Determinants of Fraud Prevention in Village Fund Management with Organizational Justice as Moderator

Murtanto
Faculty of Economic and Business, Universitas Trisakti
Email: murtanto@trisakti.ac.id

Ferisanti
Faculty of Economic and Business, Universitas Trisakti

Erliana Banjarnahor*
Faculty of Economic and Business, Universitas Trisakti
Email: erliana@trisakti.ac.id
*Corresponding Author

Abstract
This study aims to obtain empirical evidence about the effect of fraud prevention factors on village fund management. It also examines the role of organizational justice as a moderating variable through an associative study method. The population used consists of 120 respondents from the Village Government Apparatus in Muaragembong District, Bekasi Regency, West Java Province, Indonesia. Furthermore, the data were collected using the SPSS version 22 application program to analyze the effect of the internal control system, organizational commitment, leadership style, and HR competence on fraud prevention. The results showed that the Internal Control System, organizational commitment, leadership style, and HR competence significantly affect fraud prevention in village fund management. Meanwhile, organizational justice strengthens the positive effect of commitment on fraud prevention but not on the Internal Control System, leadership style, and HR competence.

Keywords: Fraud Prevention, Village Fund, Internal Control System, Organizational Commitment, Leadership Style, HR Competence, Organizational Justice

JEL Classification: [M41, D73, L3, O15]
INTRODUCTION

The large allocation of the State Revenue and Expenditure Budget (APBN) to villages is a concern for all parties (Atmadja and Saputra, 2017). This is because the large allocation was followed by the high corruption of village budget funds. In 2015–2017, the Indonesia Corruption Watch (ICW) produced statistics showing an upsurge in criminal acts of corruption charges in villages (www.antikorupsi.org). There were 17 and 41 corruption cases in 2015 and 2016. A very significant spike occurred in 2017, reaching 96 cases, thus, 154 total corruption cases were found in the village sector (www.antikorupsi.org, 2018).

Several corruption cases in village budget funds often include the Village Fund Allocation (ADD), Village Funds, and Village Cash. Corruption has increased from 15 in 2015 to 32 and 65 in 2016 and 2017 among the 112 village heads. Furthermore, 32 local officials and three village head’s family members were also corrupt. As a result of corruption in village funds, the state suffered a total loss of IDR 47.56 billion (IDR 9.12 billion in 2015; IDR 8.33 billion in 2016, and IDR 30.11 billion).

Previous studies on the prevention of village fund fraud showed several influencing factors. This prevention can be achieved through the implementation of the Internal Control System (Prasetyo and Muis, 2015). Previous studies showed that the Internal Control System (ICS) had a positive effect on fraud prevention (Natasya et al. (2017); Atmadja and Saputra (2017)). However, it has a negative and significant effect on fraud, according to Awaliyah (2017). Effective internal control can protect against theft, embezzlement, and misuse of assets (Karyono, 2013). Besides ICS, organizational commitment should be improved to support the goals and desires of the organization/company. The employee’s commitment to the organization is directly proportional to achieving goals and avoiding things detrimental to the organization (Widiutami et al., 2017). However, Virmayani et al. (2017) found that organizational commitment has a negative effect on the tendency of fraud. Organizational commitment is inversely related to the tendency of accounting fraud. High levels of this commitment in individuals will impact organizational goals (Wiratno et al., 2013). Another factor investigated in preventing village fund fraud is leadership style. A good leadership style in employees’ perspective can promote them to do good things for the organization/company and prevent fraud (Pumumuta, 2013).
Resources (HR) affects fraud prevention. Competence has a significant positive effect on fraudulent acts (Tarigan et al., 2018; Windasari and Juliarsa, 2016). According to the GONE theory (Greed, Opportunity, Need and Exposure) by Bologna et al., 1993, fraud is also influenced by organizational justice. Dissatisfaction, hatred, and anger against the organization occur due to perceived low organizational justice (Simanjuntak, 2008).

