Owner: Riset & Jurnal Akuntansi
e –ISSN : 2548-9224 | p–ISSN : 2548-7507
Volume 10 Nomor 3, Juli 2026
DOI : https://doi.org/10.33395/owner.v10i3.3402

Internal Control Systems And Village Fund Fraud Prevention: Does Community Participation Matter?

Abellinda Preacyllia[1*)], RR Karlina Aprilia Kusumadewi[2)]
[1,2)]Faculty of Economics and Business, Diponegoro University, Semarang, Indonesia
abellku05@gmail.com, karlinaaprilia@lecturer.undip.ac.id

*Corresponding Author
Submitted: 8 April 2026
Accepted: 29 April 2026
Published: 1 Juli 2026

ABSTRACT

This research aims to investigate the effect of Internal Control Systems (ICS) on fraud prevention in Wonogiri Regency, while also exploring the moderating role of community involvement. This study employed a quantitative approach by conducting a survey among 251 village government in Wonogiri Regency. A total of 152 respondents were selected using stratified random sampling. Data analysis was performed using Structural Equation Modeling Partial Least Squares (SEM-PLS). The findings show that Internal Control Systems have a positive effect on fraud prevention. Furthermore, community participation was found to strengthen the effectiveness of Internal Control Systems in preventing fraud, as it functions as an external supervisory mechanism that monitors all stages of village fund management. These findings emphasize the importance of combining formal internal controls with community-based oversight to create layered supervision that reduces opportunities for fraud. The study offers practical implications for village governments to continuously strengthen ICS and enhance community involvement in managing village funds, thereby ensuring transparency, accountability, and compliance.

Keywords: *Community Participation; Fraud Prevention; Internal Control System.*

INTRODUCTION

Village funds are a strategic government program regulated under Law No. 6 of 2014 concerning Villages, aimed at promoting equitable development and improving community welfare. These funds are allocated to address various village priorities, including extreme poverty alleviation, food and livestock security, village-scale stunting prevention and reduction initiatives, and development programs aligned with the potential and characteristics of each village (Kementerian Desa PDTT, 2024). The government has distributed village funds totaling IDR 609.94 trillion by 2024 (Direktorat Jenderal Perimbangan Keuangan, 2025). The positive impact of village fund allocation is reflected in the decline in the percentage of the rural poor population, which decreased from 11.79% in March 2024 to 11.34% in September 2024 (Badan Pusat Statistik, 2024b). In addition, the Special Index for Stunting Management (IKPS) in 2023 reached 73.5 points, representing an increase of 1.1 points compared to 2022 (Badan Pusat Statistik, 2024a).

Despite these positive outcomes, fraudulent practices in the management of village funds remain a persistent concern. According to Indonesia Corruption Watch (2024), the village sector ranked as the most frequently handled sector in corruption cases by law enforcement authorities throughout 2023. Of the 791 recorded cases, 187 cases (23.6%) originated from the village sector, involving Village Heads and other village officials. Notably, the number of cases increased more than tenfold, from 17 cases in 2016 to 187 cases in 2023, accompanied by a substantial rise in the number of suspects from 22 to 294 individuals over the same period. Furthermore, Indonesia Corruption Watch (2024) reports that Village Heads ranked third among 24 occupational categories most frequently implicated in corruption cases, followed by village officials in fifth place. These findings indicate that corruption in village fund management constitutes a serious and systemic governance challenge.

Owner: Riset & Jurnal Akuntansi
e –ISSN : 2548-9224 | p–ISSN : 2548-7507
Volume 10 Nomor 3, Juli 2026
DOI : https://doi.org/10.33395/owner.v10i3.3402

Corruption prevention at the village level is not solely pursued through enforcement mechanisms but also through preventive initiatives, such as the Anti-Corruption Village program developed by the Corruption Eradication Commission (KPK) in collaboration with relevant ministries and local governments. This program aims to promote transparent and accountable village governance while strengthening community participation, thereby reducing the risk of corruption in village budget management, including village funds. Central Java represents one of the provinces with the largest number of Anti-Corruption Village pilot projects in Indonesia. As of 2025, a total of 113 villages have been designated as Anti-Corruption Villages, with an additional 297 villages undergoing evaluation or certification for similar designation. Nevertheless, empirical evidence indicates that corruption in village fund management continues to persist across several regions, suggesting that the implementation and certification of the Anti-Corruption Village program have not yet been fully effective in mitigating fraud risk.

Wonogiri Regency represents one of the regions that continues to face fraud-related issues in the management of village funds. For instance, a case in Tirtosworo Village, Giriwoyo District, involved the misuse of village funds through fictitious accountability reporting, including the submission of documentation for activities that were not actually implemented, resulting in estimated losses ranging from IDR 600–760 million during the 2020–2023 period. A similar case was identified in Sugihan Village, Bulukerto District, where IDR 60 million in Direct Cash Assistance (BLT) funds was misappropriated by the village head (BPK Jawa Tengah, 2023). Audit findings from the Wonogiri Inspectorate indicate that between 2022 and the first half of 2023, a total of 184 violations were identified, the majority involving village governments, with potential state losses exceeding IDR 446.7 million. In the first half of 2024, an additional 91 violations were recorded, predominantly originating from village administrations, with the most common pattern involving discrepancies in financial reporting, resulting in potential losses of IDR 186.7 million. Overall, these violations predominantly reflect regulatory non-compliance, procedural irregularities in the procurement of goods and services, and inconsistencies in financial reporting.

The prevalence of financial irregularities in the management of village funds highlights the need for robust and strategic preventive mechanisms (Atmadja et al., 2019). Fraud prevention refers to a set of proactive organizational measures aimed at minimizing or eliminating fraudulent activities (Sow et al., 2018). According to the Corruption Eradication Commission (KPK) (2021), weak oversight of budget utilization constitutes one of the primary drivers of fraud in village governance. Therefore, robust internal control mechanisms are essential to mitigate fraud risk According to the, one of the primary drivers of fraud in village governance is weak oversight of budget utilization. Therefore, strong controls are necessary to prevent fraud (Mandal & Amilan, 2025). Within the context of village governance, internal control is regulated under Peraturan Pemerintah Republik Indonesia No. 60 Tahun 2008 concerning the Government Internal Control System. The implementation of GICS aims to ensure that financial management processes—from planning to reporting are conducted in a transparent, accountable, and compliant manner. In practice, effective internal control is reflected in the segregation of duties and responsibilities, the utilization of the Village Financial System Application (Siskeudes), proper documentation of budget planning and realization, as well as regular audits and evaluations conducted by the inspectorate.

This study is grounded in agency theory, which conceptualizes fraud risk as a consequence of information asymmetry and opportunistic behavior arising in principal–agent relationships (Jensen & Meckling, 1976). Within village governance, village government act as agents who manage public funds on behalf of principals, namely the central government and the community. From this perspective, Internal Control Systems (ICS) function as monitoring mechanisms designed to mitigate opportunistic behavior among village government in the management of village funds (Wahyudi et al., 2021). Through the implementation of structured procedures and clear regulatory frameworks, ICS reduce opportunities for the misuse of authority, as officials are aware that their actions are subject to oversight and that the likelihood of detection is high, thereby discouraging fraudulent behavior. Empirical evidence generally supports this argument, with several studies demonstrating that ICS have a positive effect on fraud prevention (Ayem & Pratiwi, 2024; Lubis et al., 2024; Maria et al., 2023; Usman & Sundari, 2024). However, some studies report

Owner: Riset & Jurnal Akuntansi
e –ISSN : 2548-9224 | p–ISSN : 2548-7507
Volume 10 Nomor 3, Juli 2026
DOI : https://doi.org/10.33395/owner.v10i3.3402

inconsistent findings. For example, Aryani & Fitri (2023), Herawaty & Hernando (2021), Jalil (2018), Oduro & Cromwell (2018), dan Welly et al. (2024) find that ICS have no significant effect on fraud prevention.

