



## Fraud Prevention of Village Fund Management

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### ABSTRACT

Fraud Prevention refers to any effort or action done to reduce opportunities for fraud, as well as to prevent and evaluate any conduct that poses a risk of fraud. The goal of this research is to see how village officials' competency, internal control systems, individual morality, and whistleblowing affect fraud prevention in village fund administration. This study focused on the village government in Menganti sub-district, Gresik regency, Surabaya, which received village funding. The village chief, secretary, and treasurer were the participants in this study. 66 respondents are selected for the sample using the saturation sampling technique. Spreading questionnaire was used to collect data, and the model used was SEM-PLS (Partial Least Square) using WarpPLS. The results of the study on village officials' competence, morality, and whistleblowing have an impact on fraud prevention, while the internal control system has no impact.

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### INTRODUCTION

In terms of development, the village is the closest form of government to the community. The village program directly contributes to the community's economic growth. The State Budget allocated the funding for the implementation of Law No. 6 of 2014 addressing villages as part of the central government's commitment to define the function and authority of villages and strengthen the status of villages and their communities (APBN). As part of the Indonesian government's development, village funding strives to support communities, alleviate poverty, advance rural economies, combat development inequality, and empower rural communities.

Village finances, village fund allocations (ADD), tax and obligation revenue sharing funds, state/district/city financial support, and increased original village income are all sources of funding. In 2015, Rp 20.67 trillion was given to villages, followed by Rp 46.98 trillion in 2016, Rp 60 trillion in 2017 and 2018, and Rp 70 trillion in 2019. (Kompas.com, 2019). According to Detik Finance (2020), the government will allocate IDR 72 trillion in 2020. The priority of using village funds in 2021 is determined by referring to two considerations, namely reducing the social and economic impacts of the community and obstructing village development due to the Corona Virus Disease 2019 (COVID-19) pandemic, it is necessary to adapt to new habits in villages and face threats that endanger the country's economic system and/or financial system stability, and it is necessary to implement state



financial policies. (<http://sarimekar-buleleng.desa.id/index.php/first/artikel/66-PRIORITAS-PENGGUNAAN-DANA-DESA-TAHUN-2021>)

The amount of funding obtained by the village raises concerns about just how good governance would be implemented to ensure that the monies managed do not cause problems in the future. Inadequate financial management ability and budgets of village managers might cause problems. The annual growth in the amount of village budget offers a considerable danger of fraud by village fund managers to village fund management. Fraud is an illegal conduct that tries to make money by getting money or property that can be used by someone to hurt others or certain parties. Aini et al., (2017) in Laksmi and Sujana (2019). Misappropriation of village funds should be monitored and analyzed, and preventive measures must be taken to reduce misappropriation. Fraud prevention is an effort or action to minimise the chances of fraud, as well as to prevent and assess fraud-related.

To prevent mismanagement of funds, village financial management must be conducted in a transparent, accountable, participatory, and orderly manner. The necessity for effective and orderly planning, management and management systems, the capacity of the village apparatus both technical abilities, and the ability to master village finance management are all things that must be done. Planning, budgeting, implementation, and accountability are the stages of village financial management, all of which require high-quality human resource capabilities. In the preparation of financial statements and the application of accountability, qualified personnel's competency is anticipated to prevent misstatements. This is in conformity with the results of (Fikri, Inapty, and Martiningsih 2015), who showed that a lack of understanding of bookkeeping equipment literacy might lead to inept financial management and the potential of fraud.

Consequently, fraud is compounded by flaws in the internal control system and a lack of financial control. Existing issues include the usage and treatment of residual funds, facilitator recruitment systems, and village fund accountability and financial reporting. The Corruption Eradication Commission (KPK) has found a number of issues with village fund management, including a lack of laws and overlap between the Ministry of Development and Home Affairs. Furthermore, the village budget distribution formula in Presidential Regulation Number 22 of 2015 is not transparent, according to a study conducted by the Corruption Eradication Commission (KPK) last year. In terms of governance, village officials have really no standardization when it comes to developing the village's revenue and expenditure budget. Accountability reports are vulnerable to forgery. Suspicion of a crime syndicate game project and villagers who invaded the village. As a conclusion, it is reasonable to conclude that the risk of fraud in the handling of village funds is extremely high. As a consequence, we must promote financial transparency and responsibility among village leaders.

