FRAUD GAP IN E-AUCTION (QUALITATIVE METHOD WITH CASE STUDY, IN KPKNL JAKARTA X-INDONESIA)

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ABSTRACT: Auction which is held with e-auction by Directorate General of State Assets Management Ministry of Finance is expected to be run efficiently, effectively, accountably and safely to optimize non-tax state revenue. Before we get to know what e-auction is, the auction is usually carried out conventionally. In the conventional auction implementation there are fraud such as the mutual meeting of Auction Officials, Sellers, and Participants at the same time and place at the time of auction. This causes the auction price formed not to be optimal, for example, one of the auction participants might prevents other participants to bid. With e-auction this can be prevented, but in the e-auction implementation it is possible that fraud might still occurs. Based on this problem, the researcher wanted to do research about fraud gap in e-auction, by using qualitative method.

Keywords: auctions, e-auctions, fraud, modus operandi, and debtor

INTRODUCTION

Directorate General of State Assets Management Ministry of Finance as the main regulator of the auction has a mission to create an effective, efficient, accountable, transparent, fair, secure, and competitive auctions that can accommodate the public interest. One of them is through the auction, a public services provided by Directorate General of State Assets Management Ministry of Finance. The auction conducted by Directorate General of State Assets Management Ministry of Finance is the goods auction sale, it must be differentiated from the tender / procurement.

The auction conducted by Directorate General of State Assets Management Ministry of Finance through KPKNL prior to the existence of e-auction (sale of goods open to the public by offering price in writing without the presence of bidders to achieve the highest price, conducted through internet-based auction application implemented by Directorate General of State Assets Management Ministry of Finance, Minister of Finance Regulation No. 90 /PMK.06/2016), we call it conventional auction, on the implementation still occur fraud at every stage of the auction, pre, implementation, and post auction.

In the pre stages of auction, one of which is the announcement of a non-transparent auction, for example the use of print media that has limited and circulated publication. The first stage of the auction is the mutual meeting of the Auction Officials, Sellers, and Participants at a same time and place, it causes the auction price is not optimal. For example, one of the auction participant prevents other participants from making a bid. And the post-auction stage is auction note taken not by the auction winner or his proxy.

To prevent fraud on the conduct of auctions and to create an effective, efficient, accountable, transparent, fair, secure, and competitive auction, Directorate General of State Assets Management Ministry of Finance launches e-auction application. Before the Directorate General of State Assets Management Ministry of Finance launches e-auction, we first know the online auctions that have been implemented by some countries, such as auction of goods in e-bay, kaskus, chip and other similar media. Many frauds has happenedat those online auctions. One among the other frauds that occurs is, there is no payment at the time the goods shipped or the payment is made but the goods are not delivered, the goods are not in accordance with the description or advertisement, the additional cost by the seller is not known by the buyer, the example of postage, fake bidding, and toying with ‘bandwidth’ at the time of pre-auction stages of bids delivery or fulfillment of the auction, (Rahardjo, 2012).

Fraud according to Tuanakotta (2013: 28), which concludedby the author is an action done by an individual or organization deliberately to deceive, hide, or gain advantage in a condition, where the action can harm the parties concerned. The cause of the fraud is pressure, opportunity, and justification. The motive of a person doing fraud from the research conducted by Rahardjo, 2012 is associated with the theory of the cause of fraud according to Tuanakotta (2013: pp. 47-51), occurs because of the
pressure and opportunities, the pressure here is the problem of economic factors in the perpetrator's motive, and because there is a way to easily gain benefit while there is an opportunity due to the lack of the law also the community easily tempted by the cheap price offered.

The implementation of online auctions in various countries have the advantage such as eliminating geographical boundaries found in conventional auctions, cheaper costs (Ariely and Simonson, 2013), and auctions more transparent because of the auction announcement can be obtained through the website, the advantage of e-auction itself is the non-meeting parties of the auction, and the target achievement of non-tax state recipients auction from 2014 to 2017.