Prior studies suggest that Internal Control Systems (ICS) contribute to fraud prevention. However, inconsistent findings indicate the potential influence of additional factors on this relationship. Baron & Kenny (1986) argue that moderating variables play a critical role in explaining inconsistencies in relationships, as they can influence both the direction and strength of such relationships. Community participation may function as a moderating variable by providing an external monitoring mechanism through active involvement in the planning, implementation, and evaluation of village development (Budiarto & Isnaeni, 2022; Komisi Pemberantasan Korupsi, 2021; Selvia & Arza, 2023). According to agency theory, conflicts of interest between principals (central government and society) and agents (village governments) arise due to information asymmetry and the potential for opportunistic behavior. Internal Control System (ICS) serves as a formal monitoring mechanism designed to reduce such opportunistic behavior through structured procedures, supervision, and accountability mechanisms. However, formal controls alone may not be sufficient when information asymmetry remains high and monitoring is limited. In this regard, community participation functions as an informal external control mechanism that complements ICS. It enhances transparency, reduces information asymmetry, increases the likelihood of fraud detection, and creates social pressure for officials to comply with established rules. Consequently, it strengthens the effectiveness of ICS in preventing misconduct.

In this study, community participation acts as an informal external control mechanism that complements ICS. Higher levels of community participation strengthen the effectiveness of ICS in preventing fraud by enhancing transparency, reducing information asymmetry, increasing the likelihood of detection, and generating social pressure for compliance. Accordingly, community participation is expected to moderate the relationship between ICS and fraud prevention by strengthening the impact of internal controls on reducing fraud risk. Previous studies have predominantly examined variables such as morality, leadership, religiosity, and accountability as moderators of the relationship between Internal Control Systems (ICS) and fraud prevention (Charim et al., 2023; Nugroho et al., 2024; Surya & Firmansyah, 2024; Taufik & Nasir, 2020). In contrast, community participation has primarily been investigated as a moderating variable in studies focusing on outcomes such as transparency and accountability (Arwani & Septiarini, 2022; Kuddy, 2021; Rohmah et al., 2025). Accordingly, the novelty of this study lies in positioning community participation as a moderating variable in the relationship between Internal Control Systems (ICS) and fraud prevention. By incorporating this external monitoring dimension, this study provides a more comprehensive framework for understanding how community participation complements formal institutional controls in safeguarding public resources.

LITERATURE REVIEW

Agency Theory

Agency theory, as proposed by Jensen & Meckling (1976), explains the relationship between principals and agents, in which agents are delegated authority to act on behalf of the principals. A fundamental issue in this relationship is the misalignment of interests caused by information asymmetry, where agents possess more information than principals (Wahyudi et al., 2021). Under such conditions, insufficient monitoring may create opportunities for opportunistic behavior, thereby increasing the risk of fraud and resulting in agency costs, including monitoring costs, bonding costs, and residual loss (Jensen & Meckling, 1976). In this study, the central government and the community act as principals, while village governments serve as agents responsible for managing public funds. Information asymmetry may be exploited by agents to engage in opportunistic behavior, thereby increasing the likelihood of fraud in village fund management (Usman & Sundari, 2024). To mitigate this issue, effective monitoring mechanisms are required, particularly through the implementation of Internal Control Systems (ICS) and community participation (Komisi Pemberantasan Korupsi, 2021).

From an agency perspective, Internal Control Systems (ICS) function as formal monitoring mechanisms designed to limit opportunistic behavior through structured procedures, supervision,

and auditing processes. The presence of clear regulatory frameworks and control procedures increases the likelihood of detection and reduces opportunities for the misuse of authority, thereby discouraging fraudulent actions. However, formal controls alone may not be sufficient, particularly in conditions where information asymmetry remains high and monitoring capacity is limited. In this regard, community participation plays a crucial role as an informal external monitoring mechanism that complements ICS. Active involvement of the community enhances transparency, reduces information asymmetry, increases the likelihood of fraud detection, and generates social pressure for compliance with established rules (Selvia & Arza, 2023; Wahyudi et al., 2021). Therefore, the integration of formal controls (ICS) and informal controls (community participation) is expected to strengthen governance and improve the effectiveness of fraud prevention in village fund management.

Fraud Prevention

Fraud prevention refers to proactive measures taken by organizations to prevent or mitigate the occurrence of fraud (Sow et al., 2018). The Financial and Development Supervisory Agency (BPKP, 2008) defines fraud prevention as a comprehensive approach aimed at addressing the root causes of fraud by reducing opportunities for misconduct, minimizing pressures on individuals relative to their capabilities, and discouraging rationalization that may justify fraudulent behavior (BPKP, 2008). Fraud prevention serves as a primary defense mechanism by providing effective strategies to control fraudulent behavior within organizations (Othman *et al.,* 2015). It also functions as a set of formal policies and regulatory instruments that support organizational governance, enable early detection of fraud indicators, and restrict opportunities for fraud perpetrators (Nadirsyah *et al.,* 2024). For village fund management, fraud prevention can be strengthened through the implementation of anti-fraud programs and controls in accordance with the Statement on Auditing Standards (SAS) No. 99 in Management Anti-Fraud Programmes and Controls (AICPA, 2002; Sow *et al.,* 2018). This standard provides a structured framework for identifying, assessing, and responding to potential fraud risks within organizations.

Internal Control System

Internal Control Systems (ICS) refer to a continuous and integrated process undertaken by management and organizational members to provide reasonable assurance in achieving organizational objectives, including operational effectiveness and efficiency, reliability of financial reporting, safeguarding of assets, and compliance with applicable laws and regulations. In the public sector, this system is designed to support the achievement of governmental objectives effectively (Peraturan Pemerintah Republik, 2008). The implementation of ICS at the village level is integrated into the village financial management cycle, covering planning, budgeting, and execution stages. This is reflected in key planning and budgeting instruments, such as the Village Medium-Term Development Plan, the Village Government Work Plan, and the Village Regulation (Perdes) on the Village Budget. Overall, ICS operates in an integrated manner and constitutes an inseparable component of organizational governance and activities (Wahyudi *et al.,* 2021).

Community Participation

Community participation can be understood as a formally designed approach aimed at involving the public or their representatives in decision-making processes, rather than a bottom-up process that emerges organically from the community itself (Sattayapanich *et al.,* 2022; Tang-lee, 2016). Selvia & Arza (2023) define community participation as the involvement of the community in government programs to prevent the misuse of authority. This participation extends beyond providing input and includes active engagement in all stages of development, from planning and budgeting to implementation and evaluation of village programs (Julianto & Dewi, 2019).

The legal basis for community participation is regulated under Law No. 6 of 2014 concerning Villages, particularly through village deliberation forums. Through these forums, community participation is manifested in the community's involvement in public meetings, consultations, and village committees (Wahyuningrat *et al.*, 2024). Accordingly, community participation reflects not only physical attendance but also substantive involvement in determining

village policy priorities. According to Hussain *et al.* (2021), community participation includes: (1) involvement in supervision; (2) involvement in decision-making; (3) involvement in activities; and (4) involvement in development planning.