Morality, or the good and bad attitudes and behaviors of village leaders, is also critical in preventing fraud. A person with a high moral level will be capable of preventing fraud because he will be able to follow based on basic ethical principles, but someone with a low moral level will make decisions based about what he wants and will not follow the rules and obligations that should be followed. Financial management will be improved by tools with a positive attitude, and vice versa.

One of the properties that village officials have is *Whistleblowing*. A *whistleblower* will report fraud or violations committed by internal parties of the organization. This *whistleblowing* system can be used as an *early warning system* for fraud. If fraud is detected early on, the act of cheating is getting smaller to do. *Fraud* is a deviant act and unlawful act carried out by individuals deliberately to make a profit by obtaining money, assets and so on, so that it can harm other people or parties. Cheating arises because of opportunities at work that give rise to desire by taking advantage of existing opportunities. *Fraud* is an act that is contrary to the truth, therefore *fraud* must be prevented as early

as possible so that no party is harmed. From the background above, this research study is to find out several factors that can prevent fraud in village fund management. These factors are the competence of the village apparatus, the internal control system, individual morality and whistleblowing.

Several studies on fraud prevention and potential fraud in management the allocation of village funds shows that there are still few who carry out research in this context, according to (Rahimah, Murni, and Lysandra 2018) the main parts that must be considered for fraud prevention are the internal control system, and individual morality. The results of this study are in line with the research of (Yusuf et al. 2021) which states that the internal control system and morality affect fraud prevention. The purpose of this study is to determine the influence of the competence of village officials, internal control systems, individual morality and whistleblowing on preventing fraud in village fund management. The expected benefit is to provide input to parties who make regulations in making decisions related to reporting and accountability for the use of funds received by the village.

## LITERATURE REVIEW

### **Fraud**

*Fraud* is a deviation or unlawful act (*Illegal Acts*) that is carried out intentionally for certain purposes such as deceiving or providing misleads for personal or group gains in an unfair manner either directly or indirectly harming other parties. According to Tuanakotta, 2010 in Atmadja & Saputra (2017) mentioned that in the Criminal Code (KUHP) article 362 defines *fraud* as whoever takes something, which is wholly or partly belongs to another person, with the intention of possessing unlawfully. *The Association of Certified Fraud Examiners*, (2012) defines *fraud* as an act intentionally committed by one or more people to use the resources of an organization unreasonably and misrepresent facts (hiding facts) for personal gain.

*Fraud* is translated as deviation, as well as *error* and *irregularities* are translated as errors and irregularities respectively (Dewi & Apandi, 2012). Cheating is one of the intentional acts to produce material misstatements in the financial statements. The difference between deviation and fallacy lies in the underlying action, whether it is a deliberate act or not. If done deliberately, it is said to be *fraud*. ACFE's (*Association of Certified Fraud Examiners*) defines *fraud* as the act of taking advantage intentionally by abusing a job/position or stealing *assets/resources* in an organization (Harahap, Habra, and Yulandari 2021). How to deal with *fraud* in two ways, namely preventing and detecting, even *fraud* that is revealed is a small part of all *fraud* that actually occurs (Tuanakotta, 2012). *Fraud* refers to the misrepresentation of material facts made by one party to the other party with the aim of lying and influencing the other party to rely on that fact, facts that would be detrimental to it and under applicable law. There are five conditions for *fraudulent acts*, namely 1) there must be a false or undisclosed report; 2) a fact of a material nature, a fact must be a substantial factor that drives a person to act; 3) there must be a purpose for deception or knowledge that the report is false; 4) justifiable dependence, incorrect presentation must be a substantial factor causing the other party to lose money because of its dependence; 5) Unjust acts or losses. The behavior of lies will cause injustice or harm to victims of *fraud* ((Mufidah and Masnun 2021)). The main object in *forensic* accounting that is fought is *fraud*. Cheating is a general sense that includes a variety of ways that human ingenuity can use, which are used by a person to benefit from others through unrighteous deeds. Cheating is a deliberate fraud, generally in the form of lies, plagiarism and theft. Fraud is committed to obtain profits in the form of money and wealth, or to avoid payment or loss of services, or to avoid taxes and secure personal or business interests. Corruption is a form of *fraud* and is not a culture but rather a reflection of the economic and institutional system that increases the benefits or benefits of corruption (Tuanakotta, 2012)

### **Competence of Village Apparatus**

Competence can be seen from the basic characteristics of a person that shows a way of thinking, behaving and acting and drawing conclusions that can be carried out and maintained by a person in a



certain period of time (Masruhin, A., & Kaukab, M. E., 2019). A person's competence is shown in work every day, not personality traits or basic skills that exist outside the workplace or inside the workplace. Competence is the ability to carry out or perform a job or task based on skills and knowledge and supported by work attitudes required by the job (Saputri and Muhsin 2018). Competence describes the characteristics of knowledge, skills, behaviors, and experiences to perform a certain job or role effectively (Eldayanti, Indraswarawati, and Yunianingsih 2020).

The competence of village apparatus can be defined as the ability of people, institutions, and communities to succeed, identify and achieve goals and change as needed for sustainability, development, and progress (Mouallem & Analoui, 2014). The ability of village officials is a determining factor in the success of completing the tasks and obligations assigned. The competence of village officials includes the acquisition of knowledge, skills and insights gained through education, training, learning and experience. The skills that village officials must possess are: 1) basic skills that village officials must have, 2) management skills include human resources, including management, public service management, asset management, and financial management, 3) technical skills including preparation for village management, development planning, budgeting, village regulations and preparation of public services (Astini 2021). The Ministry of State Apparatus Empowerment and Bureaucratic Reform (2017) includes education, functional technical training, and technical competence as measured by the level and expertise of technical work experience. Leadership skills are measured in terms of education level, structural or management training, and leadership experience. Management functions include human resource management, public service management, asset management, and financial management. Technical skills, on the other hand, include preparation of village administration, preparation of development planning, preparation of budgets, village regulations, and preparation of public services (Astini 2021).

The role of HR in a company or organization has the same important meaning as the work itself, so that the interaction between the organization and HR is the focus of attention of the leadership. Seeing the importance of developing HR capabilities or competencies in the organization, it is necessary to have programs developed by the organization itself in improving HR competencies. Competence in this case is as an underlying characteristic of a person and relates to the effectiveness of the individual's performance in his work (Yusuf et al. 2021). Determining the required competency threshold will certainly be used as the basis for the selection process, succession, planning, performance evaluation, and hr development. The five characteristics of competence are (Kristini, Luhsasi, and Ismanto 2021) 1. *Motives*, is something where a person consistently thinks so that he performs actions. ; 2. *Traits*, are dispositions that make people to behave or how a person responds to something in a certain way, for example self-confidence, self-control or endurance (*hardiness*) ; 3. *Self Concept*, is the attitude and values that a person has. Attitudes and values are measured through tests to respondents to know how the *value* that a person has, and what is interesting to someone doing something ; 4. *Knowledge*, is the information that a person has for a certain field. Knowledge (*knowledge*) is a complex competence; 5. *Skills*, is the ability to carry out a certain task both physically and mentally.

### Internal Control System

According to (Mufidah and Masnun 2021), agency theory explains that to reduce *information asymmetry*, internal improvements are needed for the performance of an organization. Reduced *information asymmetry* can minimize *fraud* in the organization. Internal control is the first step to prevent *fraud*. Internal control is a process that is carried out periodically by all members of the organization aimed at ensuring that the organization has achieved its goals. Internal control is carried out in order to achieve the reliability of financial statements, achieve effectiveness and efficiency of operations and ensure that the organization has complied with applicable laws and regulations.

Internal control in the government sector is known as SPIP or the Government Internal Control System. SPIP aims to assure that the government has succeeded in achieving the objectives of its implementation effectively and efficiently, to assure that state assets are safe, to assure that the government has complied with laws and regulations, to ensure that the reliability of financial reporting can be trusted.

SPIP is governed by government rules, namely Law No. 60 of 2008, and consists of five components:

1. Maintain a stable environment

Creating a conducive and positive environment in any business, including government organizations, has become a requirement. A leader in a government agency is responsible for the organization's success, therefore he or she should strive to achieve the goal and vision of the organization. Creating a suitable and positive work environment is one method to help it succeed. Risk assessment is the process of identifying and analyzing risks, and the person responsible for it is the head of government agencies.

2. Oversight Activities

It can be done in control activities by providing the most advanced human resource guidance, controlling the administration of an information system, and conducting frequent performance reviews that have been completed for a period of time.

3. Communication and Information

Effective information and communication are required. Agencies must correctly create and use communication media, as well as maintain up-to-date information systems

4. Monitoring of Activities

Conducting independent evaluations, conducting regular monitoring, and following up on the outcomes of the audits carried out are all examples of monitoring operations.

### **Morality**

Moral sensitivity relates to an individual's mental and emotional attitude as a member of a social group when fulfilling tasks and being loyal to the group (Falah, 2006). Moral sensitivity is the ability to recognize how one's actions influence others. Moral sensitivity entails being conscious of one's actions and how they influence others. Imaginative scenarios, awareness of diverse causal links, empathy, and the ability to play a part are all examples of moral sensitivity (Rahimah, Murni, and Lysandra 2018). Moral Sensitivity, Moral Judgment, Moral Motivation, and Moral Character are four basic psychological processes that help people behave morally. As according Kohlberg's theory of cognitive moral growth (Rakhmawati, Raden Sapto Hendri, and Nungki Kartikasari 2021) , moral/reasoning considerations can be analyzed using three level frameworks: pre-conventional level, conventional level, and post-conventional level.

### **Whistleblowing**

According to Ajzen (1991), three factors influence a person's intention to behave: 1) attitude towards behavior (attitude towards behavior) formed from behavioral belief, that is, a person's belief that certain behaviors will produce certain consequences; 2) attitude towards behavior (attitude towards behavior) formed from behavioral belief, that is, a person's belief that certain behaviors will produce certain consequences; and 3) attitude towards behavior (attitude towards behavior) formed from behavioral belief, that is, a person's belief that certain behaviors 2) social variables known as subjective norms (subjective form), which are social forces that come from the environment and influence an individual's decision to perform or not perform a behavior; and 3) perceived behavior control. Individuals should consider not only the consequences and societal pressures of their actions, but also the things that should be managed.

Prosocial organizational behavior is a behavior or action is taken by members of an organization with goal of increasing the individual's, group's, or organization's welfare (Brief & Motowidlo, 1986). One of the theories that support whistleblowing is prosocial behavior. Whistleblowing is one of the thirteen forms of prosocial behavior, according to Brief & Motowidlo (1986). When a member of the organization objects to the existence of directives, procedures, or policies that he appears to believe



are unethical, illegal, or detrimental to the organization's long-term goals, but is unable to immediately show them and change them, he may be able to engage in whistleblowing and report them to the authorities. This is consistent with the misalignment of violating behavior with the law.

According to (Daurrohmah, Urumsah, and Nustini 2021), the description of a whistleblower is : activity (Near and Miceli, 1985). "The purpose to conduct an action reflects the inclination of the person who committed the act and receives information from the act," according to the statement. The following statement items are used to develop and measure this variable (Widyawati, Sujana, and Yuniarta 2019) : 1. I will make each case of abuse public. 2. If there is a case of corruption, I will inform you. 3. I will report any cases of fraud.

## METHOD

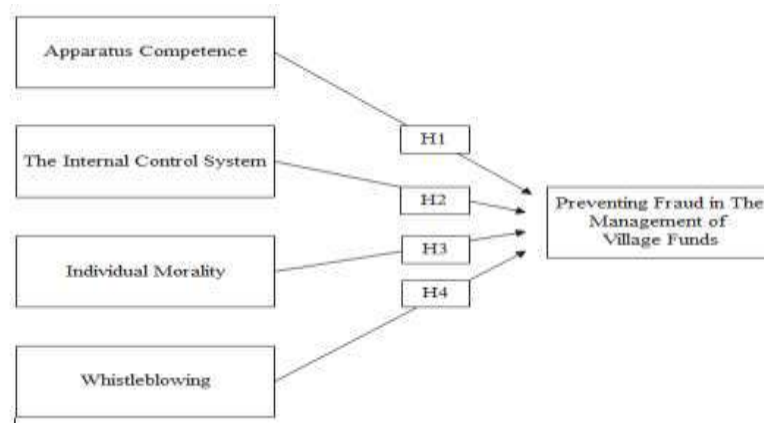
The authors of this study employed primary data in the research. The information was gathered through questionnaires distributed to those who had accepted to participate in the study. The study's population is a village apparatus in Menganti sub-district that is responsible for the management of village funds. Village heads, secretaries, and treasurers from 22 villages in Menganti sub-district participated in the study. There are 66 persons in total. Saturation sampling, which involves all members of the population to be sampled in the study, is used to select samples.

A five-point Likert scale has been used to answer the items in this study questionnaire. Starting at 1 (strongly disagree) and progressing to 5 (strongly agree) (Strongly agree). A quantitative method is used in this type of research. SEM-PLS (Partial Least Square) using WarpPLS was the model used in this research. In this study, the exogenous latent variables were kompetension of village devices (x1), internal control systems (x2), moral sensitivity (x3), and whistleblowing (x4), and the endogenous latent variables were fraud prevention (y). These variables can be split into a number of indicator variables, which are as follows :

Table 1. Varibel Indicator

Latent Variable	Indicator	Symbol	Adapted From
Kompetension of village devices (x1)	Knowledge	X1.1	(Astini 2021)
	Abilities (skills)	X1.2	
Internal control system (x2)	Attitude	X1.3	Ni Putu Yulia Paramitha, 2020, Widyawati et al., 2019
	Controlling environment	X2.1	
	Risk assessment	X2.2	
	Control activities	X2.3	
Morality (x3)	Information and communication	X2.4	(Rahimah, Murni, and Lysandra 2018)
	Employee awareness of the responsibilities of an organization	X3.1	
	The value of honesty and ethics	X3.2	
	Comply with every regulation in the organization	X3.3	
Whistleblowing (x4)	The attitude of the individual to dishonest acts	X3.4	(Widyawati, Sujana, and Yuniarta 2019)
	Perceptions of whistleblowing	X4.1	
	Analyze fraud prevention efforts with whistleblowing	X4.2	
	Whistleblowing reporting system	X4.3	
Fraud prevention (y)	Whistleblower protection	X4.4	Laksmi and Sujana, 2019
	Implementation of anti-fraud policy	Y1.1	
	Fraud prevention handling procedures	Y1.2	
	Technical control in fraud sensitivity to fraud	Y1.3 Y1.4	

The following is the research framework in this study. The model used is the SEM- PLS model.



### Hypothesis :

H1: Apparatus competence has an effect on preventing fraud in the management of village funds.

H2: The internal control system has an effect on preventing fraud in the management of village funds.

H3: Individual morality affects fraud prevention in managing village fund allocation

H4: Whistleblowing affects fraud prevention in managing village fund allocation.

## RESULT AND DISCUSSION

In total, there were 66 respondents enrolled in the study. The table below provides more detailed information about the characteristics of respondents about gender, age and education.

Table 2. Respondent Characteristics

<i>Demographic variables</i>	<i>N</i>	<i>(%)</i>
<b>Gender</b>		
Male	40	60
Female	26	40
<b>Age</b>		
35 - 40 years	30	45
40 - 45 years old	25	38
> 46	11	17
<b>Education</b>		
SMA	15	22
D3	25	38
S1	26	40

Source : processed data, 2022

### Test-Validity and Reliability Measurement Model

There are two types of validity tests: convergent and discriminant validity. The Loadings value and the AVE value are used to determine convergent validity. When an item's AVE value on each variable is larger than 0.5 and the loading factor on each variable is greater than 0.5, it is free of convergence validity flaws. When the correlation value of one variable with another variable is greater than the correlation value of all variables, the discriminant's validity is met.

The cross loading value is another possibility for passing this test. If each question item variable's cross loading value on another variable is greater than the question item variable's correlation value on





another variable. If the composite reliability (CR) and Cronbach alpha score are both greater than 0.70, the reliability test can be considered trustworthy (Hair et al., 2019).

Table 3. Convergence Validity and Construct Reliability Results

Items	Loadings	AVE	Alpha	CR
Kompetension of village devices (x1)		0.767	0.899	0.929
X1.1	(0.870)			
X1.2	(0.935)			
X1.3	(0.890)			
Internal control system (x2)		0.824	0.893	0.933
X2.1	(0.891)			
X2.2	(0.902)			
X2.3	(0.900)			
X2.4	(0.861)			
Morality (x3)		0.753	0.918	0.938
X3.1	(0.877)			
X3.2	(0.863)			
X3.3	(0.837)			
X3.4	(0.882)			
Whistleblowing (x4)		0.780	0.899	0.910
X4.1	(0.921)			
X4.2	(0.902)			
X4.3	(0.900)			
X4.4	(0.861)			
Fraud prevention, (y)		0.806	0.841	0.842
Y1.1	(0.926)			
Y1.2	(0.934)			
Y1.3	(0.893)			
Y1.4	(0.850)			

Source : processed data, 2022

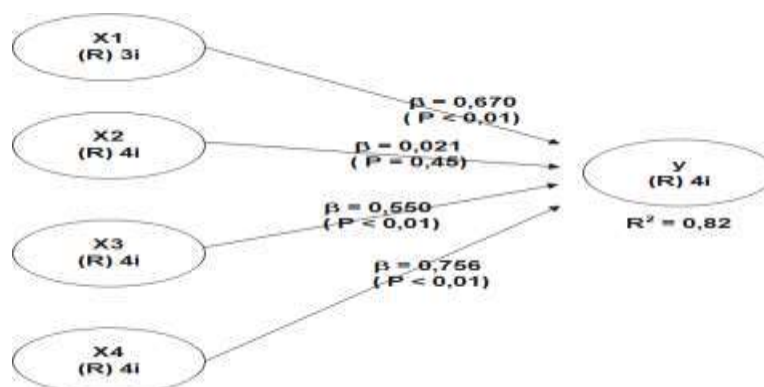


Figure 1. Research Model

The effect of the kompetension of village devices on fraud prevention (fraud) (= 0.670, p- value 0.01), according to statistical tests, supports H1. With the a value of = 0.021 as well as a p-value of 0.45, the internal control system does not support H2. Morality does have a positive effect on fraud prevention (fraud) (= 0.550, p - value 0.01), which supports H3. Whistleblowing supports H4 with the a value of = 0.756, p - value 0.01. So according Hasil's research, village device competence,



internal control systems, morality, and whistleblowing have quite a major impact on fraud prevention. Village authorities' competency has no bearing on the prevention of fraud.

Table 4. Testing Result

<i>Path</i>	<i>Q</i>	<i>Remark</i>
Kompetensitensi of village apparatus $\Rightarrow$ Fraud prevention	0.670*	H1 is supported
Internal control system $\Rightarrow$ Fraud prevention	0.021 <sup>ns</sup>	H2 is Unsupported
Morality $\Rightarrow$ Fraud prevention	0.550*	H3 is supported
Whistleblowing $\Rightarrow$ Fraud prevention	0.440*	H4 is supported

Notes: \*p-value <0.01(Significant) ; <sup>ns</sup> = not significant

Source : processed data, 2022

The findings revealed that human resource competence has an impact on preventing fraud in village fund management. The increasing competency of village officials can help with fraud prevention. In order to carry out activities, the village government needs human resources with appropriate knowledge, expertise, attitude, and behavior who can be responsible for the tasks assigned in managing village money. The fraud triangle theory, which is an aspect of opportunity or opportunity, supports this (opportunity). Opportunities in an agency can create more opportunities for village leaders to defraud, so good and quality human resources are required to prevent fraud from arising. The findings of this study are consistent with those of Laksmi and Sujana (2019), who found that human resource competence has a positive impact on fraud prevention in village financial management, and (Saputri and Muhsin 2018), who found that human resource competence has a positive impact on fraud prevention in village fund management.

The internal method of control has no apparent impact on the prevention of fraud in the management of village funds. The success of an internal control system in an organization is based on more than just the design or plan of internal control designed to meet the organization's objectives. Internal control can be made to operate by the people that are present in the organization. Everything has been incorporated in the use of the village financial system, also recognized as the siskudes, in the management of village money, commencing with the planning stage, program implementation, and accountability. Because of availability of this system, all transactions relating to the management of village funds can be tracked. The community contributes and supervises the management of village funds, and the management of village funds can be directed like a result of community participation. With the existence of a village financial system and community monitoring, the role of the internal control system in preventing fraud in village fund management is unchanged. Acceptance of the outcomes of this research hypothesis demonstrates that the internal control system has no influence on fraud prevention, according to research conducted by (Eldayanti, Indraswarawati, and Yunianingsih 2020)

Morality has a considerable impact on fraud prevention in village budget administration, according to the findings. The more an individual's morality, the more likely village fund fraud will be avoided. Morally upright people will not conduct things that are harmful to others, society, or the state. The village financial system is controlled by humans, who have a sense of duty and follow the laws in their place of employment when they have excellent morality. This means that if a person is moral, he can administer the community's financial system appropriately and correctly, preventing village funds from being mismanaged. Officials from the village with high morals will never abuse their power.

This means it will not misappropriate funds from the village. The study's findings back up prior studies by (Rahimah, Murni, and Lysandra 2018). According to research by Puspasari and Suwardi (2012), the inclination not to commit fraud is encouraged by someone who has a high level of morality and has a proper internal control system in place to avoid fraud. The findings are crucial to agency theory since morality is included in the self-interest premise (selfishness). Morale



improvement, on the other hand, can help to avoid such assumptions. If such an individual has a high morals, the chances of him committing fraud are slim because he pays more attention to the public good than with his own personal interests. If an individual has a high morality, the likelihood of committing fraud is low since he not only considers his own interests but also considers the general interest. The more individuals have a high moral level, the more they try to avoid fraud.

Whistleblowing affects the prevention of fraud in village fund management. Whistleblowing has a very important role to uncover the occurrence of fraud that occurs in an agency. Whistleblowing can be considered as a place for whistleblowers to report violations or fraud that occur within an agency. The application of whistleblowing can be used as an early warning system for fraud. If fraud can be detected early, the act of cheating is getting smaller to do so as to prevent fraud.

This is supported by the fraud triangle theory, which is an element of opportunity or opportunity (opportunity), which states that if there is an opportunity in an agency, it provides an opportunity for village officials to act fraudulently, and that early detection efforts, such as whistleblowing in an agency, are needed to prevent fraud from occurring. Acceptance of the results of this hypothesis is also based on the results of previous research done by (Anandya and Werastuti 2020), who found that the whistleblowing system has a positive effect on fraud prevention in the management of village funds and (Wakhidah and Mutmainah 2021), who found that the whistleblowing system has a positive effect on fraud prevention in the management of bumdes funds.

## CONCLUSION

Based on the hypothesis, the results of the research obtained and the discussion above, it can be concluded that the competence of village officials, morality, *whistleblowing* affects the prevention of fraud, while the internal control system has no effect. This is a consideration in preparing regulations related to village fund management. It is necessary to increase competence and morality and support *whistleblowers* in preventing fraud in the management of village funds. Therefore, it is necessary to have policies from the government to facilitate training to increase the competence and morality of village officials.

There are some limitations in this study, namely the number of respondents is only 66 people, of course, it is still insufficient to describe the real situation. The instrument in collecting data in this study was only in the form of a questionnaire, namely with an online questionnaire.

Furthermore, researchers can add other variables that can be used to examine what factors can affect *fraud* prevention. Research data collection can be done through interviews and observations of respondents.

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