
Factors Influencing the Implementation of *Fraud* Prevention in Indragiri Hulu District Government

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Abstract:

Fraud prevention by local governments is essential to fulfill the mandate of Law Number 28 of 1999 in establishing a governance system free from corruption, collusion, and nepotism. Fraud prevention encompasses several objectives, including prevention, deterrence, disruption, identification, and civil action prosecution. This study aims to identify the factors influencing fraud prevention within the Indragiri Hulu district government. The research focuses on organizational units (OPD) within the district government, using a purposive sampling method with a sample of 169 respondents. The findings indicate that governance plays a significant role in fraud prevention, supported by compliance with accounting regulations, the competency of government apparatus, and the implementation of effective risk management practices. These factors collectively contribute to enhancing the capacity of the local government to prevent fraud. The study underscores the importance of governance structures, adherence to financial rules, skills development among government personnel, and risk management as critical elements for achieving transparent and accountable administration. This research provides valuable insights for policymakers and public administrators in strengthening institutional frameworks and practices to reduce the risk of fraud, promoting a cleaner and more efficient public sector.

Keywords: *Governance, Compliance with Accounting Rules, Apparatus Competence, Risk Management, Fraud Prevention*

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1. Introduction

Fraud is an intentional act of deception carried out by individuals inside or outside an organization to gain personal or group benefits at the expense of others. Fraud prevention in local governments is critical to fulfilling the mandate of Law Number 28 of 1999, which aims to create governance free from corruption, collusion, and nepotism. Fraud prevention efforts include deterring potential perpetrators, limiting the scope of risky activities, and identifying fraud-prone practices (Abdullahi, Mansor, & Nuhu, 2015).

Fraud prevention by local governments often involves measures such as promoting a culture of honesty, adherence to ethical standards, and management's commitment to

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evaluating and monitoring preventive systems (Daivetri, 2013). Additionally, risk management practices and internal controls play a significant role in reducing opportunities for fraudulent activities (Pangaribuan, 2018).

In line with these objectives, the Indragiri Hulu district government has undertaken several initiatives, including the establishment of an Integrity Zone toward a Corruption-Free Area (WBK) and a Clean and Serving Bureaucracy Area (WBBM). The implementation of digital systems, such as the Electronification of Regional Government Transactions, and various regulations in financial management have also been introduced to prevent fraud. These include risk management frameworks and policies regulating accounting and financial reporting procedures (Harahap, 2021; Rani, 2020).

Despite these measures, recent reports by the Audit Board of the Republic of Indonesia (BPK) reveal an increasing trend in fraudulent activities within the district. For instance, the BPK's audit findings on the Local Government Financial Reports (LKPD) for three consecutive years—2019, 2020, and 2021—highlight significant issues such as a shortage in work package volumes and excess payments for official travel expenses. These findings indicate that current fraud prevention measures have not been fully effective, with fraud cases rising yearly in the district (Lumempouw et al., 2021).

One of the primary challenges is the lack of systematic evaluation and monitoring of fraud prevention regulations by senior management (Echelon II) and internal supervisory apparatus. Additionally, there is a notable absence of a strict reward and punishment system, which leads to leniency towards fraudulent practices by some employees (Noholo, 2021).

Moreover, the competence of financial management personnel remains a pressing issue. Effective financial management requires employees to have adequate educational backgrounds in accounting, training, and relevant experience. A lack of diligence in verifying financial accountability further exacerbates the problem, making it difficult to detect and prevent fraudulent activities (Damayanti et al., 2021). On the organizational side, the suboptimal role of department heads in supervising and controlling their work units contributes to inefficiencies. Observations indicate a lack of working frameworks (KAK) and working papers to serve as controls over expenditures, which further hinders fraud prevention efforts (Laksmi & Sujana, 2018). While previous studies have highlighted the importance of good governance, internal controls, and risk management in fraud prevention, there is limited empirical evidence on their combined influence within regional governments like Indragiri Hulu. Furthermore, the role of apparatus competence and adherence to accounting standards as mediating factors remains underexplored. This research seeks to address these gaps by examining the interrelated factors of governance, compliance with accounting rules, apparatus competence, and risk management in the context of fraud prevention. This study focuses on the Indragiri Hulu district government and investigates the factors influencing the implementation of fraud prevention, including governance, adherence to accounting rules, apparatus competence, and risk management. By

identifying the underlying issues and providing actionable recommendations, this research aims to contribute to the development of effective strategies for combating fraud in regional governments.

2. Theoretical Background

Theory of Plane Behavior

The theory of planned behavior or commonly referred to as Theory of Planned Behavior (TPB). This theory is the result of the development of the Theory of Reasoned Action (TRA) by Icek Ajzen into the Theory of Planned Behavior (TPB) in 1985 through an article entitled "From intentions to actions: A Theory of planned behavior" (Ajzen, 1985). TPB is aimed at predicting specific individual behavior.

In the process of developing the Theory of Reasoned Action into the Theory of Planned Behavior, Ajzen (2005) added one factor that influences the intention factor, namely perceived behavioral control. Therefore, the theory of planned behavior is described by the following structural diagram model (Ajzen, 1991):

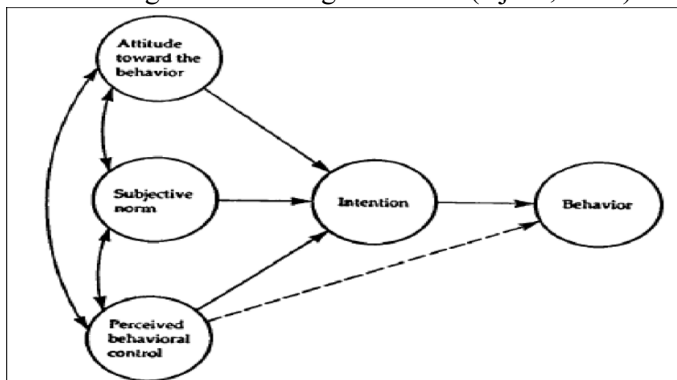


Figure 1. Theory of Planned Behavior

Fraud Diamond Theory

Fraud diamonds is a new view of the fraud phenomenon proposed by Wolfe & Hermanson (2004). This theory is an update of the fraud triangle theory by Cressey (1950) which adds qualitative elements that are believed to have a significant relationship with fraud. If in the fraud triangle theory (Cressey, 1950) Tuanakotta (2010: 207) explains that there are elements, namely incentive/pressure (pressure), opportunity (opportunity), and rationalization (rationalization), these 3 elements in the fraud diamond theory have an additional element, namely capability/capacity (ability).

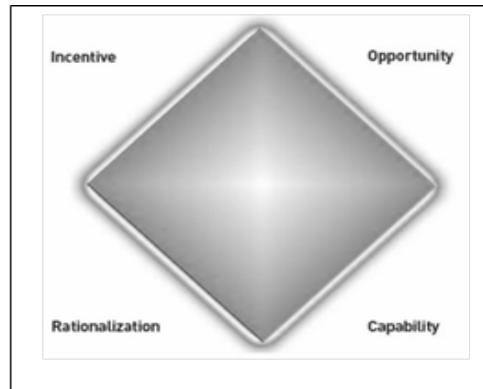


Figure 2. Elements of fraud diamond (Wolfe & Hermanson, 2004)

Incentives/pressure

Incentives or pressure can be defined as a motive for someone's behavior to commit fraud because it is triggered by a perceived urgency (Arles, 2014). Every perpetrator must face some type of pressure to commit fraud. Perceived pressure is defined as the motivation that leads the perpetrator to engage in unethical behavior. This kind of pressure can occur to all parties at all levels of the organization and can occur for various reasons (Ruankaew, 2016). The reasons can be financial pressure, pressure due to the encouragement of bad habits and work-related pressure (Wijayani, 2016).

Opportunities

The opportunity element in relation to fraud is defined as a situation that allows someone to be able to take unjustified actions such as fraud (Arles, 2014). Opportunities can occur because they are influenced by weak internal controls, uncontrolled supervision, or because of a strategic position. By using a certain condition or position, a person can freely manage the interests of many people.

Rationalization

The concept of rationalization suggests that the perpetrator must be able to formulate some form of morally acceptable rationalization before engaging in unethical behavior (Abdullahi, Mansor & Nuhu, 2015). Rationalization allows fraudsters to view their illegal actions as acceptable. Reasons such as being tempted to commit fraud because they feel that their colleagues are also doing the same thing and do not receive sanctions for the fraud can justify the fraud that occurs (Zulaikha & Hadiprajitno, 2016). In the end, this rationalization action will only result in the excuse of the fraud that has occurred, especially if the fraud is committed continuously.

Capacity/Capability

Capacity or capability is defined as an ability or excess of a person in using the circumstances that surround him, where this ability is more directed at situations to trick the internal control system with the aim of legalizing things that are actually prohibited in an organization (Arles, 2014).

Accounting Rule Adherence

Adherence to accounting rules is compliance with the guidelines used to prepare and present financial statements. If the financial statements are not prepared based on applicable accounting standards, it will provide an opportunity for accounting fraud that will harm users of financial statements.

There are two objectives of rule obedience according to Arifah (2017), among others:

- Used as the basis and method used for implementation in organizing an accounting and financial reporting activity that refers to Government Accounting Standards (SAP) and laws and regulations.
- Used as a guideline in taking accounting treatment of all types of transactions and economic events, especially in the financial fields contained in financial reporting.

Apparatus Competency

According to Presidential Regulation No. 101 of 2000 in the explanation of article 3, competence is the ability and characteristics possessed by a civil servant, in the form of knowledge, skills, and behavioral attitudes required in carrying out the duties of his position. In the regulation of the Minister of Home Affairs of the Republic of Indonesia Number 108 of 2017 concerning Government Competence, government competence is the ability and characteristics possessed by a state civil apparatus employee required to carry out government management tasks according to the level of his position within the Ministry of Home Affairs and local government professionally.

This competency-based approach has become an integral part of human resource performance. Various forms of organizations such as business enterprises and public services have used the competency approach to integrate global trends and business strategies. Competencies include knowledge, skills, abilities, traits and behaviors that enable an employee or employees to perform specific tasks and functions or jobs (Vathanophas, 2007).

Risk Management Accounting

According to Milton C Regan in his book "Risky Business", the definition of risk management is the application of various policies and procedures to minimize events that reduce the capacity and quality of the company's work. Meanwhile, according to Noshworthy, the definition of risk management is an effort to reduce risk in the process of technical implementation and business decision making.

According to Djohanputro (2008), risk management is a structured and systematic process of identifying, measuring, mapping, developing alternative risk management, monitoring and controlling risk management. Risks can be caused by internal or external factors of the organization. A risk can have an impact on organizational goals. So it is necessary to carry out risk management to help minimize the impact of a risk on organizational strategies and goals.

Framework and Hypothesis

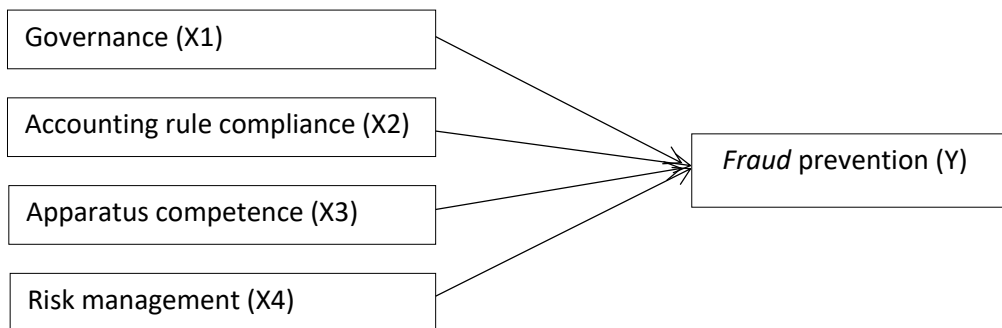


Figure 3. Research Model

H1: The role of good corporate governance affects fraud prevention

H2: Adherence to accounting rules affects fraud prevention

H3: Human resource competence influences fraud prevention

H4: Risk Management affects fraud prevention

3. Methodology

Research Location

This field research was conducted at the Regional Government of Indragiri Hulu Regency, Riau Province. The reason the researchers chose the Regional Government of Indragiri Hulu Regency, Riau Province to be used as a research location is because the Regional Government of Indragiri Hulu Regency, Riau Province is one of the regions that has a fairly good financial management system so that it can complete the preparation of financial reports quickly and reliably but fraud is still found against APBD funds. This can be seen from the Opinion received by the Regional Government of Indragiri Hulu Regency, Riau Province from 2016-2021 consecutively received WTP opinion.

Another factor that caused the researcher to choose this research object, namely limited funds, time and research capabilities. While the time of this research begins in November 2022.

Population

According to Sugiyono (2014: 61-62) population is defined as a generalization area consisting of objects / subjects that have the quantity and characteristics set by researchers to study and then draw conclusions. The population in this study were 45 Regional Apparatus (PD) in the Regional Government of Indragiri Hulu Regency.

Samples

Sample is part of the number and characteristics possessed by this population. Sample research carried out by purposive sampling method, which means that the

population and in accordance with the desired sample researchers. Sample used in this study had to meet the criteria for purposive sampling is desired by the researchers is the number of samples are 20 companies listed in Indonesia Stock Exchange (IDX) with a total of 60 observations annual data company. Some of the criteria used to take the sample in this study are in Table 2 as follows

According to Arikunto in Riduwan (2010: 56) Samples are part of the population (part or representative of the population). The technique used in this sampling is to use a census technique or method where the sample is taken as a whole from 45 Regional Apparatus. The number of samples in this study were 169 respondents, namely the head of the regional device (pd), secretary / section head / assistant inspector / head of the finance subdivision and expenditure treasurer at the Indragiri Hulu district government. Details of the regional apparatus organizations of Indragiri Hulu district and the number of samples sampled in this study are presented in table

Table 2. Regional Apparatus Organization of Indragiri Hulu Regency

No.	OPD Unit	Number of respondents
1	Education and Culture Office	4
2	Health Office	4
3	Indrasari Rengat Hospital	3
4	Department of Public Works and Spatial Planning	4
5	Office of Public Housing and Settlement Areas	4
6	Civil Service Police Unit	3
7	Regional Disaster Management Office	4
8	Social Services	4
9	Manpower Office	4
10	Office of Women's Empowerment and Child Protection	4
11	Food Security Services	4
12	Environment Agency	4
13	Population and Civil Registration Office	4
14	Community and Village Empowerment Office	4
15	Population Control and Family Planning Office	4
16	Transportation Department	4
17	Communication and Informatics Office	4
18	Office of Cooperatives, Small and Medium Enterprises	4
19	Investment and One-Stop Integrated Service Office	4
20	Department of Youth, Sports and Tourism	4
21	Library Services	4
22	Agriculture and Fisheries Service	4
23	Department of Industry and Trade	4
24	Regional Secretariat	11
25	DPRD Secretariat	3
26	Regional Development Planning Agency	4
27	Regional Revenue Agency	4
28	Regional Financial and Asset Management Agency	4
29	Regional Personnel Education and Training Agency	4
30	Inspectorate	3
31	Rengat Subdistrict	3
32	West Rengat Sub-district	3
33	Kelayang Sub-district	3
34	Turtle Sand Sub-district	3
35	Peranap Sub-district	3
36	Seberida Sub-district	3
37	Batang Cenaku Sub-district	3
38	Batang Gansal Sub-district	3
39	District Lyrics	3

No.	OPD Unit	Number of respondents
40	Kuala Cenaku Sub-district	3
41	Sungai Lala District	3
42	Lubuk Batu Jaya Sub-district	3
43	Raft Kulim Sub-district	3
44	Batang Peranap Sub-district	3
45	National and Political Unity Agency	4
Total		169

Data Analysis Methods

The analysis method that researchers use for data processing is quantitative analysis, which is a data analysis technique by providing a description and explanation of the research results and discussion of research results problems using measurements and evidence, especially regarding hypothesis testing that has been formulated previously using statistical methods. In this study, researchers used the help of the SPSS version 26 for windows computer program.

Test instruments

a) Validity Test

Validity is a measure that shows the level of validity or invalidity of an instrument. An instrument is said to be valid if it can reveal data from the variables studied precisely.

In this study, the instrument validity test used the Pearson Product Moment correlation statistical calculation formula. Researchers calculated with the help of the SPSS Version 26 for windows program. The validity test criteria are as follows:

- 1) If $r\text{-count} \geq r\text{-table}$ (2-sided test with sig, 0.05) then the instrument or statement items are significantly correlated to the total score (declared Valid).
- 2) If $r\text{-count} < r\text{-table}$ (2-sided test with sig, 0.05) then the instrument or statement items are significantly correlated to the total score (declared invalid).

b) Reliability Test

Reliability is the level of accuracy or accuracy of an instrument. Reliability testing can be done externally or internally. Externally testing can be done with equivalent tests, and a combination of both. Internally, the reliability of the instrument can be tested by analyzing the consistency of the items on the instrument with certain techniques. In this study, instrument reliability can be measured using Cronbach's Alpha method. This scale is measured based on Cronbach's Alpha scale of 0 to 1. If the scale is grouped into five classes with the same range, the Alpha stability measure can be interpreted as follows:

1. Cronbach's alpha value 0.00-0.20 = less reliable
2. Cronbach's alpha value 0.21-0.40 = somewhat reliable
3. Cronbach's alpha value of 0.41-0.60 = moderately reliable
4. Cronbach's alpha value 0.61-0.80 = reliable
5. Cronbach's alpha value of 0.81-1.00 = highly reliable

Based on the Cronbach's alpha value, it can be seen the level of reliability of an instrument that will be used in research. The more reliable an instrument is, the better the instrument is for researchers to use in their research. For the reliability test, researchers used the IBM SPSS Statistics For Windows application.

Classical Assumption Test

a. Normality Test

The normality test is used to test whether a variable is normal or not. Normal here in the sense of having a normal data distribution. To test the normality of the data, you can use the One Sample Kolmogorov-Smirnov Test with the condition that if $\text{Asymp.Sig} \geq 0.05$, the data is normally distributed.

b. Multicollinearity Test

According to Sujarweni (2015: 158) "Multicollinearity test is needed to determine whether there are independent variables that have similarities between independent variables in a model". Similarity between independent variables will result in a very strong correlation. In addition, this test is also to avoid habits in the decision-making process regarding the effect of the partial test of each independent variable on the dependent variable. If the resulting VIF is between 1-10 then there is no multicollinearity.

c. Heteroscedasticity Test

According to Sujarweni (2015: 159) "Heteroscedasticity tests the difference in residual variance from one observation period to another observation period". Testing for symptoms of heteroscedasticity is carried out to determine whether there is a relationship between the confounding variable and the independent variable. If heteroscedasticity symptoms occur in the symptoms used, it means that there is a relationship between the confounding variable and the independent variable, so that the dependent variable is really only explained by the independent variable. A good regression is one that is homoscedasticity, where the residual variance from one observation to another is fixed.

Multiple Linear Regression Analysis

According to Sujarweni (2015: 160) "Multiple linear regression analysis is used to determine the effect of motivation and training on poverty levels. In addition, regression analysis is also used to test the truth of the hypothesis proposed in this study". Multiple linear regression analysis in this study was used to predict how the dependent variable (poverty rate) would be. When the independent variables (motivation, and training) as indicators. This analysis is used by involving two or more independent variables between the dependent variable (Y) and the independent variables (X1 and X2). In this study, multiple linear regression analysis was used to prove the extent of the influence of motivation and training on the poverty rate. The regression equation according to Sujarweni (2015: 160) is:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + e$$

Where:

- Y = fraud prevention
- X1 = governance
- X2 = Accounting rule compliance
- X3 = Apparatus competence
- X4 = Risk management
- b1 = coefficient of governance

- b2 = accounting rule compliance coefficient
 b3 = coefficient of apparatus competence
 b4 = risk management coefficient
 a = constant

Hypothesis testing

a. Test t

According to Sujarweni (2015: 161) "The t test is an individual partial regression coefficient test used to determine whether the independent variable (X1) individually affects the dependent variable (Y)" Make decisions with the following criteria:

- a) If $t \text{ count} < -t \text{ table}$ or $t \text{ count} > t \text{ table}$ or probability value (Sig. t) $< \alpha/2$ ($0.05/2=0.025$) then H_0 is rejected or it can be concluded that there is a significant influence between variable X partially on variable Y.
- b) If $-t \text{ table} \leq t \text{ count} \leq t \text{ table}$ or the probability value (Sig. t) $\geq \alpha/2$ ($0.05/2=0.025$) then H_0 is accepted or it can be concluded that there is no significant effect between variable Y

4. Empirical Findings/Result

Characteristics of Research Data

This research was conducted at the Regional Apparatus Organization of Indragiri Hulu district with a population consisting of 45 OPDs. The sampling method used is census. According to Sugiyono (2014) a census is a sampling technique when all members of the population are used as samples.

The sample in this study were all Regional Apparatus Organizations (OPD) in the Indragiri Hulu district government, totaling 45. Each OPD was represented by 4 respondents, namely the head of the OPD, Secretary, PPK-OPD and expenditure treasurer. Especially for the regional secretariat, the number of respondents was 11 respondents, namely 9 section heads, PPK-OPD and expenditure treasurers.

The distribution of questionnaires in this study was carried out by giving them directly to the head of the OPD, secretary, Head of Section, PPK-OPD, and expenditure treasurer at the Regional Apparatus Organization of Indragiri Hulu district. Data collection in this study using a hardcopy questionnaire was distributed to 45 Regional Apparatus Organizations of Indragiri Hulu district by visiting directly.

Validity test results

Fraud prevention based on statistical testing in table 4.3 above with a total data (N) of 137, obtained a minimum value of 40.00, a maximum value of 60.00 and an average value of 50.3869 with a standard deviation of 4.45607. The average value and standard deviation value of fraud prevention shows that there is a good data distribution because the average value is greater than the standard deviation, namely $50.3869 > 4.45607$.

The validity test is used to measure whether a questionnaire is valid or not. The questionnaire used in the study must be valid, that is, the questionnaire is able to reveal something that will be measured by the questionnaire (Ghozali, 2013: 252). The validity test is used to compare the r_{count} value with r_{table} at a significance level of 5% for a two-sided test, if $r_{count} > r_{table}$ then the measuring instrument used is valid, otherwise if $r_{count} < r_{table}$ then the measuring instrument used is invalid the value of r_{table} can be obtained by the equation:

$$N - 2 = 135, r(0.05:2) = 0.1678$$

To determine the validity of the statement of each variable, r_{count} is compared with r_{table} , r_{table} can be calculated with $df = N - 2$. The number of respondents in this study were 137, so $df = 137 - 2 = 135$, $r(0.05 : 2) = 0.1678$. If $r_{count} > r_{table}$ then the statement is said to be valid.

In this study, validity testing used Pearson correlation. The r_{count} value obtained from this study was compared with r_{table} to test the validity of the data. If the value of $r_{count} > r_{table}$, then the statement items used in this study are invalid. For governance variables, the results of the validity test can be presented as follows:

Table 1. Validity testing results Governance variables

Items	r_{count}	r_{table}	Description
X1.1	0.720	0.1678	Valid
X1.2	0.705	0.1678	Valid
X1.3	0.664	0.1678	Valid
X1.4	0.662	0.1678	Valid
X1.5	0.748	0.1678	Valid
X1.6	0.771	0.1678	Valid
X1.7	0.763	0.1678	Valid
X1.8	0.791	0.1678	Valid
X1.9	0.769	0.1678	Valid
X1.10	0.630	0.1678	Valid
X1.11	0.663	0.1678	Valid

In table 1 above, it is known that the value of $r_{count} > r_{table}$ which indicates that all statement items for governance variables can be said to be valid. Furthermore, the results of the validity test for the accounting rule compliance variable are as follows:

Table 2. Validity Testing Results Accounting Rule Adherence Variable

Items	r_{count}	r_{table}	Description
X2.1	0.535	0.1678	Valid
X2.2	0.711	0.1678	Valid
X2.3	0.761	0.1678	Valid
X2.4	0.706	0.1678	Valid
X2.5	0.606	0.1678	Valid
X2.6	0.749	0.1678	Valid

Items	rcount	rtable	Description
X2.7	0.687	0.1678	Valid
X2.8	0.681	0.1678	Valid
X2.9	0.758	0.1678	Valid
X2.10	0.676	0.1678	Valid
X2.11	0.686	0.1678	Valid
X2.12	0.607	0.1678	Valid
X2.13	0.552	0.1678	Valid

It can be seen in table 2 above that the value of $r_{count} > r_{table}$ indicates that all statement items for the accounting rule obedience variable are valid. Next, the results of the validity test for the apparatus competency variable are shown in table 3 below:

Table 3. Validity Testing Results Official Competency Variable

Items	rcount	rtable	Description
X3.1	0.575	0.1678	Valid
X3.2	0.656	0.1678	Valid
X3.3	0.673	0.1678	Valid
X3.4	0.708	0.1678	Valid
X3.5	0.678	0.1678	Valid
X3.6	0.646	0.1678	Valid
X3.7	0.727	0.1678	Valid
X3.8	0.717	0.1678	Valid
X3.9	0.717	0.1678	Valid
X3.10	0.704	0.1678	Valid
X3.11	0.650	0.1678	Valid
X3.12	0.695	0.1678	Valid
X3.13	0.540	0.1678	Valid
X3.14	0.763	0.1678	Valid
X3.15	0.655	0.1678	Valid

It is known that the results of validity testing in table 3 above the value of $r_{count} > r_{table}$ so it can be concluded that all statement items for the apparatus competency variable are valid. The results of validity testing for risk management variables are in table 4 below:

Table 9. Validity Testing Results Variable Risk management

Items	rcount	rtable	Description
X3.1	0.561	0.1678	Valid
X3.2	0.582	0.1678	Valid
X3.3	0.779	0.1678	Valid
X3.4	0.680	0.1678	Valid
X3.5	0.735	0.1678	Valid
X3.6	0.653	0.1678	Valid
X3.7	0.680	0.1678	Valid
X3.8	0.632	0.1678	Valid

X3.9	0.593	0.1678	Valid
X4.10	0.375	0.1678	Valid
X4.11	0.312	0.1678	Valid

The value of $r_{count} > r_{table}$ seen in table 4 above indicates that all statement items for risk management variables can be said to be valid. The results of validity testing for fraud prevention variables are contained in table 5 as follows:

Table 5. Validity Testing Results Variable Fraud prevention

Items	r_{count}	r_{table}	Description
Y1	0.415	0.1678	Valid
Y2	0.409	0.1678	Valid
Y3	0.512	0.1678	Valid
Y4	0.618	0.1678	Valid
Y5	0.622	0.1678	Valid
Y6	0.623	0.1678	Valid
Y7	0.535	0.1678	Valid
Y8	0.418	0.1678	Valid
Y9	0.691	0.1678	Valid
Y10	0.578	0.1678	Valid
Y11	0.558	0.1678	Valid
Y12	0.380	0.1678	Valid
Y13	0.321	0.1678	Valid

The test results in table 5 above show that the value of $r_{count} > r_{table}$ so it can be concluded that all statement items for fraud prevention variables are valid.

Reliability Test Results

Reliability testing is carried out to measure a questionnaire that is used as a variable indicator. Statistically, the reliability test is carried out by calculating the amount of Cronbach's Alpha. If the resulting Alpha coefficient ≤ 0.60 then the indicator is said to be reliable or trustworthy. The acquisition of the Cronbach's Alpha value can be seen in table 6 below:

Table 6. Reliability Test Results

No.	Variables	Standard Coefficient Alpha	Cronbach's Alpha	Description
1	Governance	0.6	0.905	Very Reliable
2	Accounting Rule Adherence	0.6	0.896	Very Reliable
3	Apparatus Competence	0.6	0.913	Very Reliable
4	Risk Management	0.6	0.796	Reliable
5	Fraud Prevention	0.6	0.756	Reliable

From table 6 above, it can be seen that the reliability value of all variables is > 0.6 so it can be concluded that the measuring instrument used in this study is reliable or trustworthy.

Classical Assumption Test Results

Normality Test Results

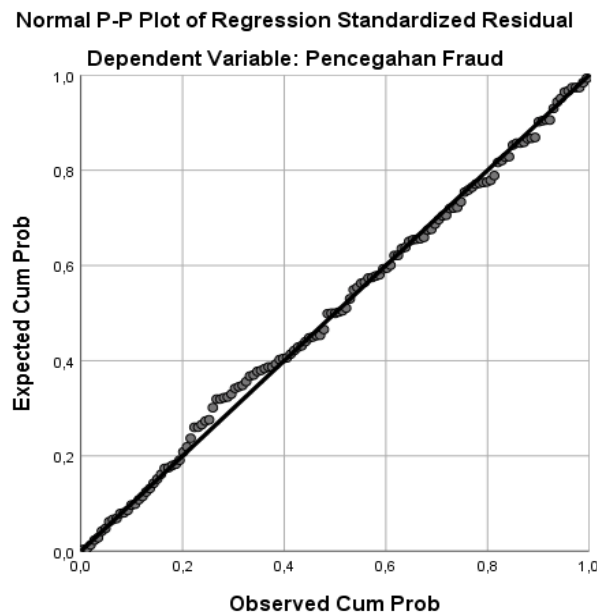


Figure 4. Probability Plot Test Results

In Figure 4 it can be concluded that by using probability plot normality testing, it is stated that the data is normally distributed because the data spreads or approaches the diagonal line.

Furthermore, statistical testing of the Kolmogorov Smirnov test. A data is said to be normally distributed if the Asymp.Sig (2-tailed) value $> \alpha$ 5%. Based on the tests carried out, the results of the normality test can be seen in table 7:

Table 7. Kolmogorov Smirnov Normality Test Results

One-sample Kolmogorov-Smirnov Test

		<i>Unstandardized Residuals</i>
N		137
Normal Parameters, b	Mean	0.0000000
	Std. Deviation	2.52258745
Most Extreme Differences	Absolute	0.054
	Positive	0.028
	Negative	-0.054
Statistical Tests		0.054
Asymp. Sig. (2-tailed)		0.200c,d

Source: SPSS Data Output 26, 2023

In accordance with the Kolmogorov-Smirnov test shown in table 7 the unstandardized residual significance value or Asymp.Sig. (2-tailed) of $0.200 > 0.05$. The results of this

test indicate that the residual value is normally distributed because the significance value is greater than 0.05. Thus, the results of this study are declared acceptable because the data analyzed have met the normality test criteria.

Multicollinearity Test Results

The results of this test aim to test whether the regression model found a correlation between the independent variables. A good model should not have a high correlation between independent variables. To detect the presence or absence of multicollinearity in the model, namely by using the Tolerance and VIF (Variance Inflation Factor) methods. Based on the Variance Inflation Factor (VIF) and Tolerance rules, multicollinearity symptoms occur when the tolerance value is <0.10 and the VIF value is >10 . Based on the tests carried out, the results of the multicollinearity test can be seen in table 8 as follows:

Table 8. Multicollinearity Test Results

Model	Collinearity Statistics		
	Tolerance	VIF	Description
Governance (X1)	0.688	1,454	No Multicollinearity
Accounting Rule Adherence (X2)	0.577	1,733	No Multicollinearity
Apparatus Competence (X3)	0.541	1,848	No Multicollinearity
Risk Management (X4)	0.576	1,736	No Multicollinearity

Source: SPSS Data Output 26, 2023

Multicollinearity test results are shown in table 13 where the Variance Inflation Factor (VIF) value is obtained <10 and Tolerance >0.10 so it can be concluded that there are no multicollinearity symptoms in the regression model.

Heteroscedasticity Test Results

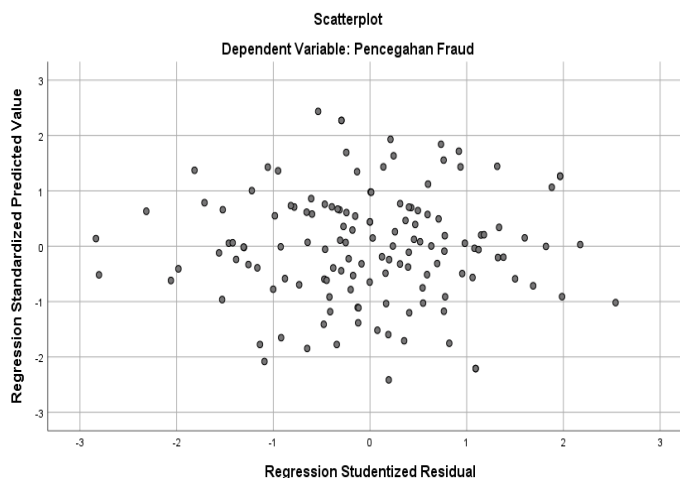


Figure 5. Heteroscedasticity Test Results

From the scatterplot graph in the figure above, it can be seen that the points spread randomly above and below the zero point on the Y axis so it can be concluded that there is no heteroscedasticity in the regression model.

Multiple Linear Regression Analysis Results

Table 9. Multiple Regression Analysis Test Results

Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
		B		Beta		
1	(Constant)	140,215	20,204		60,449	0,000
	Governance	0.101	0.046	0.131	20,205	0.029
	Accounting rule compliance	0.144	0.044	0.210	30,245	0.001
	Apparatus competence	0.248	0.040	0.411	60,130	0,000
	Risk management	0.232	0.056	0.268	40,131	0,000

Source: SPSS Data Output 26, 2023

Based on table 9, the multiple linear regression equation is obtained as follows:

$$Y = 140.215 + 0.101X_1 + 0.144X_2 + 0.248X_3 + 0.232X_4 + e_4$$

The equation above shows that:

1. The constant value (a) of 140.215 means that if the independent variable is assumed to be 0, then the implementation of fraud prevention is 140.215.
2. The regression coefficient value of the governance variable is 0.101, which means that every increase in governance by 1 unit will increase the implementation of fraud prevention by 0.101, assuming that the other variables are constant.
3. The regression coefficient value of 0.144 means that each increase in accounting rule compliance by 1 unit will increase the implementation of fraud prevention by 0.144 with the assumption that the other variables are constant.
4. The regression coefficient value of the apparatus competency variable is 0.248, meaning that every increase in apparatus competency by 1 unit will increase the implementation of fraud prevention by 0.248, assuming that the other variables remain.
5. The regression coefficient value of the risk management variable is 0.232, which means that every increase in risk management by 1 unit will increase the implementation of fraud prevention by 0.232, assuming that the other variables are constant.
6. Standard error is a random variable that has a probability distribution that represents all factors that have an influence on the implementation of fraud prevention but is not included in the equation.

Hypothesis Testing Results

First Hypothesis Testing Results

Table 10. First hypothesis testing results

Independent Variable	tcount	ttable	Sig	Description
Governance	20,205	10.9780	0.029	Influential

a. Dependent Variable: Fraud prevention

Source: Processed Data (2023)

From table 10 above, it can be seen that $t_{count} > t_{table}$ is $20.205 > 10.9780$ and significant t ($0.029 < 0.05$) thus H_01 is rejected and H_{a1} is accepted. Based on the test results, it can be concluded that governance affects the implementation of fraud prevention in the Indragiri Hulu district government. This indicates that the better the governance, the more fraud will be prevented, on the contrary, the less good governance, the more difficult fraud will be prevented.

This supports the fraud diamond theory which finds that the opportunity factor can be a reason that allows someone to commit fraud because of opportunities, so that if governance is running well, it can effectively prevent fraud and minimize the opportunity for individuals to act fraudulently.

Second hypothesis testing results

Table 11. Second Hypothesis testing results

Independent Variable	tcount	ttable	Sig	Description
Accounting Rule Adherence	30,245	10.9780	0.001	Influential

a. Dependent Variable: Fraud Prevention

Source: Processed Data (2023)

Table above indicates that $t_{count} > t_{table}$ is $30.245 > 10.9780$ and significant t ($0.001 < 0.05$) thus H_02 is rejected and H_{a2} is accepted. The test results, it can be concluded that the observation of accounting rules affects the implementation of fraud prevention in the Indragiri Hulu district government. The more obedient the financial manager is in carrying out the applicable accounting rules, the more effective the fraud prevention efforts made by the Indragiri Hulu Regency Government.

The effect of adherence to accounting rules in fraud prevention efforts as behavioral control according to the theory of planned behavior and rationalization in the fraud diamond theory so that the perpetrator is not tempted to commit fraud because of the rules in financial management that have been set by BPK or SAP.

Third hypothesis testing results

Table 12. Third Hypothesis testing results

Independent Variable	tcount	ttable	Sig	Description
Apparatus Competence	60,130	10.9780	0,000	Influential

a. Dependent Variable: Fraud Prevention

Source: Processed Data (2023)

From table 12 above, it can be seen that $t_{count} > t_{table}$ is $60.130 > 10.9780$ and significant t ($0.000 < 0.05$) thus H_03 is rejected and H_{a3} is accepted. Thus it can be

concluded that the competence of the apparatus influences the implementation of fraud prevention in the Indragiri Hulu Regency government. The better the competence of the apparatus, the easier it is to implement fraud prevention efforts.

In accordance with the theory of planned behavior that individual perceptions of the ability to behave are influenced by internal individual factors, one of which is competence. The best work systems and procedures will not be able to run well and be free from fraud if the individuals who carry them out do not have the necessary competencies.

Fourth hypothesis testing results

Table 13. The results of testing the fourth hypothesis

Independent Variable	tcount	ttable	Sig	Description
risk management	40,131	10.9780	0,000	Influential

a. Dependent Variable: Fraud Prevention

Source: Processed Data (2023)

The data in table 13 above can be seen that $t_{count} > t_{table}$ is $40.131 > 10.9780$ and significant t ($0.000 < 0.05$) thus H_{04} is rejected and H_{a4} is accepted. This indicates that risk management affects the implementation of fraud prevention in the Indragiri Hulu district government.

The results of this study are in line with Kwatingtyas (2017) who found that risk management has a positive effect on fraud prevention. Risk management is divided into three important dimensions, namely the financial management dimension, the operational risk management dimension and strategic risk management which can close the gap for fraud. This strengthens the fraud diamond theory that the opportunity for fraud is influenced by uncontrolled supervision due to weak risk management.

Test Results of the Coefficient of Determination R²

Table 14. Test Results of the Coefficient of Determination (R)²

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.824a	0.680	0.670	20.56052

Source: SPSS 26 Output Data, 2022

From table 19 above, the R^2 value of 0.670 is obtained, which means that the percentage of the influence of governance, compliance with accounting rules, apparatus competence and risk management on the implementation of fraud prevention in the Indragiri Hulu Regency government is 67% while the remaining 33% is influenced by other variables not included in this study.

5. Discussion

The hypothesis testing results indicate that governance significantly influences fraud prevention in the Indragiri Hulu district government. This finding aligns with the fraud diamond theory, which underscores the importance of minimizing opportunities for

fraudulent acts (Ruankaew, 2016). Effective governance, characterized by transparency, accountability, and ethical leadership, can reduce the risk of fraud by creating an environment where unethical behavior is less likely to thrive (Abdullahi, Mansor, & Nuhu, 2015). This result is consistent with previous research by Harahap (2021), which emphasizes that good governance strengthens the foundation for preventing fraud in government organizations. Governance practices, such as promoting ethical behavior, ensuring effective oversight, and establishing robust internal controls, play a critical role in mitigating fraud risk and enhancing the integrity of public administration.

Adherence to accounting rules was also found to significantly influence fraud prevention. Compliance with these rules ensures that financial transactions are conducted transparently and accurately, reducing opportunities for fraud. This supports the theory of planned behavior, which highlights that adherence to established rules shapes behavioral control and deters individuals from engaging in fraudulent activities (Rae & Subramaniam, 2008). In line with this, the fraud diamond theory identifies rationalization as a key factor that could motivate fraud; strict adherence to accounting rules limits such justifications. Prior studies, such as those by Akbar et al. (2019) and Laksmi & Sujana (2018), further corroborate that compliance with regulations is crucial in strengthening fraud prevention mechanisms.

Apparatus competence also significantly affects fraud prevention efforts. According to the theory of planned behavior, individual competence influences the ability to act ethically and effectively within organizational systems (Rae & Subramaniam, 2008). Competent personnel are more likely to implement policies and procedures that uphold transparency and accountability, reducing opportunities for fraud. This finding aligns with studies by Noholo (2021) and Damayanti et al. (2021), which emphasize that human resource competency is essential for effective fraud prevention in financial management. Without adequate skills and knowledge, even the best-designed control systems may fail to deter fraudulent practices.

Lastly, risk management was found to have a significant influence on fraud prevention. The fraud diamond theory underscores that weak risk management can create opportunities for fraud by leaving vulnerabilities unaddressed (Lou, 2009). Effective risk management involves identifying potential risks, implementing controls, and continuously monitoring processes to mitigate these risks, thereby closing gaps for fraudulent activities. This finding is consistent with research by Kwatingtyas (2017) and Lumempouw et al. (2021), which highlight that robust risk management practices, including financial, operational, and strategic dimensions, are essential for minimizing fraud risks.

Overall, the findings indicate that governance, adherence to accounting rules, apparatus competence, and risk management collectively play a crucial role in preventing fraud within the Indragiri Hulu district government. These results highlight the need for comprehensive and integrated approaches to enhance fraud prevention mechanisms in public sector organizations.

6. Conclusions

This study concludes that governance, adherence to accounting rules, apparatus competence, and risk management significantly influence the implementation of fraud prevention in the Indragiri Hulu district government. Effective governance ensures the principles of transparency, accountability, and integrity are upheld, reducing opportunities for fraud and supporting efficient government operations. Compliance with accounting rules strengthens internal controls, ensuring financial management is transparent and reliable, which further mitigates fraud risk. The competence of the apparatus, encompassing knowledge, skills, and ethical behavior, is vital in implementing fraud prevention effectively. Lastly, robust risk management, including managing financial, operational, and strategic risks, serves as a critical mechanism in identifying and addressing potential vulnerabilities, minimizing opportunities for fraudulent practices. Collectively, these factors emphasize the importance of integrated and proactive approaches to strengthening fraud prevention in public sector organizations.

Future research can explore additional factors influencing fraud prevention, such as organizational culture, technological advancements in financial management systems, and the role of leadership commitment in fostering ethical behavior. Comparative studies between regions or sectors could provide insights into best practices and contextual challenges in implementing fraud prevention mechanisms. Additionally, qualitative studies involving interviews with key stakeholders may offer a deeper understanding of the practical barriers and enablers to fraud prevention efforts. Finally, longitudinal studies can assess the sustainability and long-term impacts of fraud prevention measures, providing valuable evidence to guide policymaking and governance reforms.

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