The Role of Internal Control Systems in Preventing Fraud

Internal control systems are established to guide and monitor organizational resources in achieving institutional objectives and serve as a fundamental mechanism for the prevention and detection of fraudulent activities (Lastri *et al.,* 2022). Based on agency theory, Internal Control Systems (ICS) function as monitoring mechanisms that constrain opportunistic behavior among village government acting as agents in the management of village funds (Wahyudi et al., 2021). Through the implementation of clear rules, procedures, and audit mechanisms, ICS reduce opportunities for the misuse of authority and encourage agents to act in accordance with the interests of principals, thereby preventing fraudulent behavior. ICS also increase the perceived likelihood of detection and sanctions, which discourages individuals from engaging in fraudulent activities (Husnawati *et al.*, 2017; Wahyudi *et al.*, 2021). Consequently, effective ICS reduce both the opportunity and rationalization dimensions of fraudulent behavior.

Organizations employ various control instruments, such as segregation of duties, standardized approval procedures, and structured reporting systems, to safeguard public resources. In village governance, the synergy between routine inspections and the Village Financial System serves as a critical safeguard that limits opportunities for misconduct while enhancing the early detection of irregularities. In addition, the execution of ICS is integrated into the village financial management cycle. These mechanisms support planned, transparent, and accountable management of village funds, reinforced by monitoring and evaluation conducted by sub-district authorities and regional inspectorates to minimize irregularities and fraud. Therefore, a well-structured and consistently implemented ICS is associated with a lower likelihood of fraud, as it reduces opportunities for misconduct (Mandal & Amilan, 2025). This argument is supported by prior studies which consistently demonstrate that effective internal control systems contribute positively to fraud prevention (Ayem & Pratiwi, 2024; Baki & Ismatullah, 2021; Lubis et al., 2024; Maria et al., 2023; Sow et al., 2018; Usman & Sundari, 2024; Wahyudi et al., 2021). Accordingly, the following hypothesis is proposed:

H1: Internal control systems have a positive effect on village fund fraud prevention.

Internal Control Systems and Fraud Prevention: The Moderating Role of Community Participation

Community participation can function as an effective external monitoring mechanism (Komisi Pemberantasan Korupsi, 2021). It enhances the effectiveness of Internal Control Systems (ICS) by involving the community in the planning, implementation, and oversight of village fund utilization (Hussain *et al.*, 2021). This participation extends beyond symbolic involvement and is reflected in village development planning meetings (Musrenbang), participation in evaluation forums, and supervision of project implementation (Selvia & Arza, 2023). Such engagement introduces an additional layer of oversight that strengthens transparency and accountability in village fund management. From an agency theory perspective, conflicts of interest between the central government (principal) and village governments (agents) arise due to information asymmetry and potential opportunistic behavior (Jensen & Meckling, 1976). ICS function as formal control mechanisms designed to mitigate such behavior through structured procedures, supervision, and regulatory compliance. However, the effectiveness of ICS depends on monitoring intensity and the degree of information verifiability. Community participation complements ICS by serving as an informal external monitoring mechanism.

Community participation enhances transparency, reduces information asymmetry, increases the likelihood of detecting irregularities, and generates social pressure for compliance with established procedures. When community participation is limited, the effectiveness of ICS may be constrained due to weak external scrutiny. In contrast, high levels of community participation strengthen ICS effectiveness by intensifying monitoring and increasing the probability

Owner: Riset & Jurnal Akuntansi
e –ISSN : 2548-9224 | p–ISSN : 2548-7507
Volume 10 Nomor 3, Juli 2026
DOI : https://doi.org/10.33395/owner.v10i3.3402

that deviations are identified and addressed (Dwijosusilo & Shafiyah, 2020). Accordingly, community participation does not exert a direct-only effect on fraud prevention but instead strengthens the relationship between ICS and fraud prevention through an interaction effect. The integration of formal internal controls and community-based oversight creates a more robust and comprehensive monitoring system, thereby encouraging more accountable behavior among the village government in managing village funds. Overall, this layered control system ensures that village goverment are subject not only to formal institutional rules but also to social oversight from the community, thereby increasing the likelihood of detection and sanctions for misconduct. Consequently, community participation strengthens the effectiveness of ICS in preventing village fund fraud. Accordingly, the following hypothesis is proposed:

H2: Community participation strengthens the effect of internal control systems on village fund fraud prevention.

The conceptual framework is illustrated in Figure 1:

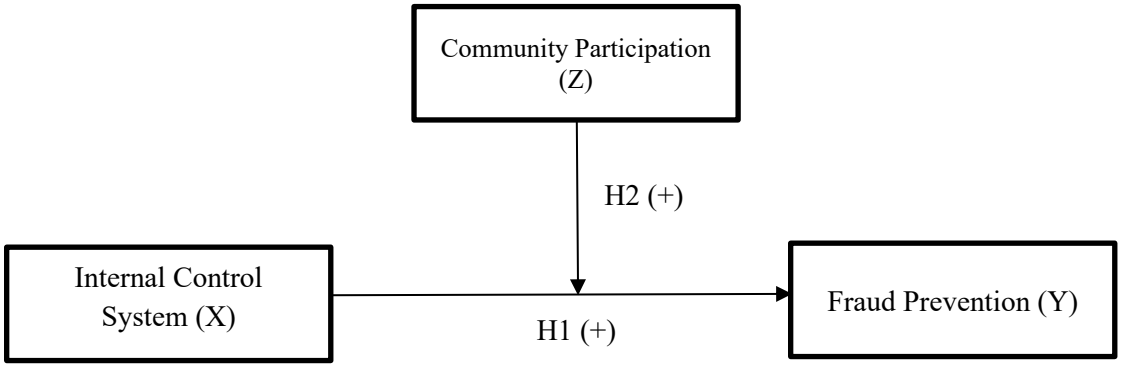

Figure 1. Conceptual Framework

1. RESEARCH METHOD

This study adopts a quantitative approach and is classified as explanatory research, as it aims to examine and test causal relationships among variables (Sugiyono, 2021). The population consists of village governments in Wonogiri Regency, totaling 251 villages (Dinas Pemberdayaan Masyarakat Desa Kabupaten Wonogiri, 2025). A sample of 152 respondents was selected using stratified random sampling, with strata based on sub-district areas. The sample size was determined using the Krejcie & Morgan (1970) sample size table. The unit of analysis in this study is the village government as an organization. However, data were collected from village heads, who serve as key informants due to their authority and comprehensive knowledge of village financial management and internal control practices. Therefore, their responses are considered to represent organizational-level conditions. The selection of village heads as respondents is based on Peraturan Bupati Wonogiri Nomor 31 Tahun 2019 Tentang Pengelolaan Keuangan Desa 2019, concerning Village Financial Management, which stipulates that village heads are responsible for managing all aspects of village administration.

Primary data in this study were collected using a structured questionnaire. he instrument employed a five-point Likert scale, in which respondents indicated their level of agreement ranging from strongly disagree (1) to strongly agree (5) (Sekaran & Bougie, 2016). Village fund fraud prevention was measured using three indicators adopted and modified from Sow *et al.* (2018): (1) creating a culture of honesty and high ethics, (2) assessing fraud risk and implementing procedures to mitigate the risk, and (3) developing an appropriate oversight system. Internal Control System (ICS) were measured using five indicators developed by Otoo et al. (2023): control environment, risk assessment, control activities, information and communication, and monitoring. Community participation was measured using four indicators adapted from Sattayapanich et al. (2022):

Owner: Riset & Jurnal Akuntansi
e –ISSN : 2548-9224 | p–ISSN : 2548-7507
Volume 10 Nomor 3, Juli 2026
DOI : https://doi.org/10.33395/owner.v10i3.3402

involvement in supervision, involvement in decision-making, involvement in activities, and involvement in development planning.