There are several differences between these current and previous studies. The independent variables that influence fraud prevention are Internal Control System, Organizational Commitment, Leadership Style, and HR Competence. Organizational justice is a moderating variable that can affect the relationship between Internal Control System, Organizational Commitment, Leadership Style, and HR Competence in Fraud Prevention. In addition, the object of study focuses more on Village Fund Management in Muaragembong District, Bekasi Regency, West Java. The location is considered an interesting phenomenon concerning the use of village funds, where fraud in the management of village funds is still quite high, thereby attracting the attention of many stakeholders. Fraud indications in managing village funds are seen from the efforts of the Bekasi Regency Attorney’s Office to highlight the use of the Village Fund Budget (ADD) in 182 villages. This is to anticipate the leakage of the budget that is not used as its designation and respond to complaints from various elements of society concerning many indications of corruption. The Bekasi Regency Attorney’s Office searched the Karang Asih Village office, North Cikarang Sub-district. The prosecutor’s office also admitted that they were reviewing complaints from the public concerning allegations of corruption in Setia Laksana Village, Cabangbungin Sub-district. The Head of the Bekasi Regency Attorney’s Office, Risman Tarihoran, stated that the modus operandi of alleged corruption in the Village Fund varied by manipulating the Accountability Report (LPJ) such as making a fictitious report.

This study contributes to the literature and practice concerning the effectiveness of internal control systems, organizational commitment, leadership style, and human resource competencies on fraud prevention with organizational justice as moderating factors in village fund management. In addition, for regulators or the government, it can be a reference for making policies on the employee recruitment selection system needed by villages.
LITERATURE REVIEW

Agency Theory

Agency theory states a contractual relationship between the principal and the agent. In this case, shareholders delegate decision-making or certain tasks to the agent (manager) under the agreed work contract (Jensen and Meckling, 1967). An efficient contract satisfies the assumptions, including (1) that the agent and principal have symmetrical information in the sense that the agent and principal have information on the company in the same quality and amount and nothing is hidden by the agent, and (2) the accepted risk related to the fee is small, which means the agent has high certainty about the reward received. Agency problems arise due to conflicts of interest between managers (agents) and investors (principals). Both parties are assumed to be rational economists and solely motivated by self-interest.

The relevance of the agency theory application in this study is the difference in interests between the Central Government as the principal and the village head as the agent. The Central Government desires that village funds be allocated for village development to create welfare. However, the village head is motivated to prosper by using the funds, indicating both parties have different interests. It is necessary to have effective internal control and leadership system to minimize the potential for misappropriation of funds by the village head.

Fraud

Fraud is a deviation, and illegal activities are carried out intentionally to deceive or mislead other parties. It is conducted from within and outside the organization (Karyono, 2013). Furthermore, it is a strategy for taking advantage of chances in a way that is harmful to other people, either directly or indirectly. The American Institute of Internal Auditors (2011) defined "fraud as including an irregularity and illegal acts characterized by intentional fraud for the benefit of funds or loss of the organization by people outside or within the organization. Although the government, businesses, and the general public may all be affected by this act due to the negative impact on the cultural underpinnings of society. This is a severe problem in the government sector since resources are not utilized for community or constituency services. The public or constituents will lose faith in the leadership skills of government agencies."
Hypothesis Development

Internal Control System for Fraud Prevention

Internal Control System (ICS) is a way to direct, monitor, and measure an organization's resources (Kumaat, 2011). It has a significant impact on preventing and detecting fraud and safeguarding natural and intangible organizational resources, such as reputation or intellectual property rights and trademarks. According to the Indonesian Government Regulation Number 60 of 2008, "The internal control system is an integral process of actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations." Fraud is most likely to occur when internal control cannot function effectively to secure organizational property. Several studies showed a significant positive effect between the effectiveness of the internal control system on fraud prevention (Zainal, 2013; Natasya et al., 2017; Atmadja and Saputra, 2017. Based on the previous studies, the following hypothesis can be formulated:

H1: Internal control system has a positive effect on fraud prevention in village fund management

Organizational Commitment to Fraud Prevention

Organizational commitment is an attitude that shows employee loyalty and is a continuous process of an organization's members expressing their concern for the success and goodness of their organization (Rahmi, 2013). This loyalty attitude is indicated by (1) a strong desire to remain a member of their organization; (2) willingness to put forth efforts for the organization; and (3) a strong belief in and acceptance of the values and goals of the organization. Employees with a strong sense of loyalty to their company are more likely to be goal-oriented, willing to pitch in when needed, and more inclined to do their job. Employees' commitment to the organization is inversely related to the fraudulent acts committed. This is in line with Sumbayak (2017) and Adi, et al (2016). Based on the theoretical basis above, the following hypotheses can be formulated:

H2: Organizational commitment has a positive effect on fraud prevention in village fund management
Leadership Style towards Fraud Prevention

