

ABSTRACT

Procurement of goods and services is an area that is highly vulnerable to fraudulent practices, particularly corruption. According to the 2019 KPK RI Report, cases of procurement are the second largest area of concern after bribery, which is often linked to procurement. The purpose of this study is to examine the challenges of e-procurement systems in preventing fraud in procurement of goods and services, as well as to explore the root causes of fraudulent practices and behaviors. Additionally, the study examines how inspectorate oversight is being carried out.

The research setting is UKPBJ XYZ Regency, which is responsible for managing and supporting the procurement of goods and services for the XYZ Regency government. The study includes eight informants, including five members of selection working groups and three Inspectorate auditors. The method used is a qualitative approach using a interpretive phenomenological lens. Data collection involved in-depth interviews with a semi-structured approach and analysis of organizational documents. This research was conducted for approximately five months from August 2021 to December 2021. Using the Sanders modified method, several findings were obtained in this study.

The findings show that the root of the problems in the public procurement are political patronage practices and violations of procurement ethics. Through political patronage, the election working group intervened to win the desired provider. These various interventions have weakened the integrity of the election working group which has resulted in collusion between the working group and providers who are very prone to corruption and ultimately detrimental to state or regional finances. This fraudulent behavior forms a social reality within the organization that is not in accordance with procurement ethics. The procurement budget is likened to a "pizza" that has been cut into several parts which will be distributed to the desired parties. Furthermore, an organizational environment that is used to commit fraud will affect the behavior of individuals in that environment. This study also found that the function of prevention or early warning from the inspectorate had not gone well.

Keywords: procurement fraud, political patronage, procurement ethics, oversight of procurement.