This study applies Structural Equation Modeling-Partial Least Squares (SEM-PLS) as the main analytical approach using SmartPLS. The constructs of Internal Control Systems, community participation, and fraud prevention are specified as reflective first-order constructs, where each construct represents respondents' perceptions of the underlying latent concept and is measured through observed indicators. In this study, these constructs are operationalized based on perceptual assessments rather than objective structural indices. In reflective measurement models, indicators are assumed to be manifestations of an underlying latent construct; therefore, changes in the latent construct are expected to be reflected simultaneously across all indicators, which are assumed to be interchangeable and highly correlated (Hair et al., 2019). This specification is appropriate because the constructs in this study capture perceived conditions related to internal control implementation, community involvement, and the effectiveness of fraud prevention.

In this study, a Common Method Bias (CMB) test was conducted to ensure that the results were not affected by potential bias arising from the use of a single data collection method. This test was performed using the full collinearity approach by examining variance inflation factor (VIF) values. All VIF values were below the threshold of 3.3, indicating that common method bias is not a significant concern in this study (Kock, 2015). Following the assessment of common method bias, the analysis proceeds to evaluate the measurement model. The measurement model (outer model) is assessed to evaluate construct validity and reliability, including convergent validity, discriminant validity, and internal consistency measured by Cronbach's Alpha and Composite Reliability. Second, the structural model (inner model) is examined to test the relationships among variables using the coefficient of determination (R^2), effect size (f^2), blindfolding (Q^2), and path coefficient (Hair et al., 2022). These procedures ensure that the model demonstrates adequate statistical robustness and provides meaningful insights into the relationships among the studied variables.

RESULT AND DISCUSSION

All respondents in this study are Head of Villages in Wonogiri Regency. In terms of gender composition, male respondents constituted the majority with 139 individuals (91.4%), while female respondents accounted for 13 individuals (8.6%). Most respondents were over 45 years old (61.2%), followed by those aged 41–45 years (24.3%) and 36–40 years (12.5%). Regarding educational background, the majority of respondents had completed senior high school (SMA/SMK/MA) (79.6%), followed by diploma/bachelor's degree holders (18.4%), while a small proportion had junior high school education (1.3%) and a master's degree (0.7%). In terms of work experience, most respondents had served for more than 10 years (45.4%), followed by 6–10 years (38.2%) and 1–5 years (16.4%). Overall, the respondents represent experienced village leaders with adequate educational backgrounds and are within a productive age group.

To address the potential issue of common method bias (CMB), this study employed the full collinearity assessment approach by examining variance inflation factor (VIF) values for all latent constructs. This approach is widely recommended in variance-based structural equation modeling as it enables the detection of both vertical and lateral collinearity, which may indicate the presence of common method bias (Kock, 2015). Following established guidelines, a VIF threshold of 3.3 was used as the cut-off value to assess the severity of CMB. In this procedure, indicators exhibiting VIF values equal to or above 3.3 were identified as potentially problematic and subsequently removed from the measurement model to improve model validity and reduce bias. After the elimination of these indicators, the model was re-estimated to ensure that the remaining measurement items were free from significant common method bias. The results of the Common Method Bias (CMB) test are presented in Table 2.

Table 1. Respondent Characteristics

Description	Category	Total	Percentage
Gender	Pria	139	91,4%
	Wanita	13	8,6%
Age	26-30 years	1	0,7%

Owner: Riset & Jurnal Akuntansi
e –ISSN : 2548-9224 | p–ISSN : 2548-7507
Volume 10 Nomor 3, Juli 2026
DOI : https://doi.org/10.33395/owner.v10i3.3402

Description	Category	Total	Percentage
	31-35	2	1,3%
	36-40	19	12,5%
	41-45	37	24,3%
	45 and above	93	61,2%
Education	Junior High School	2	1,3%
	Senior High School	121	79,6%
	Bachelor	28	18,4%
	Master	1	0,7%
Years of Service	1 – 5 years	25	16,4%
	6 - 10	58	38,2%
	10 and above	69	45,4%

Source: Tables created by authors

Table 2. Results of Common Method Bias (CMB) Assessment

Outer Model	VIF	Inner Model	VIF
ICSYS1	2,355	Community Participation → Fraud Prevention	1,667
ICSYS10	3,020		
ICSYS11	3,152	Internal Control System (ICS) → Fraud Prevention	1,717
ICSYS12	2,748		
ICSYS13	2,600	Community Participation × ICS → Fraud Prevention	1,066
ICSYS14	2,447		
ICSYS2	2,583		
ICSYS5	2,404		
ICSYS6	2,484		
ICSYS8	2,803		
ICSYS9	1,840		
FPREV1	2,460		
FPREV10	2,264		
FPREV2	3,154		
FPREV3	2,839		
FPREV4	2,117		
FPREV5	2,276		
FPREV6	2,355		
FPREV8	2,078		
FPREV9	1,696		
CP1	1,825		
CP2	1,886		
CP3	1,784		
CP4	1,657		

Source: Processed secondary data, 2026

As shown in Table 2, all variance inflation factor (VIF) values for both the measurement and structural models are below the critical threshold of 3.3. This indicates that the final model is free from multicollinearity issues and does not exhibit common method bias following the refinement process. The assessment of the measurement model in this study followed the procedures proposed by Hair et al. (2022). Convergent validity was evaluated using outer loading and Average Variance Extracted (AVE). Internal consistency reliability was assessed using Cronbach's Alpha and Composite Reliability, with a recommended threshold of > 0.70.

Owner: Riset & Jurnal Akuntansi
e –ISSN : 2548-9224 | p–ISSN : 2548-7507
Volume 10 Nomor 3, Juli 2026
DOI : https://doi.org/10.33395/owner.v10i3.3402

Discriminant validity was examined using the Fornell–Larcker criterion, Heterotrait–Monotrait (HTMT) ratio, and cross loadings. The measurement model is illustrated in the figure below:

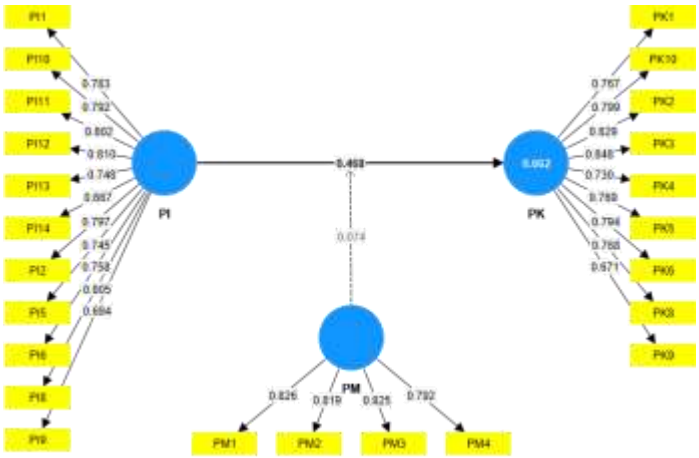

Figure 2. SmartPLS Measurement Model

Based on the figure, several indicators exhibit outer loading values below the recommended threshold of 0.70. According to Hair et al. (2022), indicators with loadings below 0.70 should generally be considered for removal, as they may weaken the convergent validity of the construct. The results after the removal of several indicators are presented in Table 3.

Table 3. Convergent Validity and Reliability Results

Variable	Item	*AVE*	*Loading Factor*	*Composite Reliability*	*Cronbach Alpha*
Fraud Prevention (FP)	FPrev1	0,626	0,758	0,905	0,900
	FPrev 3		0,844		
	FPrev 4		0,743		
	FPrev 5		0,792		
	FPrev 6		0,817		
	FPrev 8		0,783		
	FPrev 10		0,758		
Internal Control System (ICS)	ICSys1	0,624	0,792	0,925	0,924
	ICSys2		0,794		
	ICSys5		0,757		
	ICSys6		0,775		
	ICSys8		0,823		
	ICSys10		0,817		
	ICSys11		0,797		
	ICSys12		0,812		
	ICSys13		0,735		
Community Participation (CP)	CP1	0,665	0,828	0,835	0,832
	CP2		0,818		
	CP3		0,823		
	CP4		0,793		

Source: Processed secondary data, 2026

Based on Table 3, all remaining indicators meet the required criteria for both convergent validity and reliability. Furthermore, the results presented in Table 4, Table 5 and Table 6 confirm that discriminant validity is satisfactorily established, as all assessment criteria are fulfilled. Specifically, each construct demonstrates stronger correlations with its own indicators than with other constructs, HTMT values are below 0,90, and each indicator loads more highly on its

Owner: Riset & Jurnal Akuntansi
e –ISSN : 2548-9224 | p–ISSN : 2548-7507
Volume 10 Nomor 3, Juli 2026
DOI : https://doi.org/10.33395/owner.v10i3.3402

associated construct compared to other constructs. Therefore, the measurement model is considered adequate, and the analysis proceeds to the evaluation of the structural model.

Table 4. Fornell-Larcker Criterion

	ICS	FP	CP
Internal Control System (ICS)	0,790		
Fraud Prevention (FP)	0,717	0,791	
Comunity Participation (CP)	0,630	0,717	0,816

Source: Processed secondary data, 2026

Table 5. Heterotrait-Monotrait Ratio (HTMT)

	ICS	FP	CP	CP*ICS
Internal Control System (ICS)				
Fraud Prevention (FP)	0,779			
Comunity Participation (CP)	0,711	0,817		
CP*ICS	0,234	0,127	0,285	

Source: Processed secondary data, 2026

Table 6. Cross Loadings

	ICS	FP	CP	CP x ICS
ICS1	0,792	0,606	0,504	-0,157
ICS10	0,817	0,543	0,527	-0,206
ICS11	0,797	0,602	0,553	-0,268
ICS12	0,812	0,542	0,490	-0,174
ICS13	0,735	0,604	0,491	-0,224
ICS2	0,794	0,579	0,467	-0,085
ICS5	0,757	0,499	0,419	-0,08
ICS6	0,775	0,540	0,505	-0,163
ICS8	0,823	0,558	0,505	-0,243
FP1	0,574	0,758	0,480	-0,073
FP10	0,576	0,799	0,659	-0,164
FP3	0,600	0,844	0,600	-0,096
FP4	0,478	0,743	0,408	-0,08
FP5	0,499	0,792	0,600	-0,034
FP6	0,571	0,817	0,614	-0,059
FP8	0,653	0,783	0,569	-0,163
CP1	0,519	0,617	0,828	-0,219
CP2	0,465	0,532	0,818	-0,175
CP3	0,633	0,614	0,823	-0,322
CP4	0,425	0,570	0,793	-0,133
CP x ICS	-0,227	-0,124	-0,263	1,000

Source: Processed secondary data, 2026

Structural Model Evaluation

To examine the relationships between latent constructs, this study employed structural model analysis using bootstrapping to estimate path coefficients. According to Hair et al. (2022), the structural model was evaluated based on the coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2). Coefficient of determination (R^2) values indicate the explanatory power of the model and are interpreted as substantial (0,75), moderate (0,50), and weak (0,25). The

Owner: Riset & Jurnal Akuntansi
e –ISSN : 2548-9224 | p–ISSN : 2548-7507
Volume 10 Nomor 3, Juli 2026
DOI : https://doi.org/10.33395/owner.v10i3.3402

f² effect size assesses the relative contribution of exogenous constructs to the endogenous construct, with values of 0,02, 0,15, and 0,35 indicating small, medium, and large effects, respectively. Predictive relevance is assessed using the Q² value, where values greater than zero indicate that the model has sufficient predictive relevance. The detailed results of these evaluations are presented in Tables 7, 8 and 9.

Table 7. Coefficient of Determination (Adjsuted R^2)

	R-square	*R-square adjusted*
Fraud Prevention (FP)	0,641	0,633

Source: Processed secondary data, 2026

Table 6. Effect Size (f^2)

	Fraud Prevention
Community Participation (CP)	0,347
Internal Control System (ICS)	0,338
CP*ICS	0,026

Source: Processed secondary data, 2026

Table 8. *Blindfolding* (Q^2)

	SSO	SSE	Q² (=1-SSE/SSO)
Comunity Participation (CP)	608	608	0
Fraud Prevention (FP)	1520	922,81	0,388
Internal Control System (ICS)	2280	2280	0

Source: Processed secondary data, 2026

Table 9. *Path Coefficient*

	Coeficient	***P values***	**Result**
Internal Control System (ICS) -> Fraud Prevention (FP)	0,450	0,000***	H_1 Supported
CP*ICS -> FP	0,109	0,020**	H_2 Supported
Community Participation (CP) -> Fraud Prevention (FP)	0,460	0,000***	

Source: Processed secondary data, 2026

Referring to the results presented in Table 7, the adjusted R² value is 0,633, indicating that the internal control system (ICS) and community participation jointly explain 63,3% of the variance in fraud prevention. This value reflects a moderate level of explanatory power, suggesting that the proposed structural model is adequate for further analysis. As shown in Table 6, community participation exhibits an f² value of 0,347 (moderate effect), while the internal control system shows an f² value of 0,338 (moderate effect). Meanwhile, the interaction term between the internal control system and community participation has an f² value of 0.026, indicating a small effect size. These results suggest that all variables contribute, to varying degrees, to explaining the endogenous construct. Furthermore, Table 8 reports that the Q² value for fraud prevention is 0,388 (> 0), indicating that the model has sufficient predictive relevance. This confirms that the structural model possesses adequate capability in both explaining and predicting the endogenous variable. In addition, the interaction effect between the internal control system and community participation is statistically significant alongside its direct effect, indicating that the moderating relationship is classified as a quasi-moderation effect. Therefore, the exogenous variables in the model demonstrate an acceptable level of predictive accuracy in explaining fraud prevention.

The Role of Internal Control Systems in Preventing Fraud

As shown on Table 8, the obtained p-value of 0.000 ($p < 0.05$) supports H1. This result implies that internal control exerts a positive influence on the prevention of village fund fraud.

