



RISK ANALYSIS AND *FRAUD MITIGATION* IN THE GOODS AND SERVICES PROCUREMENT CYCLE IN THE NORTH MINAHASA REGENCY GOVERNMENT

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Abstract

This study aims to analyze fraud risks, formulate mitigation strategies, and map the most prevalent forms of fraud in the procurement cycle of goods and services within the Government of North Minahasa Regency for the fiscal years 2022–2025. Employing a descriptive qualitative approach, data were collected through semi-structured interviews with five key informants (Head of Procurement Division, LPSE Operator, Regency Inspector, and two Commitment-Making Officials from the Public Works and Health Offices), supplemented by field observation and secondary document analysis. The findings address three core focuses: (1) The highest fraud vulnerability concentrates in the planning stage, particularly in immature RUP preparation, technical specifications, and Owner's Estimate Price (HPS), exacerbated by rigid year-end budget absorption targets and limited human resource capacity; (2) The five COSO principles have been formally adopted through the Government Internal Control System (SPIP), yet operational implementation remains inconsistent due to formalistic leadership commitment, non-participatory risk assessments, and monitoring mechanisms lacking consequential follow-up; (3) Three dominant fraud clusters emerge: upstream manipulation (inflated HPS and vendor-tailored specifications), downstream deviations (substandard materials and unreported volume reductions), and payment irregularities (full disbursements prior to 100% physical completion).

Keyword: *Village Fund, effectiveness, participation, transparency, accountability*

INTRODUCTION

Government procurement of goods and services is the largest "entryway" for state funds into the real world. In almost all countries, procurement spending contributes 12–20% of Gross Domestic Product. [1] In developing countries, the figure is even higher because governments remain the main economic actors. Unfortunately, this same entry point is also the largest "exit" for corruption. The United Nations Office on Drugs and Crime (UNODC) estimates that global losses due to procurement *fraud* reach 10–25% of contract value, or the equivalent of US\$2 trillion annually [2]. Transparency International (2023) also confirms that public procurement is the most corruption-prone sector in the world.[3] In Indonesia, the scale of the problem is far more striking. The Government Goods/Services Procurement Policy Agency (LKPP) recorded a procurement transaction value of Rp 1,098 trillion in 2023 and an estimated Rp 1,300 trillion in 2024 (LKPP, 2024). If just 10% of the procurement budget is leaked due to *fraud*, the country will lose Rp 100–130 trillion annually, an amount sufficient to build 25,000 new elementary schools or 5 million units of healthy, simple housing. Indonesia Corruption Watch (ICW) recorded 1,189 procurement corruption cases from 2019 to the first semester of 2025, with 2,898 suspects and state losses of Rp 72.4 trillion (ICW, 2025). The Corruption Eradication Commission (KPK) reported that from 2004 to October 2025, 339 corruption cases handled originated in the procurement sector, and this figure continued to rise sharply after the pandemic and after the 2024 elections.[4] Why is procurement *fraud* so difficult to eradicate? In the Indonesian context, Rustiarini, Sutrisno, & Nurkholis [5] empirically proved that opportunity is the most dominant factor due to weak internal controls and segregation of duties. This theory was further enriched by the *Committee of Sponsoring Organizations of the Treadway Commission (COSO)* through the Internal Control – Integrated Framework 2013 and the second edition of the *Fraud Risk Management Guide 2023* which established five principles of *fraud risk management*: (1)

anti-fraud governance commitment, (2) *fraud risk assessment*, (3) prevention and detection control activities, (4) information and communication, and (5) monitoring activities (*Committee of Sponsoring Organizations of the Treadway Commission (COSO)*, 2023). These five principles are the main reference for the Financial and Development Supervisory Agency (BPKP) and the Supreme Audit Agency (BPK) when auditing local governments.[4]

On the other hand, the Theory of Planned Behavior explains that the intention to commit *fraud* is influenced by individual attitudes, subjective norms (peer/superior pressure), and perceived behavioral control (feeling it easy or difficult to commit fraud).[6] The Indonesian government has actually built a fairly tight regulatory barrier. Law No. 20 of 2001 concerning Amendments to Law No. 31 of 1999 concerning the Eradication of Criminal Acts of Corruption serves as the basis for criminal penalties. Subsequently, the modern procurement regime began with Presidential Decree No. 80 of 2003, followed by Presidential Regulation No. 54 of 2010, Presidential Regulation No. 16 of 2018, Presidential Regulation No. 12 of 2021, and up to Presidential Regulation No. 46 of 2025, which is currently in effect. Presidential Regulation No. 16/2018 (amended several times) mandates the principles of transparency, fair competition, efficiency, effectiveness, accountability, and fairness.

