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## Determinants of fraud in the village government: testing whistleblowing systems, internal control systems and village apparatus competencies

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### ABSTRACT

**Purpose:** This study aims to empirically prove the effect of that whistleblowing system, internal control system, village apparatus competence on the prevention of village fund fraud.

**Methodology/approach:** This study is a quantitative research with primary data sources obtained from distributing questionnaires to respondents. The sampling technique used was purposive sampling technique. The sample of this study consisted of 118 village apparatuses in Jiken District, Blora Regency. The analysis technique used was Structural Equation Modeling-Partial Least Square (SEM-PLS) and Smart Partial Least Squares (SmartPLS) for data processing.

**Findings:** The results showed that whistleblowing system, internal control system, village apparatus competence had a positive effect on the prevention of village fund fraud.

**Practical and Theoretical Contribution/Originality:** The results of this study are expected to contribute to provide consideration or input to the government in making policies related to evaluating the application of fraud prevention in village fund fraud and also useful as a source of reference for other similar studies.

**Research Limitation:** There has been no research involving the Village Supervisory Agency which carries out the supervisory function of the village government. As a result, the potential disclosure of fraud in the management of village funds is only viewed from the perspective of village officials.

**KEYWORDS:** Fraud Prevention; Internal Control System; Village Apparatus Competence; Village Fund; Whistleblowing System.



## INTRODUCTION

Since the passing of the Village Law in 2014, villages now have greater autonomy in managing development and improving the welfare of village communities. The Village Law has allowed village governments to plan and execute development budgets independently with the aim of enhancing the progress of village communities ([Putri et al., 2024](#)). In order to support the implementation of the Village Law, the government has established a policy of providing village funds sourced from the state budget to support village financial management ([Wahyudi et al., 2021](#)).

Each year, the government of Indonesia budgets village funds in the national budget to ensure the success of the village law. This is reflected in the policies that have been established from 2015 to 2023. In 2015, the government budgeted Rp20.8 trillion for village funds, which continues to increase until 2023, when the government budgeted Rp70 trillion for village funds. The large budget of village funds is expected to spur the progress of the village through improvement, even with good governance ([Wahyudi et al., 2021](#)). Unfortunately, the government's augmented allocation of village funds has not been accompanied by enhanced governance practices. The existence of village funds currently has a high risk of being corrupted ([Atmadja et al., 2019](#)).

Corruption in Indonesia is an unresolved problem that continues to occur in almost all sectors of government, placing Indonesia 115th out of 180 countries in terms of the least level of corruption ([Corruption Perceptions Index, 2024](#)). From 2016 to 2023, ICW reported that the number of cases and suspects in cases of misappropriation of APBDes funds continued to increase. Finally, in 2023, villages became the sector with the most corruption cases ([ICW, 2024](#)).

One of the cases of misappropriation of APBDes funds in Central Java Province occurred in Blora Regency. In 2023, there was a case of misappropriation of APBDes funds committed by the Head of Nglebur Village, Jiken Subdistrict, from 2022 to 2023 ([Kompas, 2023](#)). The village head allegedly misused village funds for his personal interests, causing state losses of Rp393 million ([Kompas, 2023](#)).

The potential for irregularities in APBDes funds is very high, so prevention efforts are needed to minimize the occurrence of fraud ([Sow et al., 2018](#)); ([Wahyudi et al., 2022](#)). Fraud prevention is an effort to eliminate and reduce the factors that cause fraud by building and preserving a culture of honesty, assessing fraud risks and creating appropriate supervisory processes. Prevention is believed to be the most cost-effective way to overcome financial losses due to fraud compared to detecting fraud ([Adams et al., 2006](#); ([Laufer, 2011](#))). Seeing the increase in village fund corruption cases that occur every year, prevention efforts are needed to reduce corruption cases in village fund management ([Atmadja et al., 2019](#)). Therefore, an effective whistleblowing system is required to identify fraud. The existence of a whistleblowing system fosters openness and transparency, thereby increasing the likelihood of fraud detection ([Shonhadji & Maulidi, 2022](#)). The results of research by [Shonhadji & Maulidi \(2022\)](#); [Wahyudi et al. \(2021\)](#); [Mahdi et al. \(2021\)](#) ) explains that the whistleblowing system has a significant positive effect on fraud prevention. Contrary to research [Dewi et al. \(2022\)](#); [Atmadja et al. \(2019\)](#) conveys that the whistleblowing system does not affect fraud prevention.