Owner: Riset & Jurnal Akuntansi
e –ISSN : 2548-9224 | p–ISSN : 2548-7507
Volume 10 Nomor 3, Juli 2026
DOI : https://doi.org/10.33395/owner.v10i3.3402

Internal control systems function to direct and monitor organizational resources in achieving objectives and are essential in preventing as well as detecting fraudulent activities (Lastri *et al.,* 2022). According to Ilmiha & Suboh (2024), Internal control serves as a framework of rules and practices aimed at protecting an organization's assets, guaranteeing the reliability of financial statements, and facilitating compliance with legal requirements. Based on agency theory, Internal Control System (ICS) represents a formal governance mechanism designed to reduce agency problems arising from information asymmetry and conflicting interests between principals and agents (Jensen & Meckling, 1976). Village governments as agents possess greater access to information and control over resources compared to principals, namely the central government and the community. This condition creates opportunities for opportunistic behavior, including fraud. The implementation of ICS mitigates these risks by imposing structured rules, monitoring procedures, and accountability mechanisms that constrain agent discretion. Moreover, ICS increases the probability of detection and the expected cost of opportunistic behavior, thereby discouraging agents from engaging in fraudulent actions and aligning their behavior with the interests of principals (Wahyudi et al., 2021).

Internal Control System plays a critical role in reducing opportunities for fraudulent behavior among village government. Individuals who engage in fraud often assume that their actions will go undetected and that the risk of sanctions is low (Husnawati *et al.*, 2017; Wahyudi *et al.*, 2021). Various control mechanisms, such as the separation of duties and responsibilities, the implementation of transaction authorization systems, accurate and timely documentation and reporting, as well as internal supervision through periodic audits by the inspectorate and the use of the village financial management application (Siskeudes), serve to minimize opportunities for fraud and support early detection of irregularities. Consequently, a more structured and consistently implemented ICS is associated with a lower likelihood of fraud, as it reduces opportunities for misconduct (Mandal & Amilan, 2025).

In Indonesia, despite the implementation of various governance reforms and anti-corruption initiatives, the village sector remains one of the most vulnerable to corrupt practices, as indicated by the high number of cases reported Indonesia Corruption Watch (2024). From an agency theory perspective, this phenomenon reflects the persistence of agency problems, particularly information asymmetry and weak monitoring mechanisms between principals and agents. Empirical cases in Wonogiri Regency, such as fictitious reporting and the misappropriation of village funds, further emphasize that weaknesses in internal control practices can lead to the abuse of authority and financial losses. In line with this condition, the significant effect of the Internal Control System on fraud prevention identified in this study provides empirical support that strengthening internal control mechanisms is crucial in addressing these governance issues. Effective implementation of ICS enhances transparency, strengthens oversight, and increases the expected cost of fraudulent behavior, thereby reducing the likelihood of misconduct. Therefore, the effectiveness of formal control systems is determined not only by their existence but also by the quality of their implementation and enforcement in practice. This finding is consistent with prior empirical studies demonstrating that internal control has an association with fraud prevention (Ayem & Pratiwi, 2024; Baki & Ismatullah, 2021; Lubis et al., 2024; Maria et al., 2023; Sow et al., 2018; Usman & Sundari, 2024; Wahyudi et al., 2021).

Internal Control Systems and Fraud Prevention: The Moderating Role of Community Participation

Based on Table 8, the p-value of 0.017 (< 0.05) indicates that community participation acts as a significant moderating variable that strengthens the relationship between the Internal Control System (ICS) and fraud prevention. Community participation contributes to the establishment of an effective external monitoring mechanism (Komisi Pemberantasan Korupsi, 2021), as it involves the active engagement of the community in the planning, implementation, and supervision of village fund utilization. This involvement is not merely symbolic but is manifested through village development planning meetings (musrenbang), evaluation forums, and supervision of project implementation (Selvia & Arza, 2023). Through this engagement, the community helps ensure that ICS procedures and rules are consistently applied, thereby reducing opportunities for irregularities

by village governments.

Community involvement spans multiple stages, including planning, implementation, decision-making, and evaluation (Hussain et al., 2021). Such participation enables the community to identify potential discrepancies, such as inappropriate resource usage in infrastructure development, and to ensure that village fund allocation is conducted transparently and aligned with priority needs. However, the persistence of fraud cases in village fund management indicates that existing monitoring mechanisms have not yet been fully effective, suggesting that community participation in practice remains suboptimal and uneven across villages. From an agency theory perspective, ICS functions as a formal mechanism that constrains opportunistic behavior by agents, while community participation serves as an informal mechanism that complements the limitations of formal controls. Nevertheless, the relatively small effect size (f^2) indicates that the moderating strength of community participation is weak. This suggests that although community participation enhances the relationship between ICS and fraud prevention, its contribution remains limited and is not yet a dominant factor. Therefore, improving the quality and intensity of community involvement is essential to optimize its role in supporting the effectiveness of ICS in preventing fraud in village fund management.

CONCLUSION

The findings indicate that a well-implemented Internal Control System (ICS) plays a crucial role in reducing the risk of fraudulent practices in village fund management. When implemented in a structured and consistent manner, ICS helps minimize opportunities for misconduct by ensuring that organizational processes are guided by clear procedures, control mechanisms, and financial system support. Moreover, community involvement further reinforces the effectiveness of these controls by introducing an additional layer of oversight throughout the stages of planning, execution, and evaluation of fund utilization. The integration of internal mechanisms and external supervision ultimately helps suppress opportunistic behavior and reduce fraud risk. This study underscores the importance of strengthening internal control practices alongside promoting broader community engagement. For policymakers and village administrators, establishing a well-defined and consistently implemented control system is essential in preventing fund misuse. At the same time, increasing public participation through participatory forums and monitoring activities can enhance transparency and accountability in fund utilization. These combined efforts are expected to foster greater public confidence in village financial governance.

This study contributes to the theoretical development of fraud prevention literature by extending the role of Internal Control Systems (ICS) beyond formal control mechanisms, highlighting the importance of integrating community participation as an informal governance mechanism. The findings also support agency theory by demonstrating that the combination of internal controls and external oversight can effectively reduce opportunistic behavior in public sector financial management. Practically, this study provides important insights for policymakers and village administrators in designing fraud prevention strategies. Strengthening structured and consistently implemented internal control systems, supported by regular monitoring and digital financial systems, is essential. In addition, encouraging active community participation through participatory forums and transparent reporting mechanisms can enhance accountability and reduce the risk of fund misuse.

Several limitations should be acknowledged. First, this study focuses solely on villages in Wonogiri Regency; therefore, the findings may not be fully generalizable to other regions with different characteristics. In addition, several potential determinants of village fund fraud, such as officials' capacity, organizational culture, and regulatory influences, have not been examined in depth. This study also relies on a questionnaire-based survey approach, which is subject to potential biases, including respondents' perception bias, that may affect the accuracy of the responses. Based on these findings, several recommendations are proposed for both practice and future research. First, village governments and relevant stakeholders should strengthen internal control systems while simultaneously enhancing community participation through training programs, regular audits, the use of information technology, and by encouraging active community involvement in oversight and decision-making across all stages of village fund management. Second, future

research is encouraged to incorporate additional variables, such as the capability and competence of village governments, organizational culture, and the influence of regulatory frameworks, to achieve a more comprehensive understanding of the factors affecting the prevention of village fund fraud. Furthermore, future studies are recommended to employ experimental methods or mixed-methods approaches to minimize survey bias and provide stronger analysis of causal relationships among variables.

