

**UNIVERSITI TEKNOLOGI MARA**

**FACTORS INFLUENCING  
PROCUREMENT FRAUD AMONG  
PUBLIC OFFICIALS IN KELANTAN**

**MOHD SHAHARIL BIN MOHD HASSAN**

Dissertation submitted in partial fulfillment  
of the requirement for the degree of  
**Master of Accountancy**

**Faculty of Accountancy**

**Jan 2021**

## **AUTHOR'S DECLARATION**

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student	:	Mohd Shaharil bin Mohd Hassan
Student I.D. No.	:	2019114283
Programme	:	Master of Accountancy – ACC700
Faculty	:	Accountancy
Dissertation Title	:	Factors Influencing Procurement Fraud Among Public Officials in Kelantan
Signature of Student	:	
Date	:	January 2021

## ABSTRACT

The purpose of this study is to examine the factors influencing procurement fraud among public officials in Kelantan. This study aims to investigate the relationships between each of the elements in the fraud triangle which are pressure, rationalisation and opportunity with procurement fraud. A set of questionnaires were distributed to public officials who were involved in procurement processes at the *Pejabat Setiausaha Kerajaan Negeri Kelantan* (SUK office), *Universiti Malaysia Kelantan* (UMK) and *Universiti Teknologi MARA Cawangan Kelantan* (UiTMCK). Based on 119 questionnaires received from the respondents, findings from the study revealed that elements in the fraud triangle theory – pressure, opportunity and rationalization – were positively related to procurement fraud. In particular, financial and work pressures, and higher opportunity and justifications in committing fraud promote procurement fraud. Hence, this study contributes to literature on fraud especially procurement fraud which is not widely available especially in Malaysia.

Keywords: Public Officials, Pressure, Opportunity, Rationalisation, Procurement Fraud

## **ACKNOWLEDGEMENT**

First and above all, all praises to Allah the Almighty for granting me the opportunity and capability to complete this dissertation.

A special thank you to my mentor and supervisor, Dr Marini binti Haji Abdullah, for her motivation and facilitation that allowed the completion of my dissertation achievable.

A sweet thanks to my beloved wife, Nor Aziera binti Mohd Zahari, and my lovely daughter, Shahiera, for persevering through all of the time I have put into this Master of Accountancy program. I look forward to giving them more of my attention that they deserve after completing this dissertation.

I would also like to thank my parents who inspire me to put forth the effort to do the best I can no matter what the challenge might be. I would not be the person I am today without their support and guidance.

Also special thanks to all my UiTMCK lecturers and my AC700 colleagues for being supportive. I owe them a debt of gratitude for understanding that it took a lot of time and dedication to complete this program on my own time outside of work, play, and family time. To all those directly and indirectly involved, only Allah could repay your kind support. Ya Allah, there is no power and strength but Your strength. Alhamdulillah.

# TABLE OF CONTENTS

	<b>Page</b>
<b>AUTHOR’S DECLARATION</b>	<b>iii</b>
<b>ABSTRACT</b>	<b>iv</b>
<b>ACKNOWLEDGEMENT</b>	<b>v</b>
<b>TABLE OF CONTENTS</b>	<b>vi</b>
<b>LIST OF TABLES</b>	<b>ix</b>
<b>LIST OF FIGURES</b>	<b>xi</b>
<b>LIST OF ABBREVIATIONS</b>	<b>xii</b>
<b>CHAPTER ONE: INTRODUCTION</b>	<b>1</b>
1.1 Introduction	1
1.2 Background of the Study	3
1.3 Problem Statement and Motivation	5
1.4 Research Objective	7
1.5 Research Question	7
1.6 Significant Contribution of the Study	8
1.6.1 Theoretical Contribution	8
1.6.2 Practical Contribution	9
1.7 Scope of the Study	10
1.8 Organisation of Dissertation	10
<b>CHAPTER TWO: LITERATURE REVIEW AND HYPOTHESES</b>	
<b>DEVELOPMENT</b>	<b>12</b>
2.1 Introduction	12
2.2 Malaysian Public Procurement System	12
2.3 Corruption and Fraud	15
2.4 Procurement Fraud	19
2.5 The Theory of Fraud Triangle	22
2.5.1 The Factor of Pressure	24