

THE DETERMINANTS OF FRAUD PREVENTION IN GOVERNMENT AGENCIES

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ABSTRACT

The purpose of this study is to examine the influence of the whistleblowing system, internal control, apparatus competence, and auditor ethics on fraud prevention in government agencies. A quantitative method is used in this study as a research approach. Meanwhile, the object of research is the auditor of BPKP (Financial and Development Supervisory Agency) Representative of East Java with the sample in this study totaled 112 internal auditors. This study uses the type of primary data in the form of a questionnaire by Google Forms given to the auditors. The data analysis used PLS-SEM with SmartPLS software version 4 as the analysis tool. The study's results show that the whistle-blowing system and auditor ethics positively and significantly influence fraud prevention in government agencies, while internal control and apparatus competence do not significantly influence fraud prevention in government agencies.

Keywords: whistle-blowing system, internal control, apparatus competence, auditor ethics, fraud prevention

INTRODUCTION

One of the things that is a big problem in the world of accounting is fraud. Both in developed and developing countries, fraud is a major threat to a private or public organization (Majid et al., 2022). Some fraud cases that occur show that in an entity no one is completely safe from the possibility of fraud (Kristuti et al., 2023). Over time, the number of fraud cases revealed continues to increase and involves more perpetrators, and is also more complex.

Association of Certified Fraud Examiners (ACFE) (2019) defines fraud as the misuse of position to gain individual benefit by misusing materials or property of the organization. Meanwhile, (Pratama et al., 2024) say that fraud is an intentional act of fraud to deceive or take advantage unlawfully. Albrecht (in Kuntadi et al., 2022) defines fraud as any way made by someone to harm others by presenting false information. Anyone can be a perpetrator of fraud, they do not look at it in terms of position.

Fraud has become a common phenomenon in Indonesia and is growing rapidly in both sectors, which are in the government sector and the private sector. Fraud is a major global problem and challenge that affects all organizations in the world (Suryandari & Gayatri, 2022). ACFE classifies fraud into three forms, which are misappropriation of assets, financial reporting fraud, and corrupt.

Association of Certified Fraud Examiners Indonesian Chapter (ACFE-IC) release a survey called Indonesia Fraud Survey in 2019 and the result is that corruption is the most common type of fraud that causes the largest losses in Indonesia. Corruption leads to acts of record manipulation,

document removal, and mark-ups that harm the economy and state finances (Anggara & Suprasto, 2020). These corruption cases are an important concern and a major issue because they affect the economy and stability of the country.

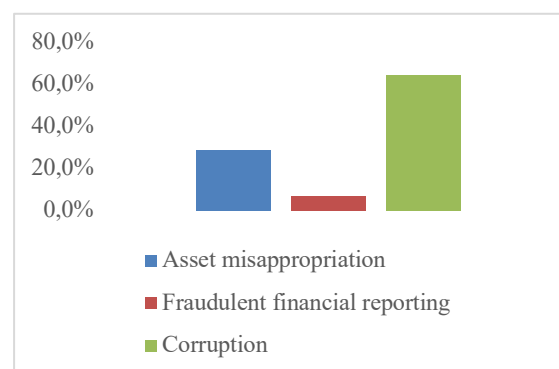


Figure 1. Frequency of Fraud in Indonesia in 2019

Source: ACFE-IC (2019)

From the chart above, it can be seen that corruption is the most frequent fraud in Indonesia with a 64.4% percentage selected from 154 respondents out of 239 total respondents. Next type of fraud is asset misuse with a 28.9% percentage from 69 respondents, while for financial reporting fraud, the percentage is 6.7% with 16 respondents. In addition, based on this data, ACFE-IC also made an estimation of the most costly types of fraud in Indonesia due to the frequency of each type of fraud from Figure 2 above. The result is the most costly type of fraud in Indonesia is corruption, followed by misuse of assets, and finally financial statement fraud.

Issue about Indonesia's corruption has become a major concern in this country due to the increasingly widespread corrupt practices (Ar et al., 2022). All organizations, including government organizations, have their own strategies to prevent the increase in fraud. Various parties must be aware and care about their work environment. This aims to always be aware of and understand indications of fraud (ACFE-IC, 2019). Fraud prevention must be done to prevent greater losses along with a bad reputation for agencies and individuals (Kuswati, 2023). This research includes various studies about the prevention of fraud by researchers. It is expected that this will be useful for government agencies and other business entities to be used as a reference to reduce the level of fraud that still occurs and prevent fraud that has not yet occurred.