The next factor that needs to be considered in fraud prevention efforts is the internal control system. An internal control system is a form of supervision or monitoring of financial management. An effective internal control system provides reasonable assurance that the organization has run in accordance with applicable objectives and rules with minimized risks

[Wahyudi et al. \(2021\)](#); [Sow et al. \(2018\)](#); [Cahyani et al. \(2022\)](#); [Hardika et al. \(2021\)](#) ) explains that the internal control system has a positive effect on fraud prevention. In contrast to research [Kristuti et al. \(2023\)](#); [Hadi et al. \(2021\)](#) which explains that the internal control system does not affect fraud prevention.

Apart from the whistleblowing system and internal control system, the competence of an apparatus is also considered capable of preventing fraud. A person who has good competence tends to work professionally, is able to deal with pressure and does not accept excuses to justify committing fraud so as to minimize fraud. [Dewi et al. \(2022\)](#); [Saputra et al. \(2022\)](#) successfully proving that a person's competence has a positive effect on fraud prevention. This is inversely proportional to the study by [Cahyani et al. \(2022\)](#), which explains that a person's competence does not affect fraud prevention.

Many studies related to fraud prevention have been carried out. Still, the results of previous studies show inconsistent results and leave gaps for further research by highlighting several factors that play a role in fraud prevention from the organizational side and the individual side. Many studies so far have highlighted the aspects that play a role in preventing fraud from the organizational side only ([Sow et al., 2018](#); [Atmadja et al., 2019](#); [Shonhadji & Maulidi, 2021](#); [Hardika et al., 2021](#); [Putri et al., 2024](#)). In addition, the increasingly widespread cases of irregularities in village funds that occur are the basis for the urgency of this study, which is to identify several factors that can prevent irregularities in APBDes funds.

The difference between this research and previous research lies in the focus of the scope of fraud prevention. Previous research on fraud prevention efforts focused on central government organizations and private entities [Laufer, \(2011\)](#), [Kabuye et al., \(2017\)](#), [Sow et al., \(2018\)](#), [Hardika et al., \(2021\)](#), while this study examines the smallest government institutions, namely villages, the large allocation of funds received by villages in Indonesia and the limited human resources who are competent in village financial management are suspected of triggering violations in the management of village funds.

The novelty of this research is originality, as it brings up a new variable, namely the competence of the apparatus, which has not previously been the focus of studies in the literature related to fraud prevention. Previously, it only highlighted the factors that play a role in fraud prevention from the organizational side. The apparatus competency variable refers to the internal forces that influence a person's behaviour that comes from a person. Competence is a skill found in humans to deal with situations or circumstances when carrying out their job responsibilities ([Kabuye et al., 2017](#)).

This study aims to prove empirically the effect of the whistleblowing system, internal control system, and the competence of the apparatus in preventing fraud of APBDes funds. The research was conducted in the Jiken sub-district, Blora Regency, considering that there were cases of irregularities in APBDes funds that occurred in Blora Regency in 2023. Research on village governments that have committed irregularities in APBDes funds can provide insights into developing corrective measures so that similar incidents can be prevented. This study is expected to contribute as a source of literacy for research so that they can avoid fraud in the village. In addition, through this study, local governments can obtain reference materials for developing more effective fraud prevention policies.

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This study uses the attribution theory approach, in which attribution theory, the attitude or behaviour of an individual is influenced by a combination of internal forces and external forces ([Heider, 1958](#)). Internal forces refer to factors that arise from a person or what is called dispositional attributions. In contrast, external forces refer to factors that occur from outside a person or what is called situational attributions ([Heider, 1958](#)). Through the analysis

of attributions made by a person for fraud, this study can identify what factors encourage the behaviour to commit fraud while developing effective prevention strategies.