Electronic systems (SPSE, e-catalog, e-purchasing, online stores) have been mandatory since 2018 and were further strengthened by Presidential Regulation No. 17 of 2023 concerning the Acceleration of Digital Transformation of Procurement. LKPP Regulation No. 2 of 2025 even regulates probity audit mechanisms and the use of big data analytics for anomaly detection. However, loopholes remain: direct appointments and emergency procurement are still frequently abused, particularly in regions with lagging human resource capacity and digital infrastructure. Fiscal decentralization since Laws No. 22 and 23 of 1999 (later Law No. 23 of 2014 and Law No. 1 of 2022 concerning Central and Regional Financial Relations) has granted significant procurement authority to regional governments. As a result, 70% of procurement corruption cases occur at the district/city level (ICW, 2025). The Supreme Audit Agency (BPK) in its Summary of Semester Audit Results (IHPS) I 2024 found 4,128 findings worth Rp 18.79 trillion related to procurement across all regional governments, mostly due to weak planning, control, and oversight.

North Sulawesi is a prime example of how decentralization can be a double-edged sword. The 2024 North Sulawesi Provincial Budget (APBD) reached IDR 5.4 trillion, with procurement spending of around IDR 2.3 trillion. The North Sulawesi Supreme Audit Agency (BPK) Representative Office, in the 2023 IHPS II, found procurement irregularities worth IDR 1.2 trillion, primarily in road and irrigation infrastructure projects. Transparency International Indonesia gave North Sulawesi a Corruption Perception Index (CPI) score of 34/100 in 2023, still in the "vulnerable" category. The Corruption Eradication Commission (KPK) Region IV recorded 12 active procurement corruption cases in North Sulawesi between 2023 and 2025, with state losses exceeding IDR 40 billion.[7] North Minahasa Regency (Minut) is a micro-portrait of all the above problems. With a 2024 regional budget of IDR 1.22 trillion (increased to IDR 1.31 trillion in 2025), procurement spending for goods/services reached 84%, or IDR 1.09 trillion. Of the 2,361 procurement packages in 2024, only 60% were fully online; the rest were still manual or through direct appointments, a classic loophole for *fraud*. The Supreme Audit Agency (BPK) found irregularities of IDR 300 billion in road and irrigation infrastructure procurement for the 2022–2023 fiscal year (BPK, 2023). The KPK's Monitoring Center for Prevention (MCP) score for North Minahasa dropped from 71.34 in 2022 to 68.01 in 2024. Therefore, this study aims to determine how the Risk Analysis and *Fraud Mitigation* in the Procurement Cycle of Goods and Services in the North Minahasa Regency Government and the forms of fraud that most often occur in the procurement cycle of goods and services in North Minahasa Regency.

METHOD

This research uses a qualitative descriptive method approach.[8] To answer the question of how is the Risk Analysis and *Fraud Mitigation* in the Goods and Services Procurement Cycle in the North Minahasa Regency Government? The researcher will use 3 indicators, namely: a) The stage of procurement of goods and services b) experience in implementing the five COSO principles in the field, and what forms of fraud most often occur in the goods and services procurement cycle in the North Minahasa Regency Government for the 2022-2025 fiscal year. The primary instrument in this study was the researcher herself (human instrument), who served as planner, data collector, analyst, interpreter, and reporter of research results, as is customary in qualitative research. Supporting instruments used included a semi-structured interview guide based on the four research focuses, an observation sheet to record the physical condition of infrastructure and the availability of information media, and a voice recorder for interview documentation. The interview guide was flexible, allowing the researcher to develop further questions (probing) according to the dynamics of responses and situations that arose in the field. The types of data collected consist of primary data and secondary data, where primary data is obtained directly from in-depth interviews with five key informants and field observations, while secondary data is sourced from official village documents, laws and

regulations, and relevant scientific literature.