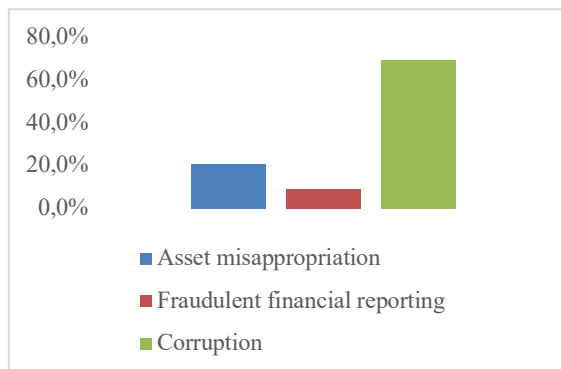


Figure 2. The Most Costly Fraud in Indonesia in 2019

Source: ACFE-IC (2019)

One factor that is considered to have a significant role in the prevention of fraud is the whistle-blowing system. The whistle-blowing system is considered to be highly effective in preventing fraud proven by research by (Kuswati, 2023; Sanjani & Werastuti, 2021; Syahputra & Irawati, 2023) which states that the whistle-blowing system is a highly effective method for preventing fraud in government agencies. However, the research by (Inawati & Sabila, 2021; Maisaroh & Nurhidayati, 2021) explains something different the whistle-blowing system is not influential on fraud prevention.

Another factor that is considered to be an equally important effort to prevent fraud is internal control. A weak internal control in entities can create opportunities for someone to cause fraud, therefore good internal control is needed to prevent fraud. This is confirmed by previous research by (Kusumaningrum & Wulandari, 2023; Ohoiway et al., 2023; Pratama et al., 2024) showing that internal control affects fraud prevention. With strong internal control implementation, the possibility of fraud will be smaller. However, the research's results by (Ar et al., 2022; Kristuti et al., 2023; Kuswati, 2023) show otherwise that internal control

is not influential on fraud prevention. If internal control in government agencies is weak, the possibility of fraud will be great.

The occurrence of accounting fraud in government agencies can also be caused by the competence of the apparatus working in these agencies. The competence possessed by the apparatus in an agency that is under their work at the agency can help prevent the possibility of fraud (Kusumaningrum & Wulandari, 2023). This apparatus competency factor affects fraud prevention as shown in research by (Apriliyani & Kholis, 2023; Elisabeth et al., 2023; Pratama et al., 2024; Raharja & Sulistyowati, 2024). With a good level of capability or competence of the apparatus, it will good level of fraud prevention too. However, research by (Ar et al., 2022; Chairi et al., 2022; Kusumaningrum & Wulandari, 2023) say the opposite that apparatus competence is not influential on fraud prevention. Poor apparatus competence could be the factors that cause fraud (Fikri et al. in Mahdi & Darwis, 2020).

Another fraud prevention effort is the ethics of the auditors. The code of ethics is a standard that must be adhered to. Auditors in carrying out their functions and duties must be guided by the professional ethical standards that apply in the code of ethics to avoid irregularities or conflicts of interest that risk causing fraud (Nurafifah & Pramudyastuti, 2022). As shown in research by (Adiko et al., 2019; Anggrastuti & Mayangsari, 2022) that auditor ethics affect fraud prevention. Similar research results were proven by (Sucilestari et al., 2023) which explains that professional ethics affect fraud prevention.

This study tries to develop previous research by combining several variables, which are the whistle-blowing system, internal control, and apparatus competence because the results shown by previous researchers are inconsistent. Researchers also added the auditor ethics variable in this study because research on this variable on fraud prevention in government agencies has not been widely carried out. Whereas ethics is the most basic thing that auditors must have and also this ethics can play a role in preventing fraud if auditors can apply it optimally, including fraud in government agencies.

Fraud cases are interesting to use as research material because they still occur frequently in Indonesia, especially in cases of corruption. Therefore, it is necessary to conduct thorough research on fraud prevention that occurs in government agencies to lower the number of fraud cases in Indonesia. Referring to the background description and previous research, this study will discuss "The Determinants of Fraud Prevention in Government Agencies".

The GONE Theory

The GONE theory discusses the idea of the causes of fraud. This theory was proposed by Jack Bologna in 1993 in his book and the Guidebook by BPKP (Financial and Development Supervisory Agency) in 2008. The elements contained in the GONE Theory are greeds, opportunities, needs, and exposures (Wijayanti & Hanafi, 2018).

This theory is used in the BPKP book to explain why someone commits corruption. Implications In this study, the GONE Theory can help explain what are the factors that cause fraud. If these factors can be identified correctly, then the fraud prevention measures taken by the agency will be effective and right on target to be applied because of the suitability between the prevention measures and the factors that cause fraud. In other words, if this GONE Theory can be minimized, it will be able to prevent fraud.

Fraud

Fraud is defined as a dishonest act committed by someone to gain profit by manipulating existing data or taking actions that can result in losses to certain parties (Wawo, 2022). The definition of fraud according to Saputra et al. (2020) is an act that is intentionally committed by parties in management to obtain personal and detrimental benefits. Meanwhile, according to ACFE (in Chairi et al., 2022), fraud is an abuse of position for an individual benefit by misusing the resources or assets of an organization.