Leadership style describes how a leader performs duties and the notion of those led or by those watching from the outside (Robert, 1992; Indriyati, 2017). It will be difficult to achieve organizational goals without good leadership, therefore, development is the backbone. Leadership styles are various behavioral patterns leaders favor in directing and influencing employees (James et al., 1996; Indriyati, 2017). The more effective a leader’s leadership style, the lower the incidence of employee fraud. Pramudita (2013) showed the negative influence in the Government Sector between Leadership Styles on Fraud. In the government sector, a good leadership style in an agency can prevent fraud. Furthermore, Kurrohman et al. (2016) found that leadership style has a significant and negative effect on fraud. Based on the theoretical basis above, the following hypothesis is formulated:

H3: Leadership style has a positive effect on fraud prevention in village fund management

HR Competence on Fraud Prevention

Competence can be interpreted as a person’s ability, including knowledge, skills, and attitudes in completing a job or task with performance standards (Puspitaningrum and Hartiti, 2017). Human resources are the main supporting pillar and the driving force to realize the organization’s vision, mission, and goals (Ariastini et al., 2017). These are also very important organizational elements; therefore, they should be managed and contribute optimally to achieving organizational goals. Tarigan et al. (2018) found that competence significantly affects fraud. According to Windasari and Juliarsa (2016), the competence of internal auditors has a positive effect on fraud. Based on the theoretical basis above, the following hypothesis is formulated:

H4: Human Resource Competence has a positive effect on fraud prevention in village fund management

Organizational justice moderates the effect of the Internal Control System on Fraud prevention

Organizational justice is the degree to which individuals feel they are treated fairly in the organizations (Gibson et al., 2012). According to Robbins and Judge (2015), workplace justice encompasses distributive, procedural, informational, and interpersonal justice. Organizational justice factor moderates the influence of internal control on fraud (Dewi and
Irwandi, 2012). Based on the theoretical basis above, the following hypothesis is formulated:

**H5:** Organizational justice strengthens the positive effect of the internal control system on fraud prevention in village funds management

*Organizational justice moderating the effect of organizational commitment on fraud prevention*

Organizational fairness and poor quality of internal control procedures increase employee fraud in the company (Puspitadewi and Irwandi, 2012). This is in line with the theory proposed by Rae and Subramaniam (2008), where the relationship between perceptions of organizational justice and workplace deviance may be moderate for other factors. Based on the theoretical basis above, the following hypothesis is formulated:

**H6:** Organizational justice strengthens the positive effect of organizational commitment on fraud prevention in village fund management

*Organizational justice moderating the effect of leadership style on fraud prevention*

A good leadership style of a company leader will reduce the level of fraud committed by employees (Pmumudita, 2013). There is a negative influence between Leadership Style on Fraud in the Government Sector since a good style can prevent fraud. Kurrohman et al. (2016) found that it has a negative and significant effect on fraud. Furthermore, Puspitadewi and Irwandi (2012) showed that poor organizational justice and bad internal control procedures increase employee fraud. Based on the theoretical basis above, the following hypotheses can be formulated:

**H7:** Organizational justice strengthens the positive effect of leadership style on fraud prevention in village fund management

*Organizational justice moderating the effect of Human Resource Competence on Fraud prevention*

A competent person does the job very easily, quickly, as well as intuitively and rarely makes mistakes (Widiyastuti and Pamudji, 2009). Competence is needed to make the auditor detect fraudulent practices and engineering tricks quickly and precisely. This is because knowledge increases sensitivity to fraud. Ramadhany (2015) showed that auditor competence significantly affects detecting fraud and financial statement errors. The
auditor’s competence is directly related to the responsibility of detecting fraud contained in the financial statements. The assessment to determine the audit result demands knowledge and experience, an element of the auditor’s competence. Based on the theoretical basis above, the following hypothesis is formulated:

\[ H8: \text{Organizational justice strengthens the positive influence of human resources competence on fraud prevention in village fund management} \]

**METHODS**

This study used the associative method, where the unit of analysis was 180 employees of the Village Government Apparatus in Muaragembong Sub-district, Bekasi Regency, West Java Province, Indonesia. The sample was collected using the purposive sampling method with several criteria. Primary data were collected by distributing questionnaires directly to respondents. They were then analyzed using multiple regression models and moderated regression. The following is a multiple linear regression model for hypotheses 1, 2, 3, and 4:

\[ PFraud = \beta_0 + \beta_1 SPI + \beta_2 KOM + \beta_3 GK + \beta_4 KS + \beta_5 KA + \epsilon \quad \ldots (1) \]