According to attribution theory, two factors influence a person's behaviour: internal and external forces. The whistleblowing system is an external force or situational attribute that can affect a person's behaviour. The number of cases of corruption and other forms of fraud indicates that supervision has not been effective. This condition encourages an organization to establish a communication channel for the community when fraud cases occur. The existence of a whistleblowing system in an organization makes the opportunity to act fraudulently smaller because someone who intends to cheat realizes that their behaviour has the potential to be revealed ([Shonhadji & Maulidi, 2022](#)). Research ([Shonhadji & Maulidi \(2021\)](#), [Wahyudi et al., \(2021\)](#), [Mahdi et al., \(2021\)](#), [Saputra et al., \(2020\)](#)) proves that the whistleblowing system has a positive effect on fraud prevention. The greater a person's intention to report fraud, the better the level of fraud prevention. Therefore, the research hypothesis proposed is:

**H<sub>1</sub>** : Whistleblowing system has a positive effect on fraud prevention village fund fraud

The internal control system consists of the practices and procedures used by an organization to achieve objectives, comply with the rules, and improve the efficiency of the organization ([Shonhadji & Maulidi, 2021](#)). Internal control systems can be used to supervise, direct, and evaluate human resources in an organization ([Purnamawati & Adnyani, 2019](#)).

According to attribution theory, two factors influence a person's behaviour: internal and external forces. The internal control system is a factor that comes from outside a person or situational attributions that can influence a person's behaviour. Organizations that have an effective internal control system have a clear separation of duties; the internal supervisory function runs well and has clear regulations so that the work environment tends to be conducive and obedient to rules ([Wahyudi et al., 2021](#)). Conversely, organizations with ineffective internal control systems will open up opportunities for someone to commit fraud. Several previous studies have succeeded in proving that an effective internal control system is able to prevent fraud, build strong integrity, and create an organizational structure that is aligned with responsibilities ([Sow et al., 2018](#); [Cahyani et al., 2022](#); [Hardika et al., 2021](#); [Putri et al., 2024](#)). Therefore, the research hypothesis proposed is:

**H<sub>2</sub>** : The internal control system has a positive effect on preventing fraud of village funds

Referring to Permendagri No. 20/2018 concerning village financial management, it is explained that village funds must be managed based on the principles of transparency and accountability in order to run well and on target. An apparatus with a high level of competence is needed to realize this ([Banowati et al., 2022](#)).

According to attribution theory, two factors influence a person's behaviour: internal and external forces. The competence of an apparatus is an internal force or dispositional attribution that can affect a person's behaviour. Apparatus with good competence have knowledge, skills, and strong moral values in completing their responsibilities as an apparatus. Research ([Dewi et al. \(2022\)](#), [Saputra et al. \(2022\)](#), [Mahdi et al. \(2021\)](#)), successfully proved that a person's competence has a positive effect on fraud prevention. A village apparatus that has good competence tends to work professionally and is able to minimize errors ([Banowati et al., 2022](#)). Therefore, the research hypothesis proposed is:

**H<sub>3</sub>** : The competence of the village apparatus has a positive effect on preventing village fund fraud

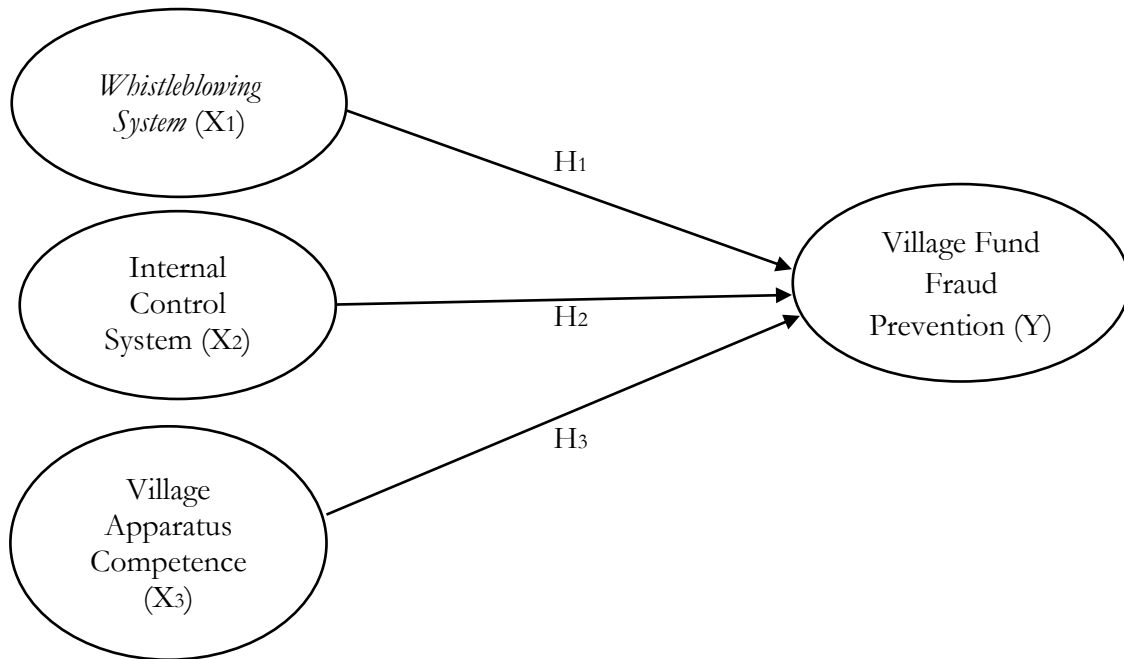


Figure 1. Research model

Based on the previous explanation and the hypothesis that has been formulated, we can create a research model, as shown in figure 1.

**METHOD**

This research is a quantitative study that focuses on collecting numerical data, analyzing, and obtaining empirical evidence of the relationship between variables. The population in this study includes all village officials who served in the Jiken sub-district, Blora, which consists of 11 villages. This population is based on the consideration that the village apparatus has the main tasks and functions in managing and overseeing the running of government and budget services at the village level.

The study population amounted to 118 apparatuses with purposive sampling techniques. In the purposive sampling technique, the selection of population members as samples is carried out based on certain criteria (Sekaran & Bougie, 2017). The first criterion is the village apparatus consisting of the village head, village secretary, head of the sub-district, village head, and staff. The second criterion is that village government officials have a minimum service period of one year. The selection of these sample criteria is based on the consideration that village apparatus who carry out the main tasks and functions of village financial management by village financial management with at least one year of service has good knowledge of the technicalities and problems in managing village funds. Through the determination of these criteria, it is expected that this study will obtain more accurate questionnaire answers from village officials.

To obtain a research sample that can describe the conditions of the entire population of 118 employees, the research sample size based on the Slovin formula amounted to at least 91 employees. This study utilized a questionnaire instrument to obtain primary data containing questions in accordance with the indicators of the research variables. The questions in the questionnaire were closed-ended, and respondents were asked to respond using a Likert scale with a score of 1- 5, indicating their level of agreement. Score 1 indicates strongly disagree (STS); score indicates disagree (TS); score 3 indicates neutral (N); score 4 indicates agree (S); and score 5 indicates strongly agree (SS). The 1-5 Likert scale was chosen because it has the advantage of accommodating respondents' answers that are neutral or undecided. In

addition, the 7-point and 13-point Likert scales can confuse respondents when giving the right answer.

This study uses a multiple linear regression analysis approach. The research data analysis uses the Partial Least Square (PLS) method. The PLS method makes it possible to see the relationship between variables and test hypotheses simultaneously. PLS aims to verify the truth of the theory and clarify if there is a relationship between latent variables (Ghozali, 2021). The data analysis process includes testing the outer model and testing the inner model (Ghozali, 2021). This method can be formulated in the multiple linear regression formula as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

dimana Y: Fraud Prevention;  $\alpha$ : Constant; X<sub>1</sub>: Whistleblowing System; X<sub>2</sub>: Internal Control System; X<sub>3</sub>: Village Apparatus Competence; e: standart error.

The following is table 1, which explains the operational definitions of the variables:

No	Variable	Definition	Indicator
1	Village Fund Fraud Prevention (Y)	Systematic efforts that minimize the factors that cause fraud, reduce the occurrence of fraud opportunities, reduce the pressure on employees to meet their needs and remove the reasons for justifying fraud (Sow et al., 2018)	1. Fostering a clean and transparent work environment 2. Evaluate fraud prevention and detection mechanisms 3. Establish an appropriate supervision system
2	Whistleblowing System (X1)	Conducting fraud Disclosure of information about fraudulent acts in an institution or organization carried out by an individual or group that has a detrimental impact on society or the state on the basis of good intentions for the public interest and not for personal gain (Semendawai et al., 2011)	1. Disclosure Procedure 2. Follow-up 3. Anonymity 4. Independent party protection
3	Internal Control System (X2)	Practices and procedures that an organization uses to achieve organizational goals in improving all existing systems including assets, security, binding employees to obey the rules and increasing the efficiency of the organization (Shonhadji & Maulidi, 2021)	1. Control environment 2. Risk assessment 3. Control activities 4. Information and communication 5. Monitoring
4	Village Apparatus Competence (X3)	Skills that exist in humans to deal with situations or enforce his job responsibilities (Kabuye et al., 2017)	1. Knowledge 2. Skills 3. Experience

**Table 1.**  
Variable operational definition

**RESULTS AND DISCUSSION**

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Overview of Research Objects

The questionnaire was conducted in the government area of Jiken Subdistrict, Blora, which consists of 11 villages. Table 2 explains the distribution and return of questionnaires. From 11 villages in the sub-district, 118 questionnaires were distributed with a 100% distribution rate, which means that all questionnaires were distributed. However, two questionnaires were incomplete, and four questionnaires did not meet the purposive sampling criteria. Thus, the number of questionnaires that could be processed was 112 (95%).

No	Description	Number of Questionnaires
1	Questionnaire Distribution	118
2	Returning Questionnaire	118
3	Broken Questionnaire	2
4	Non-compliant Questionnaire	4
<b>Processable Questionnaire</b>		<b>112</b>

**Table 2.**  
Summary of distribution and return of questionnaires

Source: Primary Data (2024)

Description	Characteristics	Total	Percent
Number of Respondents		112	100%
Gender	Male	91	81%
	Female	21	19%
Length of service	1 - 5 years	88	78%
	6 - 10 years	20	18%
	11 - 15 years	2	2%
	16 - 20 years	1	1%
	≥ 21 years	1	1%
Age group	≤ 20 years	0	0%
	21 - 30 years	19	16%
	31 - 40 years	27	24%
	41 - 50 years	41	37%
	51 - 60 years	23	21%
Education	≥ 61 years	2	2%
	Elementary school/junior high school	3	3%
	High school/vocational	61	54%
	Diploma/ Bachelor	43	38%
	Master (S2)	5	5%
	Doctor (S3)	0	0%

**Table 3.**  
The demographic characteristics of respondents

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Source : Primary Data (2024)

### Respondent Characteristics

Table 3 explains the demographic characteristics of respondents, where according to gender, most respondents are male, 91 people (81%). In terms of length of service in the village government, most respondents have a term of office of 1-5 years (78%). According to the age group, most respondents are aged 41-50 years (37%), and the fewest respondents are in the age group  $\geq 61$  years (2%). Respondents based on their education, the majority of respondents are high school/vocational school/high school graduates (54%).

### Descriptive Statistical Analysis

According to the results of descriptive statistical analysis in table 4, the whistleblowing system variable has an actual mean that is higher than the theoretical mean ( $25,37 > 18$ ). This means that the majority of respondents have a good whistleblowing system function, so they are careful in every action because they are under supervision. The actual mean value of the internal Control System variable is also higher than the theoretical mean value ( $44,54 > 30$ ). This explains that SPI has been running well. Next, the village apparatus competency variable also has a higher actual mean than the theoretical mean ( $30,95 > 21$ ). This indicates that the majority of respondents have high competence. Similarly, the exact mean of the fraud prevention variable compared to the theoretical mean ( $29,85 > 21$ ). This indicates that the majority of respondents have a good understanding of the prevention of village fund fraud.

### Outer Model Test

#### Convergent Validity

The concurrent validity test is a test to determine whether a questionnaire indicator is valid or not. Indicators are declared valid if they have an outer loading of more than 0,70 or have an Average Variance Extracted (AVE) value of more than 0,5 (Ghozali & Kusumadewi, 2023). The following is table 5, which explains the convergent validity test values.

According to the concurrent validity analysis results in table 5, all question items have outer loading above 0,7 and an AVE value above 0,5. This shows that all research indicators are declared valid.

#### Discriminant Validity

Discriminant validity is a test that provides certainty that each concept of each latent variable is different from other variables (Ghozali & Kusumadewi, 2023). Indicators are said to be valid if the correlation between them and their constructs is higher than the correlation with other constructs. The following is tabel 6, which explains the discriminant validity test value.

Variable	Theoretical			Actual			Standard Deviation
	Min	Max	Mean	Min	Max	Mean	
Whistleblowing System (X1)	6	30	18	18	30	25,37	3,301
Internal Control System (X2)	10	50	30	36	50	44,54	3,857
Village Apparatus Competence (X3)	7	35	21	24	35	30,95	3,162
Village Fund Fraud Prevention (Y)	7	35	21	23	35	29,85	3,305

**Table 4.**  
Descriptive  
Statistical

Source : Primary Data processed (2024)



Variable	Indicator	Outer Loading	AVE	Description
545 Whistleblowing System	XW1	0,802	0,653	Valid
	XW2	0,789		Valid
	XW3	0,847		Valid
	XW4	0,814		Valid
	XW5	0,796		Valid
	XW6	0,8		Valid
Internal Control System	XS1	0,787	0,557	Valid
	XS2	0,757		Valid
	XS3	0,733		Valid
	XS4	0,781		Valid
	XS5	0,757		Valid
	XS6	0,753		Valid
	XS7	0,732		Valid
	XS8	0,73		Valid
	XS9	0,705		Valid
	XS10	0,723		Valid
Village Apparatus Competence	XK1	0,751	0,62	Valid
	XK2	0,717		Valid
	XK3	0,776		Valid
	XK4	0,838		Valid
	XK5	0,821		Valid
	XK6	0,805		Valid
	XK7	0,797		Valid
Village Fund Fraud Prevention	YP1	0,76	0,574	Valid
	YP2	0,761		Valid
	YP3	0,756		Valid
	YP4	0,812		Valid
	YP5	0,745		Valid
	YP6	0,751		Valid
	YP7	0,718		Valid

**Table 5.**  
Convergent  
Validity

Source : Primary Data processed (2024)

Based on the results of the discriminant validity analysis in table 6, it shows that the cross-loading value of each indicator of each latent variable is higher than the value of other latent variables. This means that the discriminant validity of each latent variable has been confirmed or fulfilled.

#### Reliability Test

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A reliability test is a test to determine whether the indicators used in research measurements have been tested. The questionnaire indicator is declared reliable if the respondent's answer is stable by referring to the Cronbach alpha and composite reliability values of more than 0,70 (Ghozali & Kusumadewi, 2023).

	XW	XS	XK	YP
<b>XW1</b>	0,802	0,364	0,383	0,374
<b>XW2</b>	<b>0,789</b>	0,364	0,331	0,374
<b>XW3</b>	0,847	0,304	0,29	0,351
<b>XW4</b>	0,814	0,384	0,264	0,365
<b>XW5</b>	0,796	0,279	0,361	0,341
<b>XW6</b>	0,8	0,317	0,353	0,36
<b>XS1</b>	0,332	0,787	0,224	0,333
<b>XS2</b>	0,403	0,757	0,209	0,329
<b>XS3</b>	0,391	0,733	0,151	0,294
<b>XS4</b>	0,329	0,781	0,098	0,263
<b>XS5</b>	0,336	0,757	0,209	0,244
<b>XS6</b>	0,284	0,753	0,217	0,286
<b>XS7</b>	0,214	0,732	0,217	0,197
<b>XS8</b>	0,252	0,73	0,201	0,266
<b>XS9</b>	0,278	<b>0,705</b>	0,067	0,248
<b>XS10</b>	0,245	0,723	0,143	0,312
<b>XK1</b>	0,322	0,156	0,751	0,192
<b>XK2</b>	0,294	0,149	<b>0,717</b>	0,193
<b>XK3</b>	0,303	0,115	0,776	0,209
<b>XK4</b>	0,251	0,111	0,838	0,285
<b>XK5</b>	0,334	0,215	0,821	0,369
<b>XK6</b>	0,379	0,265	0,805	0,411
<b>XK7</b>	0,342	0,199	0,797	0,405
<b>YP1</b>	0,26	0,192	0,404	0,76
<b>YP2</b>	0,334	0,176	0,317	0,761
<b>YP3</b>	0,372	0,351	0,331	0,756
<b>YP4</b>	0,375	0,421	0,291	0,812
<b>YP5</b>	0,269	0,215	0,328	0,745
<b>YP6</b>	0,441	0,329	0,267	0,751
<b>YP7</b>	0,28	0,268	0,228	<b>0,718</b>

**Table 6.**  
Discriminant  
Validity (Cross  
Loadings)

Source : Primary Data processed (2024)

Variable	<i>Cronbach's alpha</i>	<i>Composite reliability</i>
Whistleblowing System (X1)	0,894	0,894
Internal Control System (X2)	0,912	0,916
Village Apparatus Competence (X3)	0,903	0,929
Village Fund Fraud Prevention (Y)	0,877	0,883

**Table 7.**  
Reliability  
Test

Source : Primary Data processed (2024)

The reliability test value in table 7 shows that each variable has a Cronbach alpha above 0,70. Likewise, composite reliability has a value above 0,70. This shows that all indicators in this study are reliable in the inner model test.

Inner Model Test

Determination Coefficient Test

The inner model test can be done by looking at the R-square value. According to table 8, the test results R-square shows a value of 0,298. This means that the whistleblowing system variable, internal control system, and the competence of the village apparatus are able to explain 29,8% terhadap variable pencegahan kecurangan dana desa. Sementara sisanya sejumlah of the village fund fraud prevention variable. At the same time, other variables outside the study describe the remaining 70,2%.

Hypothesis Testing

According to the results of the hypothesis testing in table 9, the first hypothesis shows that the original sample whistleblowing system value of 0,255 indicates a positive influence of the whistleblowing system variable on the prevention of village fund fraud. The t-statistic value of 2,327 (t-statistic >1,96) and p-value of 0,02 (p-value <0,05) indicate that this influence is significant. Thus, the whistleblowing system has a significant positive effect in preventing village fund fraud.

The second hypothesis shows that the original sample value of the internal control system is 0,214, which indicates a positive effect of internal control system variables on preventing village fund fraud. The t-statistic value of 2,231 (t-statistic >1,96) and p-value of 0,026 (p-value <0,05) indicate that this influence is significant. Thus, SPI has a significant positive effect on preventing village fund fraud.

The third hypothesis shows that the original sample value of the competence of the village apparatus is 0,253, indicating a positive influence of the village apparatus competency variable on the prevention of village fund fraud. The t-statistic value is 3,055 (t-statistic >1,96), and the p-value is 0,002 (p-value <0,05) indicating that this influence is significant. Thus, the competence of the village apparatus has a significant positive effect on preventing village fund fraud.

	<i>R-square</i>	<i>R-square adjusted</i>
Village Fund Fraud Prevention	0,298	0,278

Source : Primary Data processed (2024)

**Table 8.**  
Determinati  
on  
Coefficient

	<b>Original sample (O)</b>	<b>Sample mean (M)</b>	<b>Standard deviation</b>	<b>T statistics</b>	<b>P values</b>	<b>Description</b>
XW -> YP	0,255	0,261	0,109	2,327	0,02	diterima
XS -> YP	0,214	0,227	0,096	2,231	0,026	diterima
XK -> YP	0,253	0,264	0,083	3,055	0,002	diterima

Source : Primary Data processed (2024)

**Table 9.**  
Hypothesis  
Testing

### The Effect of Whistleblowing System on Village Fund Fraud Prevention

According to the results of hypothesis testing, there is a significant positive relationship between the whistleblowing system and efforts to prevent village fund fraud. This can be seen from the original sample value of 0,255, the t-statistic value of 2,327 (t-statistic >1,96) and the p-value of 0,02 (p-value <0,05), which means that the whistleblowing system in villages in the Jiken sub-district has a positive effect on fraud prevention efforts. Therefore, the first hypothesis can be accepted.

The results of this study strengthen the research of [Shonhadji & Maulidi \(2021\)](#), [Wahyudi et al., \(2021\)](#), [Mahdi et al., \(2021\)](#), [Saputra et al., \(2020\)](#), which proves that the implementation of an effective whistleblowing system can reduce the risk of fraud. The results of this study are in accordance with the attribution theory by [Heider \(1958\)](#), which explains that internal and external forces influence an individual's behaviour. The whistleblowing system refers to external forces that can affect a person's behaviour ([Fadhila & Achmad, 2023](#)). An effective whistleblowing system has a clear reporting and handling mechanism and guarantees protection. The existence of a whistleblowing system in an organization makes the opportunity to act fraudulently smaller because someone who intends to cheat realizes that their behaviour has the potential to be revealed ([Shonhadji & Maulidi, 2022](#)). Village apparatus are more careful in their actions when managing village finances because they are under supervision.

The implication of this research is for villages in the Jiken sub-district, Blora district, to emphasize and maintain the implementation of the whistleblowing system in the village government. With this whistleblowing system, the apparatus has a safe channel to report fraud. The effectiveness of this whistleblowing system is that it is able to increase the credibility of the village government in the eyes of the community, creating an environment that is more transparent and free from corruption, which leads to an increase in the welfare of the village community.

### The effect of the Internal Control System on Village Fund Fraud Prevention

According to the results, the second hypothesis, which states the internal control system has a positive effect on preventing fraud of village funds, can be accepted. This is involved from the original sample value of 0,214, the t-statistic value of 2,231 (t-statistic >1,96) and the p-value of 0,026 (p-value <0,05). This means that if the effectiveness of the internal control system in villages in the Jiken sub-district is increased, it will increase the prevention of village fund fraud.

The results of this study strengthen the research of [Sow et al., \(2018\)](#), [Cahyani et al., \(2022\)](#), [Hardika et al., \(2021\)](#), [Putri et al., \(2024\)](#), which proves that the better the implementation of the internal control system in an organization can minimize the occurrence of fraudulent practices. The results of this study are in accordance with the attribution theory by [Heider \(1958\)](#), which explains that internal and external forces influence an individual's behaviour. The external force that can prevent a person from acting fraudulently is the existence of an effective internal control system in an organization. Opportunities for fraud can occur due to gaps in control weaknesses to prevent or detect violations. An effective internal control system can control and supervise employees to avoid potential fraud. Therefore, a strong internal control system is needed to prevent fraud ([Wahyudi et al., 2022](#)).

The application of attribution theory in these findings not only proves the theory but also deepens the understanding of how the internal control system can influence village officials' behaviour and become one important aspect of efforts to prevent village fund fraud. This

research implies that villages in the Jiken sub-district, Blora district, should pay attention to the effectiveness of the internal control system that has been running through the evaluation of the internal supervision function and the enforcement of applicable regulations. Through this evaluation, it is hoped that the weaknesses in control can be resolved so that the opportunity to commit fraud does not occur.

#### The Effect of Village Apparatus Competence on Village Fund Fraud Prevention

According to the results of hypothesis testing, there is a significant positive relationship between the competence of village apparatus and efforts to prevent fraud of village funds. This can be seen from the original sample value of 0,253, the t-statistic value of 3,055 (t-statistic >1,96) and the p-value of 0,02 (p-value <0,05). Therefore, the third hypothesis can be accepted.

The results of this study strengthen the research of [Dewi et al. \(2022\)](#), [Saputra et al. \(2022\)](#), [Mahdi et al. \(2021\)](#), which proves that the competence of village officials affects fraud prevention. The results of this study are in accordance with the attribution theory by [Heider \(1958\)](#), which explains that internal and external forces influence an individual's behaviour. The internal force that can affect a person's behaviour is the level of competence of an apparatus. A village apparatus that has good competence tends to work professionally and is able to minimize errors ([Banowati et al., 2022](#)). Village apparatus is an important element in efforts to prevent fraud, one of the factors triggering fraud. One of the factors triggering fraud committed by a village apparatus is negligence that can unwittingly harm other parties ([Wahyudi et al., 2021](#)). This negligence can be caused by ignorance or limited knowledge of the village apparatus.

This research's implications for villages in the Jiken sub-district, Blora district, are that to achieve better village financial governance and minimize fraud, each village apparatus is given a competency development program. A village apparatus's competence can be improved through learning, education, and training ([Wahyudi et al., 2021](#)). So, by having a highly competent village apparatus, the application of the village financial system (*siskeudes*) as a technological development to prevent fraud can run well.

## CONCLUSION

Referring to the results of the study, it can be concluded that the whistleblowing system, internal control system, and the competence of village officials have a positive effect on preventing fraud of village funds. This can indicate that in the management of village funds organizationally, a good whistleblowing system and internal control system are needed to avoid fraud. In addition, the competence of the village apparatus needs to be improved through training and education, which is believed to be able to control the behaviour of the village apparatus. This study adds to the previous reference sources by emphasizing the importance of the whistleblowing system, internal control system, and the competence of village officials in the scope of village financial management. The results of this study confirm that the theories linking the whistleblowing system, internal control system, village apparatus competencies, and the prevention of village fund fraud have relevance and can be applied in the context of village governance. The limitation of this study is that there is no previous research involving the Village Supervisory Agency, which is tasked with supervising village government. As a result, the potential disclosure of fraud in the management of village funds is only viewed from the perspective of village officials. Therefore, future research is recommended to connect the role of the Village Supervisory Agency in efforts to prevent fraud of village funds.

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