ACFE classifies fraud into three types, which are asset misappropriation, fraudulent statements, and corruption. Some conditions can encourage fraud which are commonly referred to as fraud triangles according to Arens et al. (2017), which are pressures, opportunities, and rationalization. According to Calsia (2019), fraud and error are two different things, but the difference is very small. The thing that distinguishes between the two is the presence or absence of an element of intent. Thus, fraud is defined as a mistake made intentionally.

Fraud Prevention

Fraud prevention is determined as an approach that aims to minimize incidence of factors that cause fraud, which is reducing job pressure on employees, reducing opportunity for fraud, and reducing rationalizing a reason for fraud (Ohoiway et al., 2023). Preventing fraud is all attempts to prevent potential fraudsters from committing fraud, narrowing their movement scope, and indicating those activities where fraud is likely to occur (Apriliyani & Kholis, 2023). The goals of fraud prevention according to Wulandari & Nuryatno (2018) minimizing fraud causes in all types of organizations, preventing potential fraudsters, creating for fraudsters difficult to move, determining high-risk and weak control activities, and making

prosecutions and sanctions or penalties against fraudsters.

Whistle-blowing System

The definition of a whistle-blowing system according to Widodo & Cahyaningrum (2023) is the disclosure of information caused by unlawful behavior or abuse of responsibility that harms society and can be used as a tool for supervision. According to Sanjani & Werastuti (2021), a whistle-blowing system is a system designed to fulfill the criteria for reported fraud, such as applying 5W + 1H, following up on the whistleblower, protection for the reporter or whistleblower, and punishment or sanctions for the person being reported. Wawo (2022) also explains the whistle-blowing system as the prevention of violations or prevention of illegal acts, immoral acts that can be harmful to the organization where they work, which are perpetrated by employees to the leadership of the organization that can take responsibility for these offenders.

Internal Control

Internal control according to COSO is defined as a process undertaken by the entity's board of directors, management, and other relevant personnel intended to ensure reasonable confidence about the accomplishment of objectives related to operations, reliability of financial reporting, and compliance with applicable regulations and laws. According to IAPI (2011), internal control is defined as a process undertaken by the board of directors, management, and certain other entities to ensure reasonable confidence about the achievement of reliable financial reporting, efficiency and effectiveness of operations, and compliance with applicable laws and regulations. From this understanding, it can be concluded that internal control is a process carried out to ensure security for the elements within an entity or organization.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) released the Internal Control-Integrated Framework (ICIF) Revision in 2013, in the revision five main elements of internal control are interrelated (Pratama et al., 2024), which are control environments, risk assessments, control activities, information and communications, and monitoring. An effective internal control structure needs internal auditors, in government agencies it called the Government Internal Supervisory Apparatus (APIP) (Sari et al., 2020). APIP has a role in internal audit tasks that can detect internal control system (SPI) weaknesses and the existence of non-compliance with laws and regulations and fraud (PER/05/M.PAN/03/2008).

Apparatus Competence

Competence is the capability needed by someone to be able to do their job properly and correctly (Raharja & Sulistyowati, 2024). Raharja and Sulistyowati also explain that a person needs the

competence to do his job properly and correctly, this also applies to government officials, Permendagri RI No108 Year 2017 states that to carry out the duties of the position to be professional, effective, and efficient, competence is needed. State of Financial Examiner Standards by Regulation of the Supreme Audit Agency (BPK) RI No1 Year 2007 concerning all examining organizations are responsible for ensuring that auditors have the knowledge, expertise, and experience to carry out their duties (Sari et al., 2019). Based on this statement, the limited competence of the apparatus can be one of the causes of fraud.

According to Chairi et al. (2022), competence is the integrated knowledge, skillfulness, and ability that an individual, team, or organization requires for its effectiveness. Meanwhile, according to Pratama et al. (2024), competence is defined as a basic character trait that a person has that may indicate a way of being, behaving, thinking, equating to a situation, and being supported in working for an extended period. From this understanding, it can be concluded that competence is the capability of a person or many people in their performance to carry out their daily duties.

Auditor Ethics

Ethics comes from the Greek word 'ethos', meaning customs or usages. Ethics in English, Ethos, means the characteristics or attitudes that exist in individuals, societies, or cultures towards certain activities. In philosophy, ethics refers to the moral values or norms that determine the conduct of human beings in their daily lives. In other words, ethics simply means the habit, lifestyle, or manner of a person in everyday life that is considered good according to the customs that exist in the community (Nurafifah & Pramudyastuti, 2022).