The MRA equation model for hypotheses 5, 6, 7, and 8 is:

\[ PFraud = \beta_0 + \beta_1 SPI + \beta_2 KOM + \beta_3 GK + \beta_4 KS + \beta_5 KA + \beta_6 SPI*KA + \beta_67KOM*KA + \beta_8 GK*KA + \beta_9 KS*KA + \epsilon \quad \ldots (2) \]

Where:

- \( PFraud \) = Fraud Prevention
- \( \beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7, \beta_8 \) = Independent variable regression coefficient
- KOM = Organizational Commitment
- SPI = Internal Control System
- GK = Leadership Style
- KA = Organizational Justice
- KS = HR Competence
- \( \epsilon \) = Error component of the model

**RESULTS**

The total population was 180 employees, and 124 respondents were determined using the Slovin formula. However, 130 questionnaires were distributed, where two were unreturned and eight unanswered. For this reason, the data used and processed were 120 questionnaires. Each
instrument is declared valid and reliable based on the validity and reliability tests, where Cronbach’s alpha > 0.5.

**Descriptive statistics**

**Table 1. Descriptive Statistical Test Results**

| Statistics                  | Internal Control System | Organizational Commitment | Leadership Style | HR Competence | Fraud Prevention | Organizational Justice |
|-----------------------------|--------------------------|----------------------------|------------------|---------------|------------------|------------------------|
| N valid                     | 120                      | 120                        | 120              | 120           | 120              | 120                    |
| Mean                        | 3.8561                   | 4.0658                     | 3.9983           | 3.9622        | 3.9863           | 4.2240                 |
| Mode                        | 3.50                     | 4.21                       | 3.50             | 4.00          | 4.17             | 4.11                   |
| Std. Deviation              | 0.59193                  | 0.53954                    | 0.64767          | 0.45032       | 0.59802          | 0.49762                |
| Minimum                     | 2.67                     | 2.86                       | 2.67             | 3.11          | 2.67             | 3.22                   |
| Maximum                     | 5.00                     | 5.00                       | 5.00             | 5.00          | 5.00             | 5.00                   |

Table 1 shows the Internal Control System variable has a minimum and maximum value of 2.67 and 5.00 with a mean value of 3.8561 and a standard deviation of 0.59193. The organizational commitment variable obtained a minimum and maximum value of 2.86 and 5.00 with a mean and standard deviation of 4.0658 and 0.53954. Then, the Leadership Style variable obtained a minimum and maximum value of 2.67 and 5.00 with a mean and standard deviation of 3.9983 and 0.64767. The HR Competency variable obtained a minimum and maximum value of 3.11 and 5.00 with a mean and standard deviation of 3.9622 and 0.45032, respectively. The Fraud Prevention variable has a minimum and maximum value of 2.67 and 5.00 with a mean and standard deviation of 3.9863 and 0.59802, respectively. Then, the organizational justice variable obtained a minimum and maximum value of 3.22 and 5.00 with a mean and standard deviation of 4.2240 and 0.49762, respectively.

**Multiple Regression Analysis**

Multiple regression analysis was used to test the effect of several independent variables on the dependent. It determines the effect of Internal Control System, Organizational Commitment, Leadership Style, HR Competence on Fraud Prevention, moderated by Organizational Justice. Moderation regression model analysis used in this study is a pure moderator.
Table 2. Multiple Regression Results

| No | Variable                  | Model 1 |       | Model 2 |       |
|----|---------------------------|---------|-------|---------|-------|
|    |                           | β       | Sig.  | β       | Sig.  |
| 1  | Constant                  | 0.738   | 0.000 | 3.468   | 0.018 |
| 2  | Internal Control System   | 0.275   | 0.000 | 2.383   | 0.000 |
| 3  | Organizational Commitment | 0.215   | 0.000 | -       | 0.002 |
| 4  | Leadership Style          | 0.192   | 0.001 | -       | 0.737 |
| 5  | HR Competence             | 0.248   | 0.000 | 1.512   | 0.016 |
| 6  | Organizational Justice    | 0.246   | 0.000 | 0.840   | 0.014 |
| 7  | SPI_KA                    | -       | 0.489 | 0.000   |       |
| 8  | KO_KA                     | -       | 0.529 | 0.000   |       |
| 9  | GK_KA                     | -       | 0.086 | 0.555   |       |
| 10 | KS_KA                     | -       | 0.297 | 0.037   |       |