Given the e-auction is fairly new, launched at late 2014 and its specific support rules were published in 2016 that is PMK 90 / PMK.06 / 2016 and as far as the knowledge of researchers there has not been any news about auction cheating through e-auction system. Through interviews with informants about fraud gaps that may arise in e-auction, the following interview quotes the researcher with the informant regarding the possibility of fraud gap in e-auction.

**Cybertheft on User Id E-Auction**

The security of the e-auction system according to the researcher can be equated with banking security, as an example, at the deposit of security deposit stage has been using the virtual account issued by the KPKNL partner bank. E-auction account registration requires several stages, as an example, participant needs email account and active phone number as notification for account activation, news and notification of activities as participant in e-auction. In addition, the password has to be created with a minimum combination of eight numbers and letters also combination of capital and lower case letters up to twenty characters. Similar to data changes on e-auction, we are required to enter a password. But if associated with the security of each party's id e-auction, it is the personal responsibility of the id holder. As banking, the banking system has been made as secure as possible, but still many customers who conceded because they can not keep their own banking id. This is supported by an informant statement stating:

"I think The system is safe, but that need to watch out for the theft of user id e-auction"

"(FG, November 24, 2017)"

The researcher's analysis for the fraud slits of id theft using the 5w + 1h method is as follows:

- **What** causes a person’s account id to be stolen by a criminal offender. According to researchers analysis person's id can be stolen due to weak security against the id that is owned, as an example, a login password. Where the password uses a combination of his own name, birth date, surname. Second, the negligence of the id owner exposed to phishing traps and socialengineering.

- **Where** the crime of id theft may occur at any time to the users of e-auction users (both organizers and bidders) who have active accounts, when they are unaware and trapped in phishing and social engineering methods applied by criminals. The perpetrator of this crime may be from internal stakeholders and external stakeholders of KPKNL, because information about the auction is very valuable. For example, the address of the auction participant or the number of bidders who participate in the auction. If leaked to the interested parties it will give a personal advantage to the information giver. This will cause the auction price to be not optimal.

- **Who** is the motive of a person doing this id theft is the economic motive to enrich himself, because the auction information can provide personal benefit to the interested parties. For example, the auction participants knowing the number of the other participants or detail information of other bidders to negotiate their own price outside the auction.

This kind of id theft can occur in the KPKNL throughout Indonesia, which organizes e-auction. Same as the banking fraud modus operandi, where every customer has a risk to be a victim of fraud through phishing and social engineering, either through atm machine or internet banking. The losses incurred if the account password of the auction host can be broken by another party. First, the burglar can find out about the auction information that will take place, for example how many auction participants, this information can be sold to other participants and very effective if the auction participants is singular. Because the singular participant can bid according to the price limit to win the auction in other words no need to bid too high. Second, parties of the burglar can ruffle an ongoing auction, for example cancel the auction or reject the participant who will register the auction. When this research takes place, the user id for the auction organizer can only be activated one per user. So if there is any suspicious activity, the auction organizer can immediately change the password account.

Losses arising from id and password auction customers break-in, among other things, a hacker can alter an auction bid that is not appropriate desired by the owner of the actual account, may bid beyond the reasonable limits to damage the account owner. Because if the account owner is appointed as the winner of the auction but does not make the payment, the money will be deposited into the state treasury. Second, modifying the participant data, thus rejected by the system or rejected by
The opportunity, there is a new field for fraud actions in the field of auction and the necessities of life or indeed his livelihood is using methods like this. Secondly because of the opportunity, there is a new field to commit fraud actions in the field of auction and because it can get the user and password of the auction organizer or the auction participant. and thirdly for justification, as if getting whispered against the conscience of the fraudster.

This form of fraud modus operandi is using technological advances in the field of computers to commit crimes is done by searching the identity of auction participants or auction organizers and categorized as computer-related fraud (computer fraud).

FRAUD ON INTERNAL STAKEHOLDER

Procedure of auction stage where bidders are required to Register identity number and Taxpayer Registration Number and upload softcopy of ID card and Taxpayer Registration Number (need verification from the KPKNL.), here, there is a fraud gap that Auction Official rejects the prospective bidders even if identity number / Taxpayer Registration Number has been verified. This may happen if Auctioneer is negligent because there is a lot of participants or there is any indication of refusing other membership because they want to win a certain party. If this happens we can be sure that the price formed in the auction is not optimal because there are restrictions on the participants. Authority abuse of this Auctioneer may occur to all auctions through e-auction. The perpetrator of this fraud is the Auctioneer who leads an auction that has the authorization to accept or reject the participation of the participant through the ID card and Taxpayer Registration Number checking. The motive of a person doing this is the economic motive to enrich himself or the pressure of the other party, for example the superior or the auctioneer because he has the power in the field of law enforcement. This action can occur in the KPKNL throughout Indonesia, which organizes e-auction. The disadvantage is that the auction price is not optimal, due to the limited number of bidders. The actions of auctioneer may be categorized as fulfilling the three elements of the cause of fraud, that is, firstly because of the pressure, can be defined as that the hacker is in need of money for the life purpose or pressure from the superior or pressure of the seller or the pressure of the participant. Secondly because of opportunity, the opportunity to use its authority to enrich themselves or others. and thirdly for justification, as if getting whispered against the conscience of the fraudster.

This form of fraud using technological advances in computer field to commit crimes is categorized as computer fraud and into corruption categories, where corruption is generally defined by actions that harm the public or the wider public for personal or group interests. The act of the perpetrator using his / her authority may cause the state loss of non-optimal results of the auction. The researcher's statement is supported by information from the informant as follows:

"The authority of the auction organizers to commit fraud" (FG, November 24, 2017)"

E-AUCTION CATALOG AS A FRAUD TOWARD TO THE EXECUTED DEBTOR

Inclusion of the name of the debtor / owner of the item in the auction catalog on the e-auction may open the opportunity for a person to deceive the debtor or the owner of the auction guarantee for personal gain. The modus operandi, among others, the deceiver seeking information as much as possible about the name of the debtor / owner of the goods that are auctioned either through social engineering or by manually asking the nearest neighbor. After obtaining information in the form of phone / email address / home address, then the fraud will contact the debtor / owner of the goods by claiming to be an officer of KPKNL and promising that the auction can be suspended or canceled, if the debtor deposit a sum of money on the account of the fraudster. This may happen if there is an auction object containing the name of the debtor, the certificate owner, the creditor's name, and the address of the debtor or the address of the collateral with the name of the debtor. The fraudster is usually a party outside the auction organizer or the creditor, but if in the catalog and announcement of the auction there is no inclusion of the debtor's name, there is a possibility of inside party is involved in causing leakage of debtor data. The motive of someone doing this id theft is the economic motive to enrich themselves. This action can occur on the auctioned debtors throughout Indonesia whose data has been spread to the general public either through print media or internet media. Losses incurred are the debtor handed some money or compensation to irresponsible parties, in the hope of delaying or canceling the auction.

The act of the deceiver can be categorized as fulfilling the three elements of the cause of fraud, that is first because of the pressure, can be defined as that the con artist is in need of money for the necessities of life or indeed his livelihood using such methods. Secondly because of the opportunity, the opportunity because there is a new field for fraud action in the field of auction and
because it can earn money by deceiving debtors or owners of goods auctioned. and thirdly for justify, as if getting whispered against the conscience of the fraudster.

This form of fraud modus operandi is using technological advances in the field of computers to commit crimes is done by searching the identity of the debtor or the owner of goods with capitalize a name and address with the method of social enginering and categorized as computer-related fraud (computer fraud). The researcher's statement is supported by the following resource statement:

"The e-auction catalog is misused to deceive the executed debtor" (FG, November 24, 2017).

E-AUCTION REJECTED BY UNIT MINISTRY AND AGENCY (SATKER)

According to the researcher this can be understood if the auctioneer is in an area lacking the infrastructure for internet access such as the example of border areas, but if the unit ministry/agency (satker) who filed it is in a pretty good area of internet access infrastructure and e-auction has been successfully done in the region and rejected the proposal KPKNL to use e-auction on the grounds of the provisions of article 18 PMK 27 / PMK.06 / 2016, may indicate that the Satker has a specific purpose in the proposed auction. For example a mandatory non-execution auction submitted with a limit below IDR 50 million in accordance with Article 59 of PMK 27 / PMK.06 / 2016, does not require an announcement newspaper, enough with a sheet. In order to win the chosen participants, the satker does not use e-auction. Because with the bundle ascertained the auctioned enthusiasts who netted fewer than e-auction, and more so if the sheet was not announced as it should be just as a formality. This makes the state revenue from the auction unoptimal. The researcher's experience, around 2013 the above mode is often used by the satker when applying for a motor vehicle auction for reasons of compassion for those who get decree to take care of the vehicle before it is abolished.

The satker rejection action against e-auction occurs every time the satker submits a non-execution mandatory auction, in the form of abolished state property or auction of execution of confiscated goods, where the auction is in the authority of KPKNL. The perpetrator is usually a member of the removal team of a satker or official who has links to confiscated goods derived from a criminal offense. Satker motive reject e-auction is the economic motive to enrich themselves or the pressure to enrich others, because there is a limitation on the number of bidders. This action can occur in the KPKNL throughout Indonesia, which organizes e-auction. The disadvantage is that the auction price of state goods is not optimal, due to the limited number of bidders.

The actions of the satker above can be categorized as fulfilling the three elements of the cause of fraud, which is first because of the pressure, can be defined as that the satker wants to win the auction because it feels it belongs to him because he has been treated even though the actual maintenance of state property has been budgeted in the state budget. Secondly because of the opportunity, the authority of the satker rejected the KPKNL's proposal to use e-auction on the grounds of article 18 PMK 27 / PMK.06 / 2016, and the provisions of Article 59 PMK 27 / PMK.06 / 2016, and third for justification reasons, get whispered to fight the cheaters' conscience. This fraud belongs to the category of corruption, where corruption is generally defined by acts that harm the public or the public or the wider public for personal or group interests. The act of the perpetrator causes the state losses in the form of non-optimal results of the auction.

CONCLUSIONS, RECOMMENDATIONS, AND RESEARCH LIMITATIONS

Conclusion

Based on research conducted by researchers, there is still a fraud gap in the implementation of auction through e-auction. The gap among others:

1. theft id participant / auction organizer,
2. Ministry and agency who is not willing to use e-auction,
3. the e-auction catalog is misused to deceive the executed debtor
4. as well as the authority of the auction organizers to commit fraud

RECOMMENDATIONS

Closing the gap required continuous and comprehensive efforts of the DJKN and the community as users of the auction service. because the auction involves both parties, the researcher's suggestion to anticipate or close the fraud gap above, among others by:

1. Risk mapping through risk management against the auction organizers id theft by the DJKN and raising awareness of the parties regarding the security of user id e-auction.
2. Strengthening the regulatory side by DJKN so that Satker does not exploit loopholes for not using e-auction
3. Improvements in the e-auction application menu that can provide warning or alert before serving on the auction website
4. The existence of a historical menu in a reliable e-auction application (which can record every action of the user in the application) and the existence of routine supervision performed by superintendent.

RESEARCH LIMITATIONS

This research is still far from perfect, considering there are still limitations among others concerning interviews to informants who felt less than the maximum due to the end of the year where the majority of employees in KPKNL Jakarta X are pursuing the achievement of the 2017 target, the other limitation is that researchers can not record the conversation from informant because the researcher once asked permission to record during the interview process but was rejected by the informant on the grounds of the informants more comfortable if not recorded. And third is the limited time researchers to do more in-depth research in the field and completion of this research.

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