REFERENCES

AICPA. (2002). Statement on Auditing Standards No. 99: Consideration of Fraud in A Financial Statement Audit. In *Audit and Accounting Guide* (Vol. 1). American Institute of Certified Public Accountants, Inc. https://doi.org/https://doi.org/10.1002/9781119529088.app7

Arwani, A., & Septiarini, E. R. (2022). The Determinant of Accountability and Transparancy in The Management of Village Funds Moderated on Community Participation. *The Seybold Report*, *17*(07), 82–90. https://doi.org/10.5281/zenodo.6844863

Aryani, A., & Fitri, F. A. (2023). Pencegahan Kecurangan: Apakah Whistleblowing System, Pengendalian Internal, Good Corporate Governance, Dan Integritas Penting? *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi*, *8*(2), 234–244. https://doi.org/10.24815/jimeka.v8i2.24929

Atmadja, A. T., Saputra, K. A. K., & Daniel T.H. Manurung. (2019). Proactive Fraud Audit, Whistleblowing and Cultural Implementation of Tri Hita Karana for Fraud Prevention. *European Research Studies Journal*, *XXII*(Issue 3), 201–214. https://doi.org/10.35808/ersj/1466

Ayem, S., & Pratiwi, A. F. (2024). The Influence of village apparatus competence, Individual Morality and Internal Control System on Fraud Prevention in Village Fund Management. *Jurnal Akuntansi, Audit Dan Sistem Informasi Akuntansi*, *8*(3). https://doi.org/https://doi.org/10.36555/jasa.v8i3.2678

Badan Pusat Statistik. (2024a). *Laporan Indeks Khusus Penanganan Stunting (IKPS) 2022 - 2023* (Vol. 5). Badan Pusat Statistik.

Badan Pusat Statistik. (2024b). *Profil Kemiskinan di Indonesia September 2024*. Badan Pusat Statistik.

Baki, R. A., & Ismatullah, I. (2021). The Influence of Village Apparatus Competence, Whistleblowing and Internal Control System on Prevention Fraud in Village Financial Management. *Jurnal Akuntansi, Audit Dan Sistem Informasi Akuntansi*, *5*(3), 473–482. https://doi.org/https://doi.org/10.36555/jasa.v5i3.1734

Baron, R. M., & Kenny, D. A. (1986). The Moderator-Mediator Variable Distinction in Social Psychological Research. Conceptual, Strategic, and Statistical Considerations. *Journal of Personality and Social Psychology*, *51*(6), 1173–1182. https://doi.org/10.1037/0022-3514.51.6.1173

BPK Jawa Tengah. (2023). *Kades di Wonogiri Diduga Selewengkan Bantuan Langsung Tunai (BLT) Hingga Rp 60 Juta*. 1–5. https://jateng.bpk.go.id/wp-content/uploads/2023/05/PDF-52.pdf

BPKP. (2008). *Fraud Auditing* (5th ed.). Pusat Pendidikan dan Pelatihan Pengawasan BPKP.

Budiarto, D. S., & Isnaeni, R. (2022). The Role of Internal Control System and Spirituality on Fraud Prevention in Village Fund Management. *Journal of Auditing, Finance, and Forensic Accounting*, *10*(1), 45–60. https://doi.org/10.21107/jaffa.v10i1.13943

Charim, H., Mohklas, & Wahyuningsih, P. (2023). Religiosity As A Moderator For Fraud Prevention Village Fund Management (A Case Study in the Village Government of Tanggungharjo Sub-District, Grobogan Regency). *Jurnal Ilmiah Ekonomi*, *18*(1), 226–240. http://ejournal.stiepena.ac.id/index.php/fe

Dinas Pemberdayaan Masyarakat Desa Kabupaten Wonogiri. (2025). *Daftar Desa Se-Kabupaten Wonogiri*. https://dinaspmd.wonogirikab.go.id/kecamatan-wonogiri/

Direktorat Jenderal Perimbangan Keuangan. (2025). *Postur Transfer ke Daerah dan Dana Desa*. https://djpk.kemenkeu.go.id/portal/data/tkdd?tahun=2024&provinsi=--&pemda=--

Dwijosusilo, K., & Shafiyah, S. (2020). Partisipasi Masyarakat Dalam Pemanfaatan Dana Desa untuk Pembangunan Infrastruktur di Desa Klobur Kecamatan Sreseh Kabupaten Sampang.

Jurnal Ilmiah Manajemen Publik Dan Kebijakan Sosial, *4*(2), 143. https://doi.org/10.25139/jmnegara.v4i2.3068

Hair, J. F., Black, W. C., Babin, barry J., & Anderson, R. E. (2019). Multivariate Data Analysis. In *Annabel Ainscow* (8th ed.). Annabel Ainscow. https://doi.org/10.5117/2006.019.003.007

Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)* (Third). SAGE Publications Inc.

Herawaty, N., & Hernando, R. (2021). Analysis of Internal Control of Good Corporate Governance and Fraud Prevention (Study at the Regional Government of Jambi City). *Sriwijaya International Journal of Dynamic Economics and Business*, *4*(2), 103–118. https://doi.org/10.29259/sijdeb.v4i2.103-118

Husnawati, N., Handajani, L., & Irwan, M. (2017). Accounting Fraud: Determinant, Moderation of Internal Control System and the Implication To Financial Accountability. *International Conference and Call for Papers*, *60*, 311–335. https://doi.org/https://doi.org/10.31967/prmandala.v1i0.139

Hussain, S., Xuetong, W., Maqbool, R., Hussain, M., & Shahnawaz, M. (2021). The Influence of Government Support, Organizational Innovativeness and Community Participation in Renewable Energy Project Success: A Case of Pakistan. *Energy*, *239*. https://doi.org/https://doi.org/10.1016/j.energy.2021.122172

Ilmiha, J., & Suboh, A. S. (2024). The Effectiveness of Internal Control in Preventing Accounting Fraud in Financial Companies. *East Asian Journal of Multidisciplinary Research (EAJMR)*, *3*(6), 2181–2192. https://doi.org/https://doi.org/10.55927/eajmr.v3i6.9952 (

Indonesia Corruption Watch. (2024). *Laporan Hasil Pemantauan Tren Korupsi Tahun 2023*. 1–51.

Jalil, F. Y. (2018). Internal Control, Anti-Fraud Awareness, and Prevention of Fraud. *Etikonomi*, *17*(2), 297–306. https://doi.org/10.15408/etk.v17i2.7473

Jensen, M. C., & Meckling, W. H. (1976). Theory of The Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, *3*, 305–360. https://doi.org/https://doi.org/10.1016/0304-405X(76)90026-X

Julianto, I. P., & Dewi, G. A. K. R. S. (2019). Pengaruh Partisipasi Masyarakat, Penggunaan Sistem Keuangan Desa, Kompetensi Pendamping Desa Serta Komitmen Pemerintah Daerah Terhadap Keberhasilan Pengelolaan Dana Desa. *Jurnal Ilmiah Akuntansi*, *4*(1), 24–42. https://doi.org/10.23887/jia.v4i1.17242

Kementerian Desa PDTT. (2024). *Peraturan Menteri Desa Dan Pembangunan Daerah Tertinggal Republik Indonesia Nomor 2 Tahun 2024 Tentang Petunjuk Operasional Atas Fokus Penggunaan Dana Desa tahun 2025*. Kementerian Desa PDTT.