Auditors in carrying out their duties and functions are required to comply with the ethics that apply in an organisation. Ethics can be defined as a set of rules determining behavioral guidelines regarding right, bad, correct, incorrect, and responsibility rights and obligations. Thus, auditor ethics means that auditors have to obey the established code of ethics (Anggrastuti & Mayangsari, 2022). This ethical code is the basic foundation for making professional ethics as an auditor. An ethical code or professional ethical standards is a guide for professional auditors in defending themselves from potential temptation and in dealing with complex decision-making (Adiko et al., 2019). For this reason, a professional auditors are required to know the warning signs of these ethical problems.

RESEARCH METHODS

A quantitative methods were used in this study as a research approach. Meanwhile, the object

of research is the auditor of BPKP (Financial and Development Supervisory Agency) Representative of East Java with the sample in this study totaled 112 internal auditors. The data used in this study are primary data in the format of a questionnaire through Google Forms given to auditors.

In this study, the variables were measured by using a Likert scale of 1-5 with details of 1 for strongly resist, 2 for resist, 3 for neutral, 4 for accept, and 5 for strongly accept. Data analysis in this study used the SEM-PLS method with help of SmartPLS version 4 as an analysis tool. SEM-PLS can be tested by the measurement model (outer model) test, the structural model (inner model) test, and the hypothesis test.

Conceptual Framework

The Influence of the Whistle-blowing System on Fraud Prevention

Disclosing fraud perpetrators by those who are aware of violations can help minimize the number of frauds in an organization, this disclosure is called whistle-blowing and the one who becomes the reporter is called a whistleblower. According to Sanjani & Werastuti (2021), the application of a whistle-blowing system is aimed at clean, professional, and responsible government agencies, so the application of a whistle-blowing system can be used to prevent corruption or other fraud in government agencies.

This is generally agreed by the GONE Theory which explains that fraud can occur due to several things, namely Greed, Opportunity, Need, and Exposure. The whistle-blowing system that exists in government agencies is certainly related to fraud tendencies. In general, the whistle-blowing system is a fraud reporting system that is certainly expected to minimize the possibility of fraud in government agencies, so that the survival of the organization can be maintained properly.

The positive correlation between the whistle-blowing system and the prevent fraud is proven by research conducted by (Kuswati, 2023; Sanjani & Werastuti, 2021; Syahputra & Irawati, 2023) which found that the whistle-blowing system influences on prevention of fraud in government agencies. Thus, the whistle-blowing system needs to be implemented in an agency in terms of fraud prevention because the conclusions of the above studies show that the higher whistle-blowing system in an agency, the better fraud prevention in that agency.

H1: Whistle-blowing system influences fraud prevention in government agencies.

The Influence of Internal Control on Fraud Prevention

Opportunity is one of the reasons why someone can commit fraud. Ineffective internal control in an organization can allow someone to commit fraud which can cause losses to the

organization (Kuntadi et al., 2022). Therefore, an organization must have good and effective internal control to successfully detect and prevent fraud.

This is generally agreed by the GONE Theory which explains that fraud can occur due to several things, namely Greed, Opportunity, Need, and Exposure. In the GONE Theory concept, internal control is associated with one of the factors, namely Opportunity. If in government agencies, there is weak internal control, then someone will be able to easily commit fraud because they see an opportunity or opportunity. Poor internal control will increase a company's opportunity for fraud, while good internal control will reduce the opportunity for fraud.

Research related to internal control to prevent fraud has been proven by (Kuntadi et al., 2022; Pratama et al., 2024; Rahman, 2020) who explains that internal control influences prevent fraud. So, internal control is needed and needs to be implemented properly in government agencies for fraud prevention efforts.

H2: Internal control influences fraud prevention in government agencies.

The Influence of Apparatus Competence on Fraud Prevention

Apparatus competence also deserves to be considered as a factor in the prevention of fraud. Competency is an ability required by someone to be able to do their job properly and correctly (Raharja & Sulistyowati, 2024). When the apparatus is equipped with good competence, fraud that might occur can be prevented. However, if the competence of the apparatus is not good, there will be a high probability of opportunity in committing fraud.

This is generally agreed by the GONE Theory which explains that fraud can occur due to several things, namely Greed, Opportunity, Need, and Exposure. A competent apparatus will have the ability to see right or wrong actions or that lead to fraud (Chairi et al., 2022). The best work systems and procedures will not run well if the individuals who run them do not have competence. The competence of the apparatus holds a very important influence in fraud, good competency of the apparatus, the better the fraud prevention will be.

Research that has been related to the apparatus competency on fraud prevention is research conducted by (Apriliyani & Kholis, 2023; Elisabeth et al., 2023; Pratama et al., 2024) which has resulted in apparatus competence influencing on prevent fraud. So, the competence of the apparatus in government agencies is very necessary and needs to be improved to prevent fraud.

H3: Apparatus competence influences fraud prevention in government agencies.

