

Research.

The Influence of Apparatus Competence, Effectiveness of Accounting Information Systems, and Community Participation on the Prevention of Village Fund Fraud

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Abstract. *The objective of this study is to investigate the effects of apparatus competence, accounting information system effectiveness, and community engagement on preventing fraud in village fund management. Data collection occurred in Kalurahan Candibinangun, Sleman Regency, Yogyakarta Special Region, utilizing a quantitative approach via questionnaires administered to 47 participants directly involved in village fund oversight. Independent variables consist of apparatus competence, accounting information system effectiveness, and community engagement, while fraud prevention constitutes the dependent variable. Findings demonstrate that only community engagement significantly and positively impacts fraud prevention, whereas apparatus competence and accounting information system effectiveness lack significant effects. These results highlight the necessity of external control and transparency in village financial management through active citizen involvement, indicating that fraud prevention requires more than internal competencies or information technology alone. Recommendations include strengthening information transparency, fostering public participation, and enhancing ethical values and internal control frameworks to improve village fund management accountability.*

Keywords: *Competence of apparatus; Accounting information system; Community participation, Fraud prevention; Village funds*

INTRODUCTION

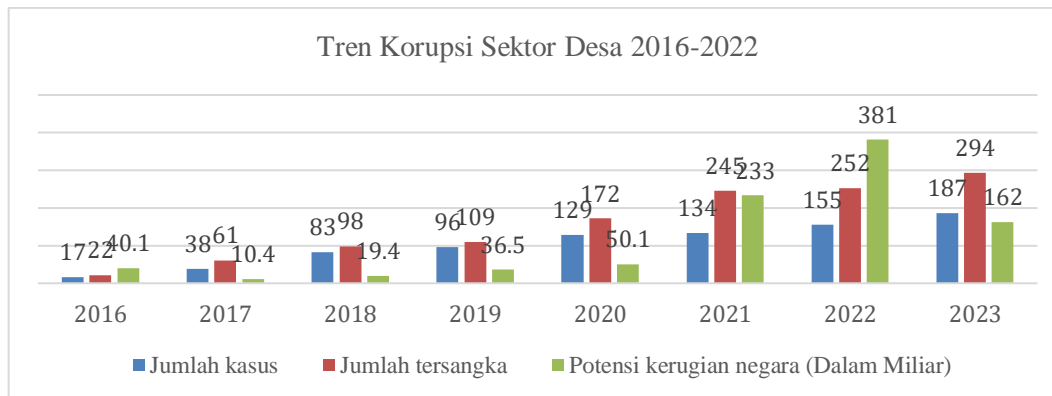
Background

The village government is a vital institution that carries out the functions of government closest to the people. Each village has an obligation to manage various local potentials and resources to support development at the regional and national levels. One of the crucial elements in village government management is village financial management. Transparent, reliable, and accountable fund management is an important foundation for realizing good governance and increasing public trust in village officials. On the other hand, weaknesses in the village financial management system can trigger various forms of irregularities, especially fraud and corrupt practices.

The problem of corruption at the village government level is one of the most frequent forms of fraud in Indonesia. The results of a survey conducted by ACFE Indonesia Chapter in 2019 showed that of 239 respondents, 64.4% identified corruption as the most dominant type of fraud, while 69.9% of respondents argued that corruption is an act of fraud with the greatest impact on losses. This data is in line with ICW's 2023 records which revealed 187 cases of corruption related to village budget management, making this sector a very vulnerable area to corruption crimes.

Figure 1 Corruption Trend Graph

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Source: Indonesian Corruption Watch, (2023)

A real example occurred in Candibinangun Village, Pakem District, Sleman Regency in 2023, where income from village treasury land leases was not recorded in the APBDes, but was distributed to village officials, resulting in state losses of IDR 9.2 billion. This case shows the weakness of the village financial supervision and accountability system that requires serious attention. This phenomenon hinders village development which is an important part of national development. Therefore, fraud prevention at the village level is very important. Factors that have the potential to affect fraud prevention include internal factors, namely the competence of village officials and the effectiveness of the use of accounting information systems (SIA), as well as external factors in the form of community participation.

Village officials possessing strong competencies are anticipated to execute their responsibilities effectively while minimizing fraud risks. Prior research by (Rakanti & Ratnadi, 2024) demonstrates that apparatus competence positively impacts fraud prevention. However, contrasting results emerged from studies by (Saputri & Rispantyo, 2024) and (Budiarto & Isnaeni, 2022), which found no significant relationship between these variables.

Beyond apparatus competence, the effectiveness of accounting information system (AIS) implementation constitutes another critical factor. Well-functioning AIS can diminish fraud opportunities by enhancing transparency and precision in financial documentation. This perspective aligns with findings from (Aprilianti dkk., 2021) and (Nurrochmah dkk., 2024), both confirming AIS influence on fraud prevention. Conversely, investigations by (Sebayang & Budiantara, 2024) and (Mansyuri dkk., 2023) present contradictory evidence, indicating no significant effect.

Community involvement as external monitors plays a vital role in overseeing village fund management. Enhanced community engagement can strengthen financial transparency and mitigate collusion risks between village officials and external actors. Research by (Deza & Utomo, 2024) supports this perspective, demonstrating that community participation positively influences fraud prevention. Nevertheless, studies conducted by (Rismayani dkk., 2024) and (Pratiwi dkk., 2024) yield opposing conclusions.

This investigation was undertaken during the inaugural leadership period of village head Wijayanto, S.TP., in Sleman Regency, aiming to deliver contemporary empirical insights into village financial management and fraud prevention practices within the area. The research outcomes hold significance for advancing village governance systems and reinforcing national-level village fund management policy frameworks.

Research Question

Drawing from the contextual background presented above, the research question formulated is:

1. Does village apparatus competence contribute to fraud prevention in village fund management within Sleman Regency?
2. Does the effectiveness of accounting information system implementation contribute to fraud prevention in village fund governance within Sleman Regency?

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3. Does community involvement help prevent fraud in village fund management in Sleman Regency?

While the objectives of this research are:

1. To investigate the influence of apparatus competence on fraud prevention.
2. To examine the effect of accounting information system effectiveness on fraud prevention.
3. To investigate the contribution of community engagement to fraud prevention.

LITERATURE REVIEW

Fraud Triangle Theory

Through his research, (Cressey, 1953) formulated the Fraud Triangle theory, discovering three fundamental components that facilitate fraudulent actions:

1. Pressure

According to (Cressey, 1953), pressure refers to a situation that encourages a person to commit unethical acts, which are generally triggered by financial problems. Cressey identifies different forms of pressure, one of which is financial need. A person may experience urgent financial difficulties, such as a burden of debt or health expenses, that cannot be shared with others. This kind of need is often referred to as perceived non-shareable financial need, which is a condition where individuals feel forced to solve the problem by secretly taking money or assets.

2. Opportunity

According to (Cressey, 1953) opportunity refers to situations where individuals have the ability to commit fraud.. This often happens when there are weaknesses in the organization's internal controls, such as a lack of effective audits or oversight. Individuals who have knowledge of organizational systems and weaknesses are more likely to exploit this opportunity.

3. Rationalization

Rationalization is a thought process in which the perpetrator seeks justification for the fraudulent act he committed. They believe that the act is not a mistake or even they feel entitled to the money or assets they take. (Cressey, 1953) It noted that fraudsters often experience a change in perspective from someone who is entrusted to manage assets to those who use the assets for personal gain.

Agency Theory

Agency Theory, developed by (Jensen & Meckling, 1976), examines the dynamics between principals (shareholders or owners) and agents (managers) entrusted with authority to act on behalf of principals' interests, encompassing strategic decision-making. In practice, conflicts of interest frequently emerