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Factors Affecting Fraud Prevention in Village Financial Management with Individual Morality As A Moderation Variable

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Abstract: The purpose of this study was to test and analyze the influence of organizational culture, internal locus of control and whistleblowing system on fraud prevention in village financial management with individual morality as a moderating variable. The population in this study were all village officials totaling 408 consisting of village heads, village secretaries, and village treasurers who work in village governments throughout Bengkalis Regency. Sampling using the census method, namely using the entire population as a research sample, the data used is primary data sourced from questionnaires. The data analysis technique used in this study is the SmartPLS 4 program. The results of this study indicate that organizational culture, internal locus of control and whistleblowing system have a positive and significant effect on fraud prevention in village financial management. Individual morality is able to moderate the influence of internal locus of control and whistleblowing system on fraud prevention in village financial management. While individual morality is unable to moderate the influence of organizational culture on fraud prevention in village financial management.

Keywords: Organizational Culture, Internal Locus of Control, Whistleblowing System, Individual Morality, Fraud Prevention

1. INTRODUCTION

Fraud or fraud or what is more commonly referred to in Indonesia as corruption is disgraceful behavior committed by individuals or organizations for their own benefit which can harm others (Dewi et al., 2022). Fraudulent practices carried out in village financial management can cause significant financial losses, can hinder development, and damage public trust in village government officials (Akhyaar et al., 2022). Therefore, fraud prevention is important in village financial management. Fraud prevention is carried out by the government, one of which is by forming Law Number 20 of 2001 concerning the eradication of criminal acts of corruption and Law Number 13 of 2006 to provide protection for witnesses, thus ensuring the security of witnesses in reporting fraud. In addition, the government directly supervises village financial management nationally through the Ministry's Government Internal Supervisory Apparatus (APIP) which is regulated in Permendagri 73 of 2020 concerning Supervision of Village Financial Management.

However, in practice, fraud prevention that has been pursued by the government is still often ignored by fraudsters. Seeing the many cases of irregularities or fraud in village financial management that have occurred in Bengkalis Regency, indicates that there are still many problems with fraud prevention efforts. One example of a village budget corruption case that occurred in Bengkalis Regency in 2020. There was a public report to the Bengkalis District Attorney regarding the alleged corruption of the village fund allocation (ADD) committed by the Head of Senderak Village, Bengkalis District, Bengkalis Regency (www.goriatu.com). In another case, as many as 53 villages in Bengkalis Regency were sanctioned with cuts to the Village Infrastructure Provision Development Acceleration (P3ID) budget. The P3ID funds amounted to Rp200 million per year per village, the amount of deductions as a sanction for villages that were not orderly in administration varied, between

15 percent and 37.5 percent. The amount is based on the size of the category of disorderly village administration. A cut of 37.5 percent or Rp.75 million or in 2019 obtained a budget of Rp.125 million due to disorderly administration and reporting, namely not paying taxes on time, physical conditions are not in accordance with planning, disbursement of funds is not carried out in accordance with regent regulations (Perbup) and reporting documents do not exist. Then the sanction of deduction for villages that are not orderly in administration in accordance with the second category is 15 percent or Rp.30 million or in 2019 received a budget of Rp.170 million because the submission of planning and reporting documents in the village is incomplete.

The results of the examination of the Indonesian Supreme Audit Agency on the Audit Report on the Internal Control System for Village Financial Management (ADD and DD) of Bengkalis Regency in 2017 and 2018. The examination results show the problem that there are 32 villages that have not submitted the Village Budget Realization Accountability Report (APBDes) in 2017 amounting to Rp94,175,650,847.64, and 102 villages in 2018 amounting to Rp85,959,593,400.00. Therefore, the realization of the distribution of village funds has not been fully timely by the Bengkalis Regency Government to the Village Government. BPK conducted an examination of RKUD bank statements that showed delays in the distribution of village funds from RKUD to RKUDes (Romadaniati et al., 2020). Seeing the many problems of abuse in village financial management, it is necessary to make an effort to minimize fraud in village financial management. Prevention of fraud in village financial management can be done with a better organizational culture, supported by a high internal locus of control, and implementing a whistleblowing system for employees or village officials and also increasing morality in each individual.

A good organizational culture can reduce a person's tendency to commit fraud, so that it is expected to lead the organization to achieve better goals (A. Z. Putri & Prasiwi, 2021). Research on organizational culture conducted by Wirahadi (2022) and Rustiyansih (2023) stated that there is a positive influence between organizational culture on fraud prevention. Organizational culture has a strengthening impact on fraud prevention. This shows that if the organizational culture is understood and internalized by individuals in the village apparatus, the prevention of fraud will increase or in other words, it will increasingly be able to prevent individuals from committing fraud. Conversely, research conducted by Wardah et al., (2022) stated that organizational culture has no effect on fraud prevention in village financial management.

The next factor is internal locus of control; Internal locus of control can be interpreted if a person believes that what happens is always in his control and always takes a role and is responsible for every decision, while external locus of control is believed if a person believes that events in his life are beyond his control (Saraswati & Purnamawati, 2022). Research conducted by Dewi & Rasmini (2019), which states that internal locus of control has a positive effect on fraud prevention in the management of village funds. If someone tends to have a locus of control, they will be more confident in their own abilities and are not easily influenced by other people or environmental factors to commit fraud and commit bribery. However, in contrast to research conducted by Dewi et al., (2021) which states that locus of control has a negative effect on a person's tendency to commit fraud.

In addition, another factor that influences the prevention of fraud in village financial management is the whistleblowing system. According to the National Committee on Governance Policy (2008), an effective whistleblowing system will encourage community participation and company employees to be more courageous in acting to prevent fraud and corruption by reporting it to those who can handle it. The existence of a whistleblowing system in an organization is not only a means of reporting fraud, but also a form of supervision. Employees are afraid to commit fraud because this system can be used by all employees, so that fellow employees become aware of each other and are afraid to be reported by other employees if they commit fraud. In his research, Islamiyah et al., (2020) stated that there is an influence between the Whistleblowing System on fraud prevention. The implementation of a good Whistleblowing System is expected to increase awareness that government employees must continue to maintain their integrity. In contrast to the results of research conducted by Inawati &

Sabila (2021) which states that there is no influence between the whistleblowing system on fraud prevention. Because there are inconsistencies in the results of previous studies, researchers add individual morality as a moderating variable. Morality shows how a person makes a decision when facing a moral dilemma to commit a crime so that if the higher a person's morality can make someone less likely to commit fraud (Kuntadi et al., 2023). Individual morality has a role in the organizational culture that a person or organization lives. Research conducted by Ibrahim et al., (2023) proves that individual morality is able to strengthen the influence of organizational culture on fraud prevention. However, different results were obtained by research Satria et al., (2021) which states that individual morality cannot moderate the relationship between organizational culture variables on fraud prevention.

Research conducted by Fitryanti et al., (2023) states that internal locus of control has a significant positive effect on fraud prevention if moderated by individual morality. This is because good individual morality can take responsibility for their actions and believe that everything that happens to them is caused by the attitude they take so that they do not do this and are better able to control themselves so as not to commit fraud. The results of research by Romadaniati et al., (2020) state that individual morality is able to moderate the effect of the whistleblowing system on fraud prevention in village government. Good morality in a person, will be able to prevent acts of fraud or fraud. Individuals who have a high level of morality, tend to report acts of fraud or fraud. Different results were found by Putri et al., (2024) which shows that the effect of whistleblowing on preventing fraud in village fund management is not moderated by morality.

2. LITERATURE REVIEW

2.1. *The Effect of Organizational Culture on Fraud Prevention in Village Financial Management*

Organizational culture is an important factor that must be considered in cases related to accounting fraud. Based on the element of rationalization in the Fraud Diamond theory, it explains that rationalization is an important element in the occurrence of fraud, where fraudsters always look for rational justification to justify their actions. The culture applied by an organization can cause organizational members to obey the applicable rules and not rationalize dishonesty. The better the application of organizational culture, the lower the level of accounting fraud tends to be (Rajeswari & Rasmini, 2022). With the implementation of a good organizational culture, it will be able to encourage someone to take ethical actions so that fraud can be avoided. Research conducted by Satria et al., (2021) states that organizational culture has an effect on preventing fraud in the management of Village Funds, which means that the application of ethical values provides a measure or standard of good or bad actions so as to prevent irregularities or fraud. Based on the above review, the hypothesis in this study is as follows:

H1 : Organizational culture affects fraud prevention in village financial management.

2.2. *The Effect of Internal Locus of Control on Fraud Prevention in Village Financial Management*

Rotter (1966) defines locus of control as the extent of belief in the individual regarding the source of reinforcement in his life, whether the strength comes from within himself, or depends on the actions of other individuals and influences that are beyond his control. With the locus of control as self-control, the village apparatus will not commit fraud so that fraud prevention is more optimal. This is in line with the results of research conducted by Fitryanti et al., (2023) which shows that internal locus of control has a significant positive effect on fraud prevention which shows that internal locus of control has a significant positive effect on fraud prevention. Based on the above review, the hypothesis in this study is as follows:

H2 : Internal locus of control affects fraud prevention in village financial management.

2.3. *The Effect of Whistleblowing System on Fraud Prevention in Village Financial Management*

According to the National Committee on Governance Policy (2008), Whistleblowing is the disclosure of violations or disclosure of unlawful acts, unethical or immoral acts or other acts that can harm the organization or stakeholders, which are carried out by employees or leaders of organizations or other institutions that can take action on these violations. In the research of Islamiyah et al., (2020) stated that whistleblowing has an effect on fraud prevention in the management of village funds. This shows that the higher a person's intention to take whistleblowing action, the higher the level of fraud prevention in the management of village funds. The results of other research conducted by Satria et al., (2021) show that whistleblowing has an effect on preventing fraud in village fund management. Based on the above review, the hypothesis in this study is as follows:

H3 : Whistleblowing system affects fraud prevention in village financial management.

2.4. *Individual Morality Moderates Organizational Culture on Fraud Prevention in Village Financial Management*

Organizational culture is the norms, values, assumptions, beliefs, habits that are applied in an organization and accepted by all members of the organization as guidelines in carrying out all activities (Robbin and Judge, 2013). The rationalization factor in The Fraud Diamond theory is an action that justifies organizational members to commit fraud. The better the application of organizational culture can encourage employees to carry out their duties in accordance with the rules and regulations in accordance with the organizational agreement in achieving organizational goals, so that the opportunity for organizational employees to commit fraud and rationalize the fraud committed tends to be low, so that the level of accounting fraud tends to be low (Rajeswari & Rasmini, 2022).

Employees who work in a good cultural environment will tend to work according to applicable regulations. In addition, employees who have good and positive actions or employees who have good individual morality will tend not to commit fraud. A good organizational culture will encourage people in the organization to carry out their job duties according to established regulations, norms, and habits adopted so as to prevent individuals in the organization from committing fraud (Rustiyarningsih, 2023). Therefore, organizational culture must be driven by high morality so that it can prevent fraud in village financial management. The results of research by Ibrahim et al., (2023) prove that individual morality strengthens the influence of organizational culture on fraud prevention. This is due to the good morals of employees, so that they are able to implement corporate culture well, with a good organizational culture that will foster the avoidance of dishonesty. Based on the description above, the following hypothesis can be formulated:

H4: Individual morality moderates the relationship between organizational culture and fraud prevention in village financial management .

2.5. *Individual Morality Moderates Internal Locus of Control on Fraud Prevention in Village Financial Management*

Lefcourt and Martin (1984) define internal locus of control as a belief that results from the interaction between the individual and the events that occur is from the individual himself. Someone who has an internal locus of control believes that they control what happens to them. Individuals who have high competence if supported by a high internal locus of control will be able to prevent fraud. Locus of control is related to the Theory of Planned Behavior component, namely social influence, where a person with a locus of control considers fraudulent financial statements to be the result of

unfair procedures or a fate that has been outlined to him and they have no part in changing it (Nufus & Helmayor, 2014). (Nufus & Helmayunita, 2023). The results of research conducted by Fitriyanti et al., (2023) state that internal locus of control has a significant positive effect on fraud prevention if moderated by individual morality. This means that the moderating variable in this study is that individual morality strengthens the positive influence between internal locus of control on fraud prevention. Based on the above review, the hypothesis in this study is as follows:

H5: Individual morality moderates the relationship between internal locus of control on fraud prevention in village financial management.

2.6. Individual Morality Moderates the Whistleblowing System on Fraud Prevention in Village Financial Management

The whistleblowing system is a form of supervision carried out by the community so that village government officials involved in managing village funds feel reluctant to commit fraud (Akhyaar et al., 2022). The whistleblowing system is in line with the Theory of Planned Behavior where individuals carry out whistleblowing because of the encouragement within the individual in determining the attitude to disclose fraudulent acts of financial statements. The higher the individual's intention to become a whistleblower, the better the process of preventing financial statement fraud will be. In a company or agency, a whistleblower is needed in terms of disclosure and prevention of fraudulent financial statements (Nufus & Helmayunita, 2023). The results of research by Romadaniati et al., (2020) state that individual morality is able to moderate the effect of the whistleblowing system on fraud prevention in village government. This is because each village apparatus encourages the improvement of better conditions, especially through the role of a whistleblower. Based on the description of previous research above, the following hypothesis can be formulated:

H6: Individual morality moderates the relationship between the whistleblowing system and fraud prevention in village financial management.

2.7. Research Model

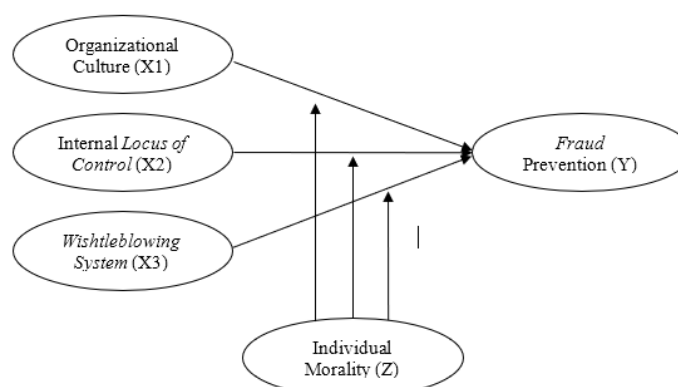


Figure 1. Conceptual Framework

3. RESEARCH DESIGN AND METHOD

3.1. Research Population and Sample

The population in this study were all village officials totaling 408 who were directly involved in village financial management in Bengkalis Regency with a total of 136 villages, consisting of the

Village Head, Village Secretary, and Kaur Keuangan. Sampling using the *census* method, namely using the entire population as a research sample.

3.2. Data Type and Source

The data used in this research is primary data. The data source of this research is through a questionnaire.

3.3. Operational Variables

Table 1. Operational Variables

No.	Research Variables	Variable Measurement Indicator	Variable Measurement Scale
1.	Fraud Prevention	<ul style="list-style-type: none"> • Instill Fraud awareness. • Self-management and participatory • Transparent • Accountable • Democratic • Orderly administration and reporting • Mutual trust • (Widiyarta et al., 2017) 	Likert
2.	Organizational Culture	<ul style="list-style-type: none"> • Individual initiative • Briefing • Leadership support • Control • Reward system • Communication pattern • Integrity • Commitment • Sincerity • (Widiyarta et al., 2017). 	Likert
3.	Internal Locus of Control	<ul style="list-style-type: none"> • Believes that the events experienced are the result of one's own behavior and actions • Convinced that his/her efforts can be successful • Has good control over his own behavior • Actively seek information and knowledge related to the situation at hand • (Wakhidah & Mutmainah, 2021) 	Likert
4.	Whistleblowing System	<ul style="list-style-type: none"> • Perception of the whistleblowing system • Participation in the whistleblowing system • Whistleblower protection • Effectiveness of the whistleblowing system. • (Wakhidah & Mutmainah, 2021) 	Likert
5.	Individual Morality	<ul style="list-style-type: none"> • An employee's awareness of an entity's responsibilities • The value of honesty and ethics 	Likert

No.	Research Variables	Variable Measurement Indicator	Variable Measurement Scale
		<ul style="list-style-type: none"> Comply with every rule that applies in the entity An individual's attitude toward committing dishonest acts (Rahimah et al., 2018) 	

3.4. Data Analysis Technique

The data analysis technique in this study used Partial Least Square (PLS). PLS is a Structural Equation Modeling (SEM) equation model with a variance-based or component-based structural equation modeling approach

4. RESULT AND DISCUSSION

4.1. Model Measurement (Outer Model)

4.1.1 Results of Convergent Validity Testing (convergent)

The results of the Convergent Validity Test (convergent) show that the indicator has a loading factor value greater than 0.7, so it can be concluded that the indicators used are valid. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire (Ghozali, 2016). Convergent validity is in a good category if the outer loadings are > 0.70, but if the results are still in the range of 0.5-0.6, it is still considered moderate, so that if there are outer loadings below the value of 0.5, it will be discarded or dropped from the model (Hair et al., 2021). All indicators in this study have values above 0.7 so that all indicators are valid.

4.1.2 Discriminant Validity Testing Results

Based on the calculation results, it shows that the construct cross loading value has a value greater than the loading of indicators to other variables. So it can be concluded that all indicators in this study can show good discriminant validity for all indicators.

4.1.3 Reliability Testing Results

In this study, the reliability test was conducted with Cronbach's Alpha and Composite Reliability. Table 1 below presents the results of the reliability test.

Table 1. Cronbach's Alpha and Composite Reliability Results

Variables	Cronbach's Alpha	Composite Reliability	Description
Organizational Culture (X1)	0.983	0.984	Reliable
Internal Locus Of Control (X2)	0.955	0.964	Reliable
Whistleblowing System (X3)	0.966	0.971	Reliable
Fraud Prevention (Y)	0.985	0.987	Reliable
Individual Morality (Z)	0.981	0.984	Reliable

The reliability test results in table 1 show that the Cronbach's Alpha and Composite Reliability values for each variable are greater than 0.7 so that it can be said that all variables pass the reliability test, both from the Cronbach's alpha and composite reliability values, which are > 0.7.

4.2. Structural Model Evaluation (Inner Model)

4.2.1 R-Square Result

Table 2. R-Square

	R-Square	Category
Fraud Prevention (Y)	0.971	Strong

Based on the results of the R-Square test in table 2 above, it can be seen that the R-square value of the influence of the Organizational Culture variable (X1), Internal Locus of Control (X2), Whistleblowing System (X3), and Individual Morality (Z) on Fraud Prevention (Y) is 0.971. This shows that the Fraud Prevention variable (Y) can be explained by X1, X2, X3, and Z by 97.1% while other variables outside the study explain the remaining 2.9%, and it can be concluded that the model is included in the strong category because the R-Square value is > 0.75.

4.2.2 F Square Result

Table 3. F Square

	Fraud Prevention (Y)
Organizational Culture (X1)	0.019
Internal Locus Of Control (X2)	0.035
Whistleblowing System (X3)	0.026
Individual Morality (Z)	0.790
Moderating Effect > X1	0.006
Moderating Effect > X2	0.026
Moderating Effect > X3	0.022

The results above show that the effect of X1, X2, and X3 shows a small average relationship to Y. In the Organizational Culture variable, the f-square value is 0.019, the Internal Locus of Control has an f-square value of 0.035, the Whistleblowing System has an f-square value of 0.026. Thus, the variables mentioned are in the small category because the f-square is in the range of 0.02-0.15. Furthermore, Moderating Effect 1 (Organizational Culture) has an f-square value of 0.006, Moderating Effect 2 (Internal Locus of Control) has an f-square value of 0.026, Moderating Effect 3 (Whistleblowing System) has an f-square value of 0.022. While only one variable is known to have a large f-square, namely Individual Morality with a value of 0.79. The research results in the structural equation model can be seen in Figure 1 below:

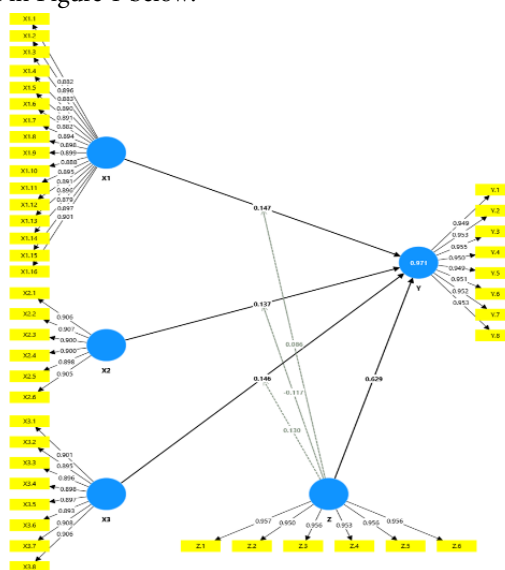


Figure 2. Bootstrapping Result

4.3. Hypothesis Testing Results

Table 3 Hypothesis Testing Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Conclusion
H1	0.147	0.152	0.062	2.367	0.018	Accepted
H2	0.137	0.139	0.048	2.873	0.004	Accepted
H3	0.146	0.149	0.053	2.742	0.006	Accepted
H4	0.086	0.075	0.063	1.356	0.175	Rejected
H5	-0.117	-0.121	0.047	2.509	0.012	Accepted
H6	0.130	0.121	0.051	2.536	0.011	Accepted

4.4. Discussion

a) *The Effect of Organizational Culture on Fraud Prevention in Village Financial Management*

Based on the table 3, it can be seen that the statistical t value of Organizational Culture (X1) on Fraud Prevention (Y) is 2.367, which is greater than > 1.96 and the P-value is $0.018 < 0.05$. So it can be concluded that the effect of Organizational Culture (X1) on Fraud Prevention (Y) is positive and significant, so H1 is **accepted**. This shows that the village government has implemented a good organizational culture so that it can increase fraud prevention in village financial management. The village government creates an organizational culture by creating a work environment that upholds ethical values, transparency, and accountability, so the risk of fraud can be minimized. In addition, good direction and communication between the village head and employees, between fellow employees will create a positive work atmosphere. Organizational leaders, in this case the village head, must support and strive for the principles of openness and transparency, so that employees dare to be honest and express their opinions without worrying about pressure from other parties. The results of this study are in line with research conducted by Mersa et al., (2021), Satria et al. and Ibrahim et al., (2023) which states that organizational culture has an effect on fraud prevention. This shows that the higher the organizational culture, the more fraud prevention will increase.

b) *The Effect of Internal Locus of Control on Fraud Prevention in Village Financial Management*

Based on the table 3, it can be seen that the statistical t value of Internal Locus of Control (X2) on Fraud Prevention (Y) is 2.873, which is greater than > 1.96 and the P-value is $0.004 < 0.05$. So it can be concluded that the effect of Internal Locus of Control (X2) on Fraud Prevention (Y) is positive and significant, so H2 is **accepted**. This shows that the village apparatus has implemented internal locus of control so that each individual has good self-control in carrying out work policies and procedures to protect themselves from all forms of abuse. The village apparatus feels capable of achieving the goals that have been set to be achieved, so that they are able to complete the work properly in accordance with the plans that have been made and dare to take full responsibility for the decisions that have been taken. The results of this study support the results of research conducted by (Dewi & Rasmini, 2019), Wakhidah & Mutmainah (2021), and Fitryanti et al., (2023) which shows that internal locus of control has a significant positive effect on fraud prevention. This shows that the better the self-control possessed by the village apparatus, the more efforts to prevent fraud in village financial management will increase.

c) *The Effect of Whistleblowing System on Fraud Prevention in Village Financial Management*

Based on the table 3, it can be seen that the t-statistic value of the Whistleblowing System (X3) on Fraud Prevention (Y) is 2.743, which is greater than > 1.96 and the P-value is $0.006 < 0.05$. So it can be concluded that the effect of the Whistleblowing System (X3) on Fraud Prevention (Y) is positive and significant, so H3 is **accepted**. This shows that the village government has implemented

a whistleblowing system as a form of reporting tool for actions that are considered deviant. Submission of complaints on fraud is easy to do and has been running well so that whistleblowers can report easily if there is fraud, this can minimize fraud in village financial management. In addition, the protection of whistleblowers is adequate. With the protection of whistleblowers, it is expected to encourage village officials and all parties involved to participate in utilizing the whistleblowing system to report fraud that occurs, so that fraud prevention efforts in the management of village funds can run optimally (Wakhidah & Mutmainah, 2021). This study supports the results of research conducted by Romadaniati et al., (2020), Satria et al. (2021), and Akhyaar et al., (2022) which states that the whistleblowing system has a positive effect on fraud prevention.

d) *The Effect of Organizational Culture on Fraud Prevention Moderated by Individual Morality*

Based on the table 3, it can be seen that the statistical t value of the Moderating Effect of Organizational Culture (X1) on Fraud Prevention (Y) is 1.356, which is smaller than 1.96 and the P-value of 0.175 is greater than 0.05. So it can be concluded that the moderating effect of Organizational Culture (X1) on Fraud Prevention (Y) is negative and insignificant, so H4 is **rejected**. This means that individual morality does not succeed in moderating the relationship between organizational culture and fraud prevention in village financial management. This shows that good individual morality cannot encourage a good organizational culture either. If employees have good morality but are not accompanied by a good organizational culture, then fraud prevention will not go well so that fraud will mushroom because it has become a common thing to do. Even though the organizational culture is carried out ethically, if the morale of village officials is less ethical, it is not impossible that it will result in fraud. (Primastiwi et al., 2020). The results of this study are in line with research conducted by Satria et al., (2021) found that individual morality cannot moderate the relationship between organizational culture variables on fraud prevention. This is because village officials tend to be afraid of committing irregularities due to sanctions or penalties for violating the rules that have been applied, not based on individual awareness based on ethical values.

e) *The Effect of Internal Locus of Control on Fraud Prevention Moderated by Individual Morality*

Based on the table 3, it can be seen that the t-statistic value of the Moderating Effect of Internal Locus Of Control (X2) on Fraud Prevention (Y) is 2.509, which is greater than > 1.96 and the P-value is 0.012 < 0.05. So it can be concluded that the moderating effect of Internal Locus Of Control (X2) on Fraud Prevention (Y) is positive and significant, so H5 is **accepted**. This shows that individual morality is able to strengthen the influence between internal locus of control on fraud prevention in village financial management. Good individual morality will increase good internal locus of control as well. An employee with good individual morality and accompanied by good self-control will increase fraud prevention in the environment where they work. The results of this study are in line with research conducted by Fitryanti et al., (2023) which states that internal locus of control has a significant positive effect on fraud prevention if moderated by individual morality. This means that good individual morality can take responsibility for their actions and believe that everything that happens to them is caused by the attitude they take so that they do not do this and are better able to control themselves so as not to commit fraud.

f) *The Effect of Whistleblowing System on Fraud Prevention Moderated by Individual Morality*

Based on the table 3, it can be seen that the statistical t-value of the Moderating Effect Whistleblowing System (X3) on Fraud Prevention (Y) is 2.536, which is greater than > 1.96 and the P-value is 0.011 < 0.05. So it can be concluded that the Moderating Effect of Whistleblowing Sytem (X3) on Fraud Prevention (Y) is positive and significant, so H6 is **accepted**. This shows that individual morality is able to strengthen the influence between the whistleblowing system on fraud prevention in village financial management. Good individual morality will also improve a good whistleblowing system. An employee with good individual morality and accompanied by an adequate fraud complaint system will increase fraud prevention in the environment where they work.

The results of this study are in line with research conducted by Satria et al., (2021) (2020) which states that individual morality is able to moderate the effect of the *whistleblowing system* on *fraud prevention* in village financial management.

5. CONCLUSION

Organizational culture has a positive effect on fraud prevention. This shows that the village government has implemented a good organizational culture so that it can increase fraud prevention in village financial management. The village government creates an organizational culture by creating a work environment that upholds ethical values, transparency, and accountability, so the risk of fraud can be minimized. Internal locus of control has a positive effect on fraud prevention. This shows that the village apparatus has implemented an internal locus of control so that each individual has good self-control in carrying out work policies and procedures to protect themselves from all forms of abuse. Whistleblowing system has a positive and significant effect on fraud prevention. This shows that the village government has implemented a whistleblowing system as a form of reporting tool for actions that are considered deviant. Individual morality does not moderate organizational culture on fraud prevention. This shows that good individual morality cannot encourage a good organizational culture either. If employees have good morality but are not accompanied by a good organizational culture, then fraud prevention will not go well so that fraud will mushroom because it has become a common thing to do. Individual morality successfully moderates the relationship between internal locus of control on fraud prevention. Good individual morality will increase good internal locus of control as well. An employee with good individual morality and accompanied by good self-control will increase fraud prevention in the environment where they work. Individual morality successfully moderates the relationship between the whistleblowing system and fraud prevention. Good individual morality will also improve a good whistleblowing system. An employee with good individual morality and accompanied by an adequate fraud complaint system will increase fraud prevention in the environment where they work.

The selection of respondents in this study was limited to the village head, village secretary, and village finance chief. So that the results in this study may not be generalizable to all other village officials who are directly involved in village financial management. The research variables used are still limited and not too varied. As well as data collection techniques that are only limited to distributing questionnaires. Future researchers can add respondents who are directly involved in village financial management, such as section heads and village consultative bodies who are directly involved in the process of supervising village financial management. Because the topic of fraud prevention is a dynamic topic and always develops according to the times, future researchers are advised to add or replace their research variables with more varied variables, anti-fraud awareness, religiosity, work motivation, and so on. In addition, so that the data obtained is much more complete and concrete, future research can use a combined method between questionnaires and interviews. The results of this study are used as input for village governments to further improve organizational culture, internal locus of control, whistleblowing systems, and individual morality in order to further minimize or even eliminate the occurrence of fraud, especially in village financial management.

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