Source: Processed, 2021

Table 3. Hypothesis Test Results

|              | Model 1 |       | Model 2 |       |
|--------------|---------|-------|---------|-------|
| Adjusted R Square (R²) | 0.888   |       | 0.912   |       |
| F-test       | 0.000   |       | 0.000   |       |

The results of testing the coefficient of determination obtained the Adjusted R-Square value of 0.888 or 88.8%. This means that the variables of the Internal Control System, Organizational Commitment, Leadership Style, HR Competence have a combined effect of 88.8% on Fraud Prevention, while other variables outside the study model influence the remaining 11.2%. The results of testing the coefficient of determination of model 2 obtained an Adjusted R-Square value of 0.912 or 91.2%. Therefore, the variables of Internal Control System, Organizational Commitment, Leadership Style, HR Competence moderated by Organizational Justice affect 91.2% towards Fraud Prevention, while other variables outside the study model influence the remaining 8.8%.

DISCUSSION

The effect of internal control system on fraud prevention
The results showed that the internal control system has a significant positive effect on fraud prevention in the management of village funds. Therefore, the level of internal control is directly related to the prevention of fraud in village funds management. This finding is consistent with Karyono (2013), which stated that effective internal control protects from theft, embezzlement, and misuse of assets in inappropriate locations. It is also in line with Dewi and Ratnadi (2017); Natasya, et al., (2017) and Atmadja and Saputra (2017). However, Apriani et al. (2019) showed that the internal control system has a negative and significant effect on fraud. This indicates the better the internal control, the less likely that fraud will occur.

The effect organizational commitment on fraud prevention in village funds management

Organizational commitment has a significant positive effect on fraud prevention in the management of village funds. Therefore, it is directly related to fraud prevention in village funds management. This finding is in line with agency theory which states that the village apparatus’s agent will act according to their interests and ignore the principal’s interests. This means a strong commitment from village officials to the organization is needed to act in the organization’s interests. This is as stated by Jensen and Meckling (1976) that agency theory is a contract between one or more people who act as principals (society) which appoints other people as agents (agencies) to perform services for the interests of the principal. Thus, high organizational commitment from village officials will prevent fraud in managing village funds. Increasing village apparatus organizational commitment becomes necessary in managing village funds. This finding is supported by Sumbayak (2017) which showed that organizational commitment affects fraud. Virmayani et al. (2017) also found that it has a negative effect on fraud tendencies, where the higher the organizational commitment, the lower the tendency for accounting fraud to occur. Likewise, Adi et al. (2016) showed that organizational commitment significantly influences fraud with a negative study direction.

The effect of leadership style on fraud prevention in village funds management

The results showed that leadership style has a significant positive effect on fraud prevention in the management of village funds. This indicates the better the leadership style, the higher the level of fraud prevention in
managing village funds. This is in line with agency theory, which states that management tries to maximize its welfare, hence, a leader must act in the organization's interests or principles (Jensen and Meckling, 1976). The conditions mentioned above show that the leadership style perceived by the village apparatus can prevent fraud in the management of village funds. Therefore, it is necessary to have a leadership style that village officials feel is conducive, thus, village officials work optimally and are not involved in fraud in managing village funds. This is consistent with Pramudita (2013), which stated that the figure of a good leader in the eyes of employees will reduce fraudulent actions. In other words, the better the leadership style of a company leader, the lower the fraud rate. According to Sumbayak (2017), Leadership Style affects fraud. Likewise, Pramudita (2013) found that a good leadership style in an agency can prevent fraud in the Government Sector. In addition, Kurrohman, Pratiwi, and Andriana (2016) showed a significant and negative effect on fraud.

**The effect of HR competence on fraud prevention in village funds management**

The results showed that HR competence has a significant positive effect on fraud prevention in the management of village funds. This indicates that the better the characteristics of an employee, the more competent they will be in carrying out their duties, thereby increasing fraud prevention. Increasing the competence of human resources is a solution for the village organization to prevent fraud in the management of funds. These findings support Tarigan et al. (2018), which found that competence significantly affects fraudulent acts. Windasari and Juniarsa (2016) showed that the competence of internal auditors has a positive effect on fraud.