The Influence of Auditor Ethics on Fraud Prevention

There are still many fraud cases that occur, especially in government agencies. The number of fraud cases is due to the opportunity and the demand to meet many needs. This is generally agreed by the GONE Theory which explains that fraud can occur due to several things, namely Greed, Opportunity, Need, and Exposure.

Another effort that can be made to prevent fraud is auditor ethics. A professional auditor must pay attention to ethical standards because these ethical standards are contained in a code of ethics which is a guideline for dealing with possible conflicts of interest and irregularities or fraud (Adiko et al., 2019). The better the auditor's ethics so the preventing fraud in an organization could be. Therefore, auditor ethics are needed to prevent fraud.

Previous research related to auditor ethics on fraud prevention is researches by (Adiko et al., 2019; Anggrastuti & Mayangsari, 2022) where the study has the result that auditor ethics influences fraud prevention. Through these results, it is proved a unidirectional correlation between auditor ethics and the prevention of fraud. Therefore, the ethics possessed by auditors are needed.

H4: Auditor ethics influences fraud prevention in government agencies.

RESULTS AND DISCUSSIONS

Results

Description of Research Respondents

This research was conducted through spreading questionnaires to employees of the BPKP Representative of East Java Province who have positions as functional auditors. The questionnaire was distributed on 3 May 2024 - 27 May 2024 in the format of a Google Form by the specified sample size, 121 auditors were obtained and qualified as respondents. Based on the questionnaires distributed by researchers in this study, data were obtained that revealed the identity of respondents including gender, position, and length of work as Table 1:

Table 1. Respondent Description According to Gender

Gender	Amount	Percentage
Male	55	49%
Female	57	51%
Total	112	100%

Source: Processed Data

Table 2. Respondent Description According to Length of Work

Length of Work (years)	Amount	Percentage
3 – 6	4	4%
7 – 10	26	23%
> 10	82	73%
Total	112	100%

Source: Processed Data

From Table 1 above, the number of auditors selected as respondents in this study were 112 respondents, 55 male respondents with 49%

percentage and 57 female respondents with 51% percentage. While in Table 2, it explains that the auditors who were selected as respondents in this study were 112 respondents with description as many as four respondents were auditors who had worked for 3 – 6 years with a percentage of 4%, 26 respondents were auditors who had worked for 7 – 10 years with a percentage of 23%, and 82 respondents were auditors who had worked for > 10 years.

Measurement Model Test

Validity Test

An indicator is valid when the convergent validity has a loading factor value > 0,7. Convergent validity also can be called valid when all variables have an AVE value > 0,5, SmartPLS output for convergent validity provides results as in Table 3.

Table 3 below shows several indicators with loading factor values that still do not meet the requirements > 0,7 which is indicated by the INV statement. Some indicators that have not met these requirements must be removed from the model and tested again so that the indicator can be declared valid. The backtest result is shown in Table 4.

Table 3. Values of Loading Factor (Phase 1)

Variable	Indicator	Loading Factor	Statement
Whistle-blowing System (X1)	WS-1	0,647	INV
	WS-2	0,425	INV
	WS-3	0,759	VLD
	WS-4	0,799	VLD
	WS-5	0,815	VLD
	WS-6	0,787	VLD
	WS-7	0,767	VLD
	WS-8	0,801	VLD
Internal Control (X2)	IC-1	0,519	INV
	IC-2	0,614	INV
	IC-3	0,677	INV
	IC-4	0,759	VLD
	IC-5	0,701	VLD
	IC-6	0,703	VLD
	IC-7	0,755	VLD
	IC-8	0,625	INV
	IC-9	0,602	INV
	IC-10	0,776	VLD
	IC-11	0,816	VLD
	IC-12	0,412	INV
Apparatus Competence (X3)	AC-1	0,632	INV
	AC-2	0,765	VLD
	AC-3	0,812	VLD
	AC-4	0,774	VLD
	AC-5	0,742	VLD
	AC-6	0,648	INV
	AC-7	0,739	VLD
	AC-8	0,625	INV
	AC-9	0,766	VLD
	AC-10	0,828	VLD

Auditor Ethics (X4)	AE-1	0,729	VLD
	AE-2	0,736	VLD
	AE-3	0,658	INV
	AE-4	0,721	VLD
	AE-5	0,724	VLD
	AE-6	0,725	VLD
	AE-7	0,681	INV
	AE-8	0,718	VLD
Fraud Prevention (Y)	FP-1	0,661	INV
	FP-2	0,455	INV
	FP-3	0,726	VLD
	FP-4	0,798	VLD
	FP-5	0,749	VLD
	FP-6	0,746	VLD
	FP-7	0,730	VLD
	FP-8	0,771	VLD
	FP-9	0,620	INV
	FP-10	0,717	VLD
	FP-11	0,744	VLD

Source: Processed Data

Table 4. Values of Loading Factor (Phase 2)

Variable	Indicator	Loading Factor	Statement
Whistle-blowing System (X1)	WS-3	0,742	VLD
	WS-4	0,794	VLD
	WS-5	0,815	VLD
	WS-6	0,802	VLD
	WS-7	0,829	VLD
	WS-8	0,849	VLD
	IC-4	0,796	VLD
	IC-5	0,774	VLD
Internal Control (X2)	IC-6	0,781	VLD
	IC-7	0,827	VLD
	IC-10	0,818	VLD
	IC-11	0,873	VLD
	AC-2	0,783	VLD
Apparatus Competence (X3)	AC-3	0,841	VLD
	AC-4	0,819	VLD
	AC-5	0,750	VLD
	AC-7	0,683	INV
	AC-9	0,732	VLD
	AC-10	0,823	VLD
	AE-1	0,779	VLD
	AE-2	0,748	VLD
Auditor Ethics (X4)	AE-4	0,744	VLD
	AE-5	0,755	VLD
	AE-6	0,636	INV
	AE-8	0,732	VLD
Fraud Prevention (Y)	FP-3	0,743	VLD
	FP-4	0,803	VLD
	FP-5	0,776	VLD
	FP-6	0,790	VLD
	FP-7	0,794	VLD
	FP-8	0,815	VLD
	FP-10	0,690	INV

	FP-11	0,738	VLD
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Source: Processed Data

The backtest results in Table 4 show that there are still several indicators with loading factor values that still do not meet the requirements $> 0,7$ which is indicated by the INV statement. Some indicators that have not met these requirements must be removed from the model and tested again so that the indicator can be declared valid. The backtest result is shown in Table 5 below.

Table 5. Values of Loading Factor (Phase 3), Cross Loading, and AVE

Indicator	Loading Factor	Cross Loading					AVE	
		X1	X2	X3	X4	Y		
WS-3	0,738	0,738	0,549	0,527	0,216	0,390	0,649	
WS-4	0,793	0,793	0,561	0,466	0,120	0,479		
WS-5	0,815	0,815	0,496	0,447	0,143	0,433		
WS-6	0,800	0,800	0,373	0,416	0,060	0,399		
WS-7	0,832	0,832	0,389	0,317	0,058	0,483		
WS-8	0,851	0,851	0,464	0,327	-0,026	0,532		
IC-4	0,795	0,577	0,795	0,531	0,251	0,453		0,659
IC-5	0,775	0,293	0,775	0,390	0,265	0,315		
IC-6	0,781	0,390	0,781	0,545	0,323	0,298		
IC-7	0,825	0,508	0,825	0,473	0,110	0,296		
IC-10	0,818	0,457	0,818	0,531	0,213	0,289	0,628	
IC-11	0,875	0,553	0,875	0,515	0,210	0,403		
AC-2	0,773	0,451	0,513	0,773	0,176	0,276		
AC-3	0,840	0,451	0,435	0,840	0,196	0,274		
AC-4	0,833	0,466	0,507	0,833	0,064	0,287	0,569	
AC-5	0,762	0,247	0,413	0,762	0,080	0,272		
AC-9	0,722	0,362	0,477	0,722	0,290	0,155		
AC-10	0,819	0,433	0,597	0,819	0,268	0,255		
AE-1	0,785	0,109	0,289	0,253	0,785	0,309	0,624	
AE-2	0,714	0,066	0,146	0,201	0,714	0,172		
AE-4	0,778	0,074	0,182	0,051	0,778	0,156		
AE-5	0,789	0,111	0,236	0,076	0,789	0,202		
AE-8	0,701	-0,002	0,115	0,149	0,701	0,099	0,624	
FP-3	0,749	0,386	0,345	0,334	0,322	0,749		
FP-4	0,797	0,495	0,492	0,289	0,251	0,797		
FP-5	0,807	0,445	0,379	0,309	0,257	0,807		
FP-6	0,805	0,384	0,207	0,211	0,160	0,805	0,624	
FP-7	0,809	0,504	0,275	0,164	0,179	0,809		
FP-8	0,835	0,525	0,308	0,195	0,087	0,835		
FP-11	0,738	0,362	0,358	0,312	0,292	0,722		

Source: Processed Data

Table 5 of the backtest result above shows that the cross-loading value on the correlation of each indicator with its variable is significantly higher than the indicator of the other variables. Based on the cross-loading result that has been measured, the discriminant validity is valid because the research instruments or indicators used in this study are good.

The discriminant validity also can be proven by the root value of the Average Variance Extracted (AVE). The value of AVE can be said to be met if it has a value $> 0,5$. Table 5 above shows the value of AVE has met the criteria, which is $> 0,5$ so that the discriminant validity test is valid and can be continued to the next test.

Reliability Test

Measurement using the reliability test can be conducted in two ways, namely with Cronbach's Alpha (α) and Composite Reliability. A variable with Cronbach's α and composite reliability value $> 0,7$ can be declared reliably.

Table 6 below shows the Cronbach's α value has met the test criteria, which is $> 0,7$. This proves that the questionnaire is considered sufficiently reliable or reliable because it is consistent or stable. This is reinforced by the composite reliability value $> 0,7$.

Table 6. Value Result of Reliability Test

	Cronbach's α	Composite Reliability	
		(rho_a)	(rho_c)
X1	0,892	0,899	0,917
X2	0,897	0,914	0,921
X3	0,882	0,891	0,910
X4	0,823	0,881	0,868
Y	0,899	0,903	0,921

Source: Processed Data

Structural Model Test

Coefficient of Determinant

Testing the structural model begins with examining the coefficient of determination or R-square or R2 on each dependent variable. For the latent variables endogenous to the structural model, a 0,25 R2 value indicates a "weak" model, a 0,50 R2 value indicates a "moderate" model and a 0,75 R2 value indicates a "strong" model.

Table 7 shows a result of testing the structural model and it has an R2 value of 0,375 which is a "weak" model. This shows that the variable whistleblowing system, internal control, apparatus competence, and auditor ethics on the prevention of fraud is 37,5%, and the 62,5% is explained on other variables not entered in the study.

Predictive Relevance

Testing the next structural model is to quantify whether or not the model is predicted through predictive relevance or Q-square or Q2. The model has predictive relevance if the Q2 value is > 0 , otherwise, the model has no predictive relevance if the Q2 value is ≤ 0 .

Based on Table 7, the model can be said to have predictive relevance and is suitable because the Q2 value is $0,297 > 0$.

Table 7. Value Result of Structural Model Test

	R ²	Q ²
Fraud Prevention (Y)	0,375	0,297

Source: Processed Data

Hypothesis Test

This study's hypothesis testing was conducted using the bootstrapping method. Testing the hypothesis is performed by considering the probability value of the P-value and T-statistic with an α 5% is $< 0,05$. The boundary for acceptance and rejection of a hypothesis is when the T-statistic $>$

1,97. SmartPLS output for P-value and T-statistic is as follows table:

	Origin sample	Sample mean	Standard deviation	T statistic	P value
X1 → Y	0,499	0,497	0,108	4,610	0,000
X2 → Y	0,108	0,105	0,100	1,087	0,277
X3 → Y	-0,035	-0,018	0,112	0,311	0,756
X4 → Y	0,201	0,215	0,085	2,379	0,017

Source: Processed Data

From the above table, it can be seen that the requirement for an accepted hypothesis is when the P-value $< 0,05$. From these requirements, two of the four hypotheses can be accepted. Based on this, the following conclusions can be drawn:

H1: The Influence of Whistle-blowing System (X1) on Fraud Prevention (Y)

From Table 8, an interpretation can be made that the relationship between the whistle-blowing system (X1) and fraud prevention (Y) results in a significance value of P-value is $0,000 < 0,05$ and a value of T-statistic is $4,610 > 1,97$. So, a conclusion can be drawn that the whistle-blowing system is influential on fraud prevention. Thus, H1 can be accepted.

H2: The Influence of Internal Control (X2) on Fraud Prevention (Y)

From Table 8, an interpretation can be made that the relationship between internal control (X2) on fraud prevention (Y) results in a significance value of P-value is $0,277 > 0,05$ and a value of T-statistic is $1,087 < 1,97$. So, a conclusion can be drawn that internal is not influential on fraud prevention. Thus, H2 is rejected.

H3: The Influence of Apparatus Competence (X3) on Fraud Prevention (Y)

From Table 8, an interpretation can be made that the relationship between apparatus competence (X3) on fraud prevention (Y) results in a significance value of P-value is $0,756 > 0,05$ and a value of T-statistic is $0,311 < 1,97$. So, a conclusion can be drawn that apparatus competence is not influential in prevent fraud. Thus, H3 is rejected.

H4: The Influence of Auditor Ethics (X4) on Fraud Prevention (Y)

From Table 8, an interpretation can be made that the relationship between auditor ethics (X4) on fraud prevention (Y) produces a significance value of P-value is $0,000 < 0,05$ and a value of T-statistic is $2,379 > 1,97$. So, a conclusion can be drawn that auditor ethics is influential on fraud prevention. Thus, H4 can be accepted.

The hypothesis testing results that have been tested are summarised in the table below:

Table 9. Conclusion of Hypothesis Analysis Results

Hypothesis	Influence	Result
H1	Whistle-blowing System (X1) on Fraud Prevention (Y)	ACCEPTED
H2	Internal Control (X2) on Fraud Prevention (Y)	REJECTED
H3	Apparatus Competence (X3) on Fraud Prevention (Y)	REJECTED
H4	Auditor Ethics (X4) on Fraud Prevention (Y)	ACCEPTED

Source: Processed Data

Discussions

The Influence of Whistle-blowing System on Fraud Prevention

According to the test that was previously done, the conclusion can be drawn that the whistle-blowing system positively and significantly influences fraud prevention. The stronger whistle-blowing system in government agencies, the better to prevent fraud by these government agencies.

This test result is supported by previous research by (Kuswati, 2023; Sanjani & Werastuti, 2021; Syahputra & Irawati, 2023) who said that the whistle-blowing system affected prevents fraud, and this result also consists to the theory used as the basis for this research, namely the GONE Theory which explains the idea of the causes of fraud where the whistle-blowing system is definitely related to the tendency to fraud. Overall, the whistle-blowing system is considered to be a fraud reporting system which is certainly an option that is expected to minimize the possibility of fraud in government agencies, so that organizational sustainability can be maintained properly.

The Influence of Internal Control on Fraud Prevention

According to the test that was previously done, the conclusion can be drawn that internal control does not affect fraud prevention. Kuswati (2023) in their study said that strict internal control in government agencies has a tendency to have complexity of operations that can pressure employees. As a result, the preventive work becomes less effective and employee performance decreases because they are under pressure, so they do not act according to company standards and do not help in fraud prevention (Kuswati, 2023).

This test result do not support previous research by (Kusumaningrum & Wulandari, 2023; Ohoiway et al., 2023; Pratama et al., 2024) who says internal control affects fraud prevention. Meanwhile, research by (Ar et al., 2022; Kristuti et al., 2023; Kuswati, 2023) are in line with this study's result that internal control has no effect prevents fraud. The prevention of fraud is influenced by the existence the opportunity for fraud or not. This result also consists to the theory used as the basis for this

research, namely the GONE Theory which explains the idea of the causes of fraud. Besides, one of the opportunities to make mistakes in internal control is in government agencies. It means that as well as the internal control in government agencies, if the individuals in it abuse their authority, fraud will occur. To conclude, internal control in the institution does not affect prevent fraud.

The Influence of Apparatus Competence on Fraud Prevention

According to the test that was previously done, the conclusion can be drawn that apparatus competence do not affect prevent fraud. According to previous research by (Chairi et al., 2022) who said the competence possessed by government officials does not necessarily guarantee the prevention of fraud. The competence of the apparatus cannot be ascertained whether it will be used properly or not.

This test result do not support previous research by (Apriliyani & Kholis, 2023; Elisabeth et al., 2023; Pratama et al., 2024; Raharja & Sulistyowati, 2024) who says apparatus competence has an effect on preventing fraud. Meanwhile, previous research by (Ar et al., 2022; Chairi et al., 2022; Kusumaningrum & Wulandari, 2023) which supports this study's results which apparatus competence has no effect on fraud prevention. Whether the apparatus has high or low competence is not necessarily a factor contributing to preventing fraud in government agencies. Widyatama (in Mahdi & Darwis, 2020) also revealed that apparatus competence is a personal aspect that allows an apparatus to achieve good or bad performance. This result also consists to the theory used as the basis for this research, namely the GONE Theory which explains the idea of the causes of fraud, namely greed in individual apparatus which can be an opportunity for fraud.

The Influence of Auditor Ethics on Fraud Prevention

Referring to the test that was previously done, the conclusion can be drawn that auditor ethics positively and significantly influences fraud prevention. Thus a significant influence can be concluded between auditor ethics on fraud prevention, that is, a good auditor ethics will lead to a greater number of fraud prevention in government agencies. A professional auditor must pay attention to ethical standards because these ethical standards are contained in a code of ethics which is a guideline for dealing with possible conflicts of interest and irregularities or fraud (Adiko et al., 2019).

This test result is supported by previous research by (Adiko et al., 2019; Anggrastuti & Mayangsari, 2022) who say an auditor ethics affect fraud prevention. An auditor must be able to obey and follow ethical rules because it used to be a standard for prevent fraud. This result also consists to the theory used as the basis for this research,

namely the GONE Theory which explains the idea of the causes of fraud. Agencies also need to make efforts to prevent all possible forms of fraud by minimizing the opportunity to commit fraud. By correctly identifying the factors that cause fraud, the fraud prevention steps taken will be more effective and government agencies will be able to minimize the opportunity for fraud.

CONCLUSION AND SUGGESTION

This study examines the influence of the whistleblowing system, internal control, apparatus competence, and auditor ethics on preventing fraud in government agencies. Referring to the analysis and discussion of the study as explained previously, the following conclusions can be drawn from this study:

1. That whistleblowing system contributes to fraud prevention in government agencies.
2. That internal control has no contribution to fraud prevention in government agencies.
3. That apparatus competence has no contribution to fraud prevention in government agencies.
4. That auditor ethics contributes to fraud prevention in government agencies.

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