

ABSTRACT

Purpose

The purpose of this research is to analyze the effect of diamond fraud (opportunity, pressure, rationalization, ability) and the internal control system on Assets Misappropriation .

Design / Methodology / Approach

Methodology: The population in this study were staff of Organisasi Pemerintah Daerah (OPD) in Batang Regency. The sample method is purposive sampling and the survey method is direct survey and questionnaire distribution. Responded to 74 and analyzed using the Warp PLS Version 7.0 Application.

Findings

The results of this study are the variables of opportunity, pressure, and significant positive influence on asset misappropriation, but the rationalization variable and the internal control system do not have a significant effect on assets misappropriation. In order to be followed up, the Batang district government had to stop the opportunities, pressure, rationalization and bad capacity through the bad system.

Implications

This study contributes to the literature on misappropriation of assets in the somewhat very limited government sector with the application of diamond fraud. This also has some practical implications as a source of information for formulating fraud prevention and detection policies by improving the internal control system in the Batang district government sector.

The findings from this study are useful for policy makers, government officials, government, industry, and academia to understand and implement strategies to write off assets.

Novelty

A limited study of misappropriation of assets in the government sector in Batang district which examines the effects of diamond fraud (opportunity, pressure, rationalization, capability) and the Internal Control System on Asset Misappropriation which has been criticized by previous researchers.

Keywords: *Diamond fraud (opportunity, pressure, rationalization, ability) internal control system and Asset Misappropriation.*