**Organizational Justice moderating the internal control system for fraud prevention in village funds management**

The results showed that organizational justice does not strengthen the positive influence of the internal control system on fraud prevention in the management of village funds. This indicates that organizational justice cannot fully moderate internal control over fraud. Thus, it is not possible to solve the possibility of fraud in the management of village funds. Confirming that organizational justice does not strengthen the positive influence of the internal control system on fraud prevention in the management of village funds. The results of this hypothesis are different
from Puspitadewi and Irwandi (2012) that organizational justice and the quality of internal control procedures have a negative effect on fraud.

**Organizational justice moderating organizational commitment to fraud prevention in managing village funds**

The results showed that justice strengthens the positive effect of Organizational Commitment on fraud prevention in the management of village funds. This indicates the higher the level of organizational justice, the higher the employee commitment to preventing fraud. Organizational justice, which is a driving force for the emergence of organizational commitment from village officials, is the reason for organizational justice, strengthening the positive influence of Organizational Commitment on fraud prevention in the management of village funds. Puspitadewi and Irwandi (2012) showed that in a company, organizational justice and the quality of poor internal control procedures will increase employee fraud in the company.

**Organizational justice moderating the effect of leadership style on fraud prevention in village fund management**

The results showed that organizational justice does not strengthen the positive effect of Leadership Style on fraud prevention in managing village funds. This indicates that organizational justice cannot fully moderate the leadership style towards fraud prevention. The village apparatus leadership cannot realize organizational justice, including the attitude of the village apparatus towards organizational justice carried out by the village apparatus leadership. Thus, because it is impossible to implement, including the attitude of village officials towards organizational justice carried out by village officials, organizational justice does not strengthen the positive effect of Leadership Style on fraud prevention in village fund management. Puspitadewi and Irwandi (2012) found that poor organizational justice and quality of internal control procedures increase employee fraud.

**Organizational justice moderating the competence of HR in preventing fraud in managing village funds**

The results showed that organizational justice does not strengthen the positive effect of HR competence on fraud prevention in the management of village funds. Therefore, it cannot strengthen the effect of HR competence on fraud prevention. In the absence of organizational justice,
an employee with expertise can do the job very easily, quickly, as well as intuitively and rarely or even never making mistakes. This is because the knowledge possessed will make the auditor more sensitive to fraud. This is in line with Ramadhany (2015) which explained that the higher the auditor's competence, the more responsibility the auditor has in detecting fraud in financial statements. The assessment made to determine the audit results demands knowledge and experience, an element of the auditor’s competence. An opinion to determine material misstatement requires attitude and knowledge. The factual condition states that organizational justice is not related to HR competence. This is because HR competence can not increase due to organizational justice. In addition, since organizational justice is not related to HR competence, it does not strengthen the positive effect on fraud prevention in the management of village funds.

CONCLUSION

In conclusion, fraud in village fund management may be avoided using a solid internal control system, high organizational commitment, a leadership style that fulfills its tasks efficiently, and professional HR abilities. Meanwhile, organizational justice refers to where the organization strengthens the positive effect of organizational commitment on fraud prevention but does not strengthen the positive effect of the Internal Control System, leadership style, and HR competence on fraud prevention.

The limitation is the number of respondents who answered the questionnaire from 180 only, where 120 were collected and processed. Therefore, further study is recommended to maximize the distribution and collection of respondents' answers. The study's implication can be used specifically in Muara Gembong Sub-district, Bekasi Regency, West Java Province, to improve fraud prevention in village fund management. This is necessary to have the participation of all internal parties by paying attention to the internal control system, organizational commitment, leadership style, and HR competencies. The government is a reference for making/publishing employee recruitment selection system policies under the competency level required by the village. These include education standards, graduates of certain fields, and employees highly committed to the organization.
REFERENCES

Ariastini, Ni Kadek Dwi, Gede Adi Yuniarta, dan Putu Sukma Kurniawan. (2017). Pengaruh Kompetensi Sumber Daya Manusia, Sistem Pengendalian Internal Pemerintah, Proactive Fraud Audit, Dan Whistleblowing System Terhadap Pencegahan Fraud Pada Pengelolaan Dana Bos Se-Kabupaten Klungkung. e-Journal S1 Ak Universitas Pendidikan Ganesha, Vol. 8 No. 2.

Atmadja, Anantawikrama Tungga; Saputra, Adi Kurniawan. (2017). Pencegahan Fraud dalam Pengelolaan Keuangan Desa. Jurnal Ilmiah Akuntansi dan Bisnis, [S.l.], v. 12, n. 1, p. 7-16, feb. 2017. ISSN 2303-1018. Available at: <https://ojs.unud.ac.id/index.php/jiab/article/view/24995>. Date accessed: 03 January 2022. doi: https://doi.org/10.24843/JIAB.2017.v12.i01.p02.

Bologna, J., Lindquist, R. J., & Wells, J. T. (1993). The Accountant's Handbook of Fraud and Commercial Crime: Wiley New York, NY.

Gibson, James L., John M. Ivancevich, James H. Donnelly, Jr., and Robert Konopaske. (2012). Organizations: Behavior, Structure, Processes, Fourteenth Edition. New York: McGraw-Hill.

Indriyati, Endah Susetyo. (2017). Pengaruh Gaya Kepemimpinan, Motivasi Dan Disiplin Kerja Terhadap Kinerja Karyawan Dengan Pemahaman Etika Kerja Islami. Upajiwa Dewantara, Vol. 1 No. 2.

Karyono. (2013). Forensic Fraud. Yogyakarta: CV Andi.

Pramudita, Aditya. (2013). Analisis Fraud di Sektor Pemerintahan Kota Salatiga. Accounting Analysis Journal 2.1.

Prasetyo, Antonius Galih dan Abdul Muis. (2015). Village Financial Management After Implementation of Law No. 6/2014: Potential Problems and Solutions. Jurnal Desentralisasi, Vol. 13, No. 1.

Puspitadewi, paramita dan Sony Agus Irwandi, (2012). Hubungan Keadilan Organisasional Dan Kecurangan Pegawai Dengan Moderating Kualitas Pengendalian Internal. The Indonesian accounting review. Vol. 2, no2.

Puspitaningrum, I., & Hartiti, T. (2017). Peningkatan Kualitas Personal dan Profesional Perawat melalui Pengembangan Keprofesian Berkelanjutan (PKB). Deepublish.

Rahmi, B M. (2013). Pengaruh Kepemimpinan Transformasional terhadap Organizational Citizenship Behavior dan Komitmen Organisasional dengan Mediasi Kepuasan Kerja. Jurnal). Denpasar: Program Magister Studi Manajemen Universitas Udayana.

Robbins, Stephen P and Timothy A. Judge (2015). Organizational Behavior. Edisi 16. Pearson. United States America.
Simanjuntak, R. (2008). Kecurangan: Pengertian dan Pencegahan. www.asei.co.id/ internal/ docs/Asei-Kecurangan.doc. Retrieved April 7, 2019.

Sumbayak, Jelfani Saragih. (2017). Pengaruh Keadilan Organisasi, Sistem Pengendalian Intern, Komitmen Organisasi Dan Gaya Kepemimpinan Terhadap Kecurangan (Fraud) (Studi Empiris Pada Kantor Cabang Utama Perusahaan Leasing di Kota Pekanbaru). Vol 4 No 1.

Tarigan, Rahmat Syahputra, Amir Hasan dan Andreas. (2018). Analisis Faktor Faktor Yang Mempengaruhi Tindakan Kecurangan (Studi Empiris Pada Perusahaan Swasta Perkebunan Kelapa Sawit di Riau). *Jurnal Ekonomi*, Volume 26, Nomor 1.

Tunggal, Amin Widjaja. (2014). Internal Audit dan Corporate Governance. Jakarta: Harvarindo

Widiutami, Ni Putu Sri., et al. (2017). Pengaruh Efektivitas Pengendalian Internal, Ketaatan Aturan Akuntansi, dan Komitmen Organisasi Terhadap Kecenderungan Kecurangan (Fraud) Akuntansi (Studi Empiris Pada Lembaga Perkreditan Desa Di Kabupaten Buleleng). *JIMAT* (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha, 7(1). doi: http://dx.doi.org/10.23887/jimat.v7i1.9497

Zainal, Rizki. (2013). Pengaruh Efektivitas Pengendalian Intern, Asimetri Informasi Dan Kesesuaian Kompensasi Terhadap Kecenderungan Kecurangan Akuntansi (Fraud). *Jurnal Akuntansi*.

https://www.antikorupsi.org/id/article/lonjakan-korupsi-di-desa. Accessed on January 2020.