance of Internal Control Systems:** As outlined in the COSO framework, an effective internal control system is essential to detect and prevent fraud. The five main components that must

be considered are the control environment, risk assessment, control activities, information and communication, and monitoring (Nusantara et al., 2017; Shonhadji & Maulidi, 2022).

3. **Ethical Organizational Culture:** An organizational culture that supports ethics and integrity helps prevent fraud. Management needs to demonstrate a strong commitment to ethical standards (Maulidi & Ansell, 2020; Shonhadji & Maulidi, 2022).

4. **Situational Adjustment (Contingency Theory):** Control strategies should be tailored to the specific situation of the organization, including external environmental factors, organizational structure, and technology used (Nusantara et al., 2017; Shonhadji & Maulidi, 2022).

5. **Importance of Collaborative Approaches and Training:** Collaboration between various parties, including anti-corruption agencies and civil society, and an effective whistleblowing system are essential to detect and prevent fraud. Continuous employee training is also necessary to increase awareness and skills in detecting signs of fraud (Maulidi & Ansell, 2020; Nuswantara et al., 2017).

6. **Recommendations for Preventive Measures:** Preventing corruption requires more comprehensive and systematic preventive measures, including anti-corruption training and enforcing an ethical culture from top management. Management commitment to integrity and ethical values is critical. Management needs to demonstrate strong leadership and commitment to fraud prevention (Maulidi & Ansell, 2020; Nuswantara et al., 2017).

Implementation in Indonesia: In Indonesia, internal control is regulated by Government Regulation No. 60/2008 governing the Government Internal Control System (SPIP), which was adopted from the COSO framework with some adjustments to meet the needs and characteristics of the Indonesian government. SPIP aims to improve the efficiency, transparency, and accountability of local government finances and protect state assets. Institutions such as BPK and BPKP play an important role in supervising and evaluating government internal controls.

CONCLUSION

Fraud in the government sector is influenced by economic policy uncertainty, which drives performance pressures and increases the risk of fraudulent actions by managers. Fraud cases often occur at the federal level, focusing on misappropriation of public funds and government contracts. At the same time, bribery is more common at the state level, and extortion is more common at the local level, where officials feel more protected. In South Africa, health sector corruption requires policies that increase accountability and citizen participation to curb corruption. In addition, Congo's "timber park" model has proven effective in addressing fraud in the taxation sector, with the added benefits of protecting tropical forests and increasing tax revenue.

Fraud in the government sector occurs due to a combination of pressure, opportunity, and rationalization factors, as described in the fraud triangle theory. Pressure arises from individual, social, and organizational demands that often force individuals to commit unethical acts. Opportunities are open due to weak supervision, a culture of corruption, and a need for more transparency and accountability in government organizations. Rationalizations are made by actors who feel their actions are reasonable in the organization's context. These factors are exacerbated by a permissive organizational culture, weak leadership, and political and social pressures that inhibit reporting and law enforcement.

Addressing fraud in the government sector requires a comprehensive and collaborative approach that involves various aspects and parties. This approach includes a deep understanding of the behavior of fraudsters, strengthening internal control systems based on frameworks such as COSO, establishing an ethical organizational culture, adjusting strategies according to organizational conditions, and involving various parties such as anti-corruption agencies and civil society. In addition, training and whistleblowing systems are important elements to increase awareness and skills in preventing fraud. Implementation in

Indonesia refers to the Government Internal Control System (SPIP), which aims to improve efficiency, transparency, and accountability, with oversight from institutions such as BPK and BPKP.

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