RESULTS AND DISCUSSION

Risk Analysis and Fraud Mitigation in the Procurement Cycle Stages

Field findings from in-depth interviews revealed that the highest vulnerability to fraud in the goods and services procurement cycle in the North Minahasa Regency Government is concentrated in the procurement planning stage, specifically in the preparation of the General Procurement Plan (RUP), determination of technical specifications, and determination of the Own Estimated Price (HPS). Informants from the Procurement Division and LPSE Operators consistently emphasized that the immaturity of planning documents from the start was the main trigger for the chain of irregularities that continued through to the supplier selection and work implementation stages. This phenomenon aligns with the theoretical framework of the procurement cycle developed by the Organisation for Economic Co-operation and Development (OECD, 2015, 2023), which emphasizes that planning is not merely an administrative step, but rather a strategic foundation that determines value for money and the level of corruption risk in all subsequent stages. The OECD (2023) explicitly states that the procurement cycle is cyclical, where lessons from the monitoring stage should feed back into planning. However, the reality in North Minahasa shows a breakdown in this feedback loop due to short-term administrative pressures that ignore analysis of real needs.

Vulnerabilities at this planning stage can be comprehensively mapped through the lens of the Fraud Triangle formulated by Donald R. Cressey and empirically validated in the context of Indonesian local government procurement by Rustiarini, Sutrisno, and Nurkholis and Handoko, Mulyadi, and Sari [9]. The first element, pressure, emerges in the form of rigid budget absorption targets and pressure from regional leaders to implement programs before the end of the fiscal year. Informants explicitly stated that the combination of budgetary pressures, late activity revisions, and limited human resources creates an environment where standard procedures are often sacrificed for administrative speed. This pressure is not abstract; it is a manifestation of a public sector performance management paradigm that is overly oriented toward absorption figures, as sharply criticized by Pollitt as the politicization of performance, where indicators of success shift from tangible impacts on society to merely the percentage of budget realization on paper [10]. Alford and O'Flynn reinforce this criticism by stating that when performance measures (absorption targets) become targets themselves, they lose their function as healthy measuring tools and instead give rise to perverse incentives, including accelerated procurement that ignores quality and procedural compliance.[11]

The second element of the Fraud Triangle, opportunity, manifests itself in structural and operational gaps found in the field. Informants revealed that the LPSE system, despite formally adopting digital transformation, essentially only processes inputted data. If planning documents, HPS, or technical specifications are initially conditioned or compiled without valid price surveys, the electronic system cannot detect these substantive distortions. This condition is exacerbated by limited and uneven human resource capacity, where one official often has to cover several critical functions, thus preventing optimal segregation of duties. This finding is consistent with research by Rustiarini et al., who concluded that in Indonesian local governments, opportunity is the most dominant factor causing procurement fraud due to weak internal controls and violations of the principle of separation of functions. [9]. The ACFE (2024) global report also confirmed that 89 percent of fraud cases occur due to a lack of internal control, a reality clearly reflected in practices in North Minahasa where document substance verification is still manual and reactive.

The third element, rationalization, although not always explicitly expressed by informants in interviews, is implicitly reflected in field narratives about the culture of "the important thing is the road project" and the rationalization that process acceleration is carried out to avoid sanctions for delays or refunds to the state treasury. Sykes & Matza refer to this phenomenon as the neutralization technique, in which bureaucratic actors construct a narrative of moral justification to reduce cognitive dissonance when violating procedures [12]. In the context of North Minahasa, this justification is often wrapped in regional development rhetoric, which in practice shifts the principle of public accountability to merely fulfilling short-term administrative targets.

Based on this risk mapping, a realistic and immediately implementable mitigation strategy does not have to wait for major regulatory changes, but can instead begin with interventions at identified critical points. Informants agreed that involving the Government Internal Supervisory Apparatus (APIP) from the planning stage, periodically documenting work progress with verified evidence, and conducting regular field reviews are the most effective steps. This approach aligns with the Risk-Based Management recommendations initiated by COSO (2023) and the Institute of Internal Auditors (IIA, 2020, 2023), which encourage public organizations to shift oversight resources from formal, comprehensive audits to focused monitoring of high-risk processes, such as the preparation of the HPS, large-value packages, and direct appointment mechanisms. Furthermore, mitigation also requires a paradigm shift from output-based management (absorption targets) to outcome-based management and public value, as proposed by Moore and Hartley, where procurement success is measured by the quality of public services produced, not simply the speed of

budget absorption. Thus, risk analysis at each stage of the procurement cycle in North Minahasa confirms that fraud is not a random event, but rather the accumulation of disproportionate fiscal pressures, uncovered structural opportunities, and cultural rationalizations that have not been systematically corrected. Effective mitigation must be holistic, addressing the upstream processes, and supported by leadership that consistently prioritizes procedural integrity over mere administrative expediency.

In the context of financial management and regional development, Sendouw found that disparities in economic growth across provinces in Indonesia tend to increase, with exports and government spending being significant factors influencing GRDP per capita. This finding is relevant to the analysis of fraud risks in the goods/services procurement cycle in North Minahasa Regency, where the pressure of high budget absorption targets has the potential to create fraud opportunities in the planning and implementation stages of procurement. In other words, the orientation towards increasing government spending as a stimulus for economic growth needs to be balanced with the strengthening of an adequate internal control system to prevent the creation of deviant incentives that are detrimental to regional finances.[13]

Experience in Implementing the Five COSO Principles in the Field

Empirical findings from interviews revealed that the North Minahasa Regency Government has formally adopted an anti-fraud governance framework based on the five COSO principles through the Government Internal Control System (SPIP). However, its implementation at the operational level remains inconsistent, partial, and often bogged down in administrative formalities. Informants from various key units—from the Head of Procurement, LPSE Operators, Inspectors, to Commitment Making Officers (PPK)—collectively confirmed that despite the existence of institutional structures and risk assessment instruments, the implementation of the five COSO principles (2023) has not yet been truly ingrained in the work culture and daily decision-making processes. This phenomenon reflects what is referred to in contemporary public administration literature as isomorphic mimicry, namely the tendency of government organizations to imitate modern institutional forms (such as SPIP, LPSE, or monitoring dashboards) to meet the demands of central regulations, without being accompanied by real capacity building and substantive leadership commitment (Andrews et al., 2017, 2020; Pollitt & Bouckaert, 2017). In North Minahasa, this is evident in the existence of risk assessment documents that are routinely completed but rarely followed up, as well as reporting mechanisms that are more oriented towards administrative compliance than substantive prevention.

The first COSO principle, namely the commitment to anti-fraud governance from top management, was acknowledged by informants as formally existing through circulars and policy directives, but in practice it often takes a backseat to budget absorption targets. Informants explicitly stated that regional leaders more frequently inquire about the percentage of spending realization rather than procedural compliance, resulting in the anti-fraud commitment remaining largely on paper. This condition weakens the tone at the top, which should be the foundation of a culture of integrity, as emphasized in the COSO Fraud Risk Management Guide (2023), which states that without a concrete commitment from top management, the entire control architecture will lose its direction and effectiveness. The second principle, periodic and documented fraud risk assessments, also experiences implementation gaps. Although risk assessment instruments have been provided by the Inspectorate, completing them is often seen as an additional administrative burden, rather than a strategic tool for process improvement. The minimal involvement of the PPK and field technical teams in preparing risk assessments means that the assessment results do not address the root of operational problems and are therefore not used as a basis for decision-making. Nurkholis and Andayani (2020) empirically proved that local governments that implement at least three of the five COSO principles have a 47 percent lower fraud detection rate, but this effectiveness is only achieved if risk assessments are carried out in a participatory and continuous manner, not just a quarterly formality.

The third principle, the design and implementation of preventive and detective controls, faces structural and cultural challenges. Informants identified strict segregation of duties as the most effective control, but in the field it is often violated due to limited human resources. The audit trail feature in the LPSE and documentation of work progress are acknowledged to aid early detection, but their use remains reactive due to the lack of a routine anomaly analysis mechanism. This suggests that existing controls focus more on document compliance (compliance-based) than risk prevention (risk-based), a pattern criticized by the IIA (2023) as an inefficient approach to detecting modern fraud that is increasingly hidden behind administrative loopholes. The fourth principle, effective information and communication about fraud risks, has also not been optimally developed. Communication remains one-way and hierarchical, with information on findings or risks rarely discussed openly at the executive level. As a result, lessons learned from one case do not inform systemic improvements for other units, and potential fraud goes undetected early because there is no safe space for executives to report concerns without fear of being perceived as obstructing the program. COSO (2023) emphasizes that effective communication must be two-way, transparent, and integrated into

all levels of the organization, a standard that has not yet been achieved in North Minahasa.

The fifth principle, monitoring control activities and continuous improvement, represents the most critical weakness in the COSO implementation cycle. Informants acknowledged that routine monitoring exists in the form of quarterly reports, but follow-up on recommendations is often slow and not accompanied by strict administrative sanctions for non-compliance. As a result, the continuous improvement cycle, which is at the heart of COSO's fifth principle, is broken, and the same mistakes tend to be repeated in subsequent fiscal years. This finding aligns with Bouckaert and Peters' (2019, 2023) critique of weak coordination and follow-up in decentralized public organizations, where significant authority is not balanced by consistent accountability mechanisms. Without consistent enforcement, monitoring becomes merely a reporting ritual, not an instrument for organizational learning.