Kock, N. (2015). Common Method Bias in PLS-SEM: A Full Collinearity Assessment Approach. *International Journal of E-Collaboration*, *11*(4), 1–10. https://doi.org/10.4018/ijec.2015100101

Komisi Pemberantasan Korupsi. (2021). *Buku Panduan Desa Antikorupsi*. Komisi Pemberantasan Korupsi. https://aclc.kpk.go.id/materi-pembelajaran/sosial-budaya/buku/buku-panduan-desa-antikorupsi

Krejcie, V. R., & Morgan, W. D. (1970). Determining sample Size for Research Activities. *Educational and Psychological Measurement.*, *30*(1), 607–610. https://doi.org/https://doi.org/10.1177/001316447003000308

Kuddy, A. L. (2021). Knowledge of the Budget and Supervision of the Management of the Papua Special Autonomy Fund. *Journal of Social Science*, *2*(6). https://doi.org/10.46799/jss.v2i6.246

Lastri, S., Fahlevi, H., Diantimala, Y., & Ridwan. (2022). Mediation Role of Management Commitment on Improving Fraud Prevention in Primary Healthcare: Empirical Evidence from Indonesia. *Problems and Perspectives in Management*, *20*(1), 488–500. https://doi.org/10.21511/ppm.20(1).2022.39

Lubis, H. Z., Sari, M., Ramadhany, A. A., Ovami, D. C., & Brutu, I. R. (2024). Effect of Internal Audit, Internal Control, and Audit Quality on Fraud Prevention: Evidence from the Public Sector in Indonesia. *Problems and Perspectives in Management*, *22*(2), 40–50. https://doi.org/10.21511/ppm.22(2).2024.04

Mandal, A., & Amilan, S. (2025). Preventing Financial Statement Fraud in The Corporate Sector: Insights From Auditors. *Journal of Financial Reporting and Accounting*, *23*(1). https://doi.org/10.1108/JFRA-02-2023-0101

Maria, M., Darusalam, D., Yulsiati, H., & Said, J. (2023). Does Top Management Competencies, Internal Control Systems, and E-procurement Contributes to Procurement Fraud Prevention. *Research Square*, 1–14. https://doi.org/10.21203/rs.3.rs-2438959/v1

Nadirsyah, Indriani, M., & Mulyany, R. (2024). Enhancing Fraud Prevention and Internal Control: The Key Role of Internal audit in Public Sector Governance. *Cogent Business and Management*, *11*(1). https://doi.org/10.1080/23311975.2024.2382389

Nugroho, A., Fahmi, M., & Astarani, J. (2024). Faktor-Faktor Internal terhadap Pencegahan Fraud di BUMDES dengan Variabel Moral Sensitivity sebagai Moderasi. *Jurnal Akuntansi Dan Ekonomika*, *14*(1), 73–83. https://doi.org/10.37859/jae.v14i1.6769

Oduro, I. M., & Cromwell, A. S. (2018). Internal Control and Fraud Prevention in the Ghanaian Local Government Service. *European Journal of Business and Management*, *10*(14). https://doi.org/https://doi.org/10.60014/pmjg.v4i1.81

Othman, R., Aris, N. A., Mardziyah, A., Zainan, N., & Amin, N. M. (2015). Fraud Detection and Prevention Methods in the Malaysian Public Sector: Accountants' and Internal Auditors' Perceptions. *Procedia Economics and Finance*, *28*(April), 59–67. https://doi.org/10.1016/s2212-5671(15)01082-5

Otoo, F. N. K., Kaur, M., & Rather, N. A. (2023). Evaluating the impact of internal control systems on organizational effectiveness. *LBS Journal of Management & Research*, *21*(1), 135–154. https://doi.org/10.1108/LBSJMR-11-2022-0078

Peraturan Bupati Wonogiri Nomor 31 Tahun 2019 Tentang Pengelolaan Keuangan Desa (2019).

Peraturan Pemerintah Republik Indonesia Nomor 60 Tahun 2008 Tentang Sistem Pengendalian Intern Pemerintah (2008). https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/MT_Globalization_Report_2018.pdf%0Ahttp://eprints.lse.ac.uk/43447/1/India_globalisation, society and inequalities(lsero).pdf%0Ahttps://www.quora.com/What-is-the

Rohmah, S., Robert, M., P. Pardede, P., Yunan, N., Siang, D., & Humairah, R. (2025). Partisipasi Masyarakat Memoderasi Hubungan Transparansi Dan Akuntabilitas Terhadap Pengelolaan Dana Desa Dan Pembangunan Infrastruktur. *Jurnal GeoEkonomi*, *16*(1), 161–171. https://doi.org/10.36277/geoekonomi.v16i1.578

Sattayapanich, T., Janmaimool, P., & Chontanawat, J. (2022). Factors Affecting Community Participation in Environmental Corporate Social Responsibility Projects : Evidence from Mangrove Forest Management Project. *Journal of Open Innovation*, *8*, 1–28. https://doi.org/https://doi.org/10.3390/ joitmc8040209

Sekaran, U., & Bougie, R. (2016). Research Methods for Business: A Skill-Building Approach. In *Wiley* (Seventh). John Wiley & Sons Ltd. https://doi.org/10.1108/lodj-06-2013-0079

Selvia, D. E., & Arza, F. I. (2023). Pengaruh Transparansi, Asimetri Informasi, dan Partisipasi Masyarakat terhadap Potensi Kecurangan Dana Desa. *Jurnal Eksplorasi Akuntansi*, *5*(3), 1206–1223. https://doi.org/10.24036/jea.v5i3.707

Sow, A. N., Basiruddin, R., Mohammad, J., & Rasid, S. Z. A. (2018). Fraud prevention in Malaysian small and medium enterprises (SMEs). *Journal of Financial Crime*, *25*(2), 499–517. https://doi.org/10.1108/JFC-05-2017-0049

Sugiyono. (2021). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D* (Keuda). Alfabeta.

Surya, B. A. A., & Firmansyah, A. (2024). the Moderating Role of Leadership for Fraud Prevention Efforts in Public Sector. *Riset*, *6*(1), 032–045. https://doi.org/10.37641/riset.v6i1.2065

Tang-lee, D. (2016). Corporate Social Responsibility (CSR) and Public Engagement for a Chinese State-Backed Mining Project in Myanmar – Challenges and prospects. *Resources Policy*, *47*, 28–37. https://doi.org/10.1016/j.resourpol.2015.11.003

Taufik, T., & Nasir, A. (2020). The Influence of Village Aparature Competence, Internal Control System and Whistleblowing System on Fraud Prevention in Village Government With Individual Morality As Moderated Variables (Study in Villages in Bengkalis District). *Jurnal Ilmiah Akuntansi*, *4*(3), 227–237.

http://www.ejournal.pelitaindonesia.ac.id/ojs32/index.php/BILANCIA/index

Usman, A., & Sundari, S. (2024). The Influence of Village Financial System (Siskeudes Application), Transparency, and Internal Control on Fraud Prevention. *Public and Municipal Finance*, *13*(2), 24–30. https://doi.org/10.21511/pmf.13(2).2024.03

Wahyudi, S., Achmad, T., & Pamungkas, I. D. (2021). Village Apparatus Competence, Individual Morality, Internal Control System and Whistleblowing System on Village Fund Fraud. *WSEAS Transactions on Environment and Development*, *17*(6), 672–684. https://doi.org/10.37394/232015.2021.17.65

Wahyuningrat, Rosyadi, S., Yamin, M., Darmawan, A., Runtiko, A. G., Wijaya, S. S., Gunarto, G., Nuraini, H., Sulaiman, A. I., & Ahmad, A. A. (2024). Does Rural Development Enable Community Empowerment ? Evidence from Village Fund in Indonesia. *Pakistan Journal of Life and Social Sciences*, *22*(1), 6141–6153. https://doi.org/https://doi.org/10.57239/PJLSS-2024-22.1.00453

Welly, Witri Rizkika, Fenti Asterina, & Ida Zuraidah. (2024). Implementation of Internal Control, Good Corporate Governance and Whistleblowing System for Fraud Prevention. *Journal of Economics, Finance And Management Studies*, *07*(06), 3126–3136. https://doi.org/10.47191/jefms/v7-i6-09