In the context of public sector management theory, the inconsistent application of COSO in North Minahasa also reflects the tension between the New Public Management logic, which emphasizes performance targets, and the Public Value Management logic, which emphasizes the legitimacy and sustainability of public services. Moore and Hartley (2021) emphasize that public value is not created solely by the speed of budget absorption, but by processes that are fair, transparent, and produce outcomes recognized by the public. When pressures of administrative targets dominate, COSO principles tend to be ignored or implemented symbolically. Therefore, improving anti-fraud governance is not sufficient with merely technical training or adding applications; it requires a cultural transformation that begins with leadership: regional leaders must routinely inquire about integrity aspects in every evaluation, not just budget realization; risk assessments must be actively involved by field implementers; risk communication must be open through regular inter-PPK forums facilitated by APIP; and monitoring must be followed by swift administrative sanctions and publication of findings to create a social deterrent effect. Only by operationalizing the five COSO principles substantively, rather than simply adopting their form, can the anti-fraud control system in North Minahasa truly function as a deterrent, not just an administrative file.

The Most Frequent Forms of Fraud in the Procurement Cycle (2022-2025)

Based on interview data and case documentation from 2022–2025, the most frequent forms of fraud in the procurement cycle of goods and services in the North Minahasa Regency Government do not appear randomly, but rather follow consistent, systemic patterns throughout the procurement chain. Informants from various units collectively identified three main fraud clusters: upstream manipulation at the planning and supplier selection stage, downstream irregularities at the contract implementation stage, and abuse of payment mechanisms and work handover. This pattern confirms the OECD (2023) finding that procurement fraud is cyclical and interconnected, where weaknesses in one stage automatically open loopholes in the next, creating a domino effect that is difficult to break without structured intervention.

The first cluster, manipulation at the planning and supplier selection stage, is dominated by inflated Own Estimated Prices (HPS) not based on the latest market price surveys, the preparation of technical specifications that are "locked" to target specific vendors, and the splitting of work packages to lower their value below the tender threshold and allow them to be transferred to the direct appointment mechanism. LPSE Operator and Procurement Department informants explicitly stated that the biggest loophole lies in the substance of documents before they enter the electronic system, where outdated HPS or discriminatory specifications make healthy competition a mere formality. The practice of "borrowing a flag," the use of fictitious or expired qualification documents, and the anomaly of identical IP addresses for multiple tender participants were also identified as modes of collusion that are difficult to detect automatically by the current LPSE system. These forms of fraud are highly consistent with the Fraud Triangle theory, particularly the opportunity element arising from weak document verification, the lack of real-time integration of professional certification databases, and the continued permission of direct appointment for packages below a certain threshold. ACFE (2024) noted that bidder collusion and HPS manipulation were the top modus operandi in the global public sector, with average losses reaching 25 percent of the contract value, a figure consistent with the findings of the BPK and ICW (2025) at the Indonesian district level.

The second cluster, deviations during the contract implementation phase, is the most physically and financially damaging form of fraud. Inspector and PPK informants consistently identified two dominant forms: work that does not meet technical specifications and reduced work volumes that are not reported in the handover report. Real-world examples provided include the use of substandard materials (such as K-225 concrete instead of K-300, or class C PVC pipes instead of class A), as well as the realization of work volumes that only reach 80–90 percent but are paid in full with the excuse that "the remainder will be completed during the maintenance period." Weak field supervision, limited supervisory human resources, and a lack of surprise inspections are the main factors that allow these deviations to escape detection. Within the Fraud Triangle framework, this cluster is heavily influenced by rationalization elements, where contractors and implementing officials often construct justification narratives such as

“genuine goods are hard to find,” “market prices have soared,” or “the important thing is that the project doesn't stall.” Gorsira et al. (2020) and Norman (2018) explain that this kind of rationalization functions as a psychological mechanism that neutralizes feelings of guilt, so that even actors who are normatively of integrity can be trapped in procedural violations that are considered “normal” in the context of local bureaucracy.

The third cluster, fraud at the payment and handover stage, is often a logical consequence of the previous two clusters. Informants revealed the practice of disbursing full funds even though physical progress had not reached 100 percent, paying for goods whose suitability had not been tested (such as medical devices without commissioning tests), and signing the Work Results Report (BAPHP) stating 100 percent progress when the reality on the ground had not yet reached that figure. This practice was exacerbated by pressure from superiors to complete the work handover (PHO) before the end of the fiscal year to avoid sanctions for delays or the return of funds to the state treasury. From the perspective of the Theory of Planned Behavior developed by Ajzen (1991) and adapted in the context of fraud by Carpenter and Reimers (2011) and Gorsira et al. (2018), the intention to commit fraud at this stage is strongly influenced by subjective norms (pressure from leaders and colleagues to “complete” administrative matters) and perceived behavioral control (the perception that the oversight system is weak, making violations easy to commit without consequence). When these two factors meet with high fiscal pressure, the decision to accelerate payments without substantive verification becomes a choice that is considered rational in bureaucratic logic, even though it is substantially fraud.

Why do these forms of fraud continue to recur in North Minahasa? Field findings confirm that the root causes are multidimensional: weak follow-up to audit recommendations, a lack of consistent administrative sanctions, and a culture of justification that normalizes irregularities as “tradition” or “development imperatives.” ICW (2025) noted that criminal penalties only prevented recurrence in 12 percent of cases; the remainder persisted because the system was not reformed. Therefore, mitigation strategies must shift from a responsive approach (punishment after the fact) to an integrated preventive-detective approach. Practical recommendations agreed upon by informants—such as rotating the positions of the PPK (Commissioning Officer) and the selection working group every two years, requiring verified photo documentation of progress, involving the APIP (Procurement Apparatus) from the planning stage, and enforcing swift administrative sanctions—have proven effective in other districts that have adopted them. Pratama, Subroto, and Saraswati (2024) found that a combination of per-stage risk assessments, strict task segregation, and app-based whistleblowing reduced procurement fraud by 52 percent. In North Minahasa, similar steps can be implemented without waiting for major regulatory reforms, provided there is political will from regional leaders to make procedural compliance a key performance indicator, not just an absorption target.

Overall, the mapping of fraud types in North Minahasa for the 2022–2025 period confirms that procurement fraud is not simply a matter of individual morality, but rather a reflection of systemic failures in risk management, internal control, and organizational culture. Every identified form of fraud—from HPS manipulation, tender collusion, substandard materials, to premature payments—can be traced back to unclosed opportunity gaps, unmanaged fiscal pressure, and uncorrected cultural rationalization. Effective handling requires a holistic approach that touches all links in the procurement cycle, supported by anomaly detection technology, strengthening human resource capacity, public contract transparency, and most crucially, consistent, consistent leadership commitment that upholds integrity over short-term interests. Only then can procurement of goods and services in North Minahasa Regency truly function as an instrument of accountable development, rather than a channel for recurring public money leaks.

Kantohe's (2023) research proves that the internal control system and university commitment simultaneously play an important role in realizing *Good University Governance* (GUG), where the stronger the role of SPI, the higher the achievement of GUG [14]. This also identifies that the weak implementation of the five COSO principles, including leadership commitment and control activities, is the main cause of fraud vulnerability in the goods/services procurement cycle in the North Minahasa Regency Government. In other words, the failure to substantively operate the internal control system, both in the university environment and the local government, has been proven to create *opportunity gaps* that allow for repeated fraudulent practices and are difficult to eradicate.

CONCLUSION

Based on the research results and discussions that have been described, three main points can be concluded that answer the research focus:

1. Regarding risk analysis and fraud mitigation in the procurement cycle, this study found that the highest vulnerabilities are concentrated in the procurement planning stage, specifically in the preparation of the General Procurement Plan (RUP), technical specifications, and Own Estimated Price (HPS). Immaturity in planning documents from the outset is a key trigger for the chain of irregularities that continues through to the implementation

stage.

2. Regarding the experience of implementing the five COSO principles in the field, this study concludes that the North Minahasa Regency Government has formally adopted the COSO-based anti-fraud governance framework through the Government Internal Control System (SPIP), but its implementation at the operational level remains inconsistent and partial. Leadership commitment is still formal, fraud risk assessment has not been integrated into the decision-making process, prevention and detection controls are more oriented towards administrative compliance than substance, risk communication is still one-way and hierarchical, and monitoring has not been followed by consistent follow-up.

3. The most frequent forms of fraud occurring in the 2022–2025 period, this study maps three main clusters: (1) Inflated HPS and specifications that are "locked" to target certain vendors; (2) Work that does not meet specifications, reduced volume, and the use of substandard materials during the implementation stage; and (3) misuse of payment mechanisms in the form of full disbursement of funds before physical progress reaches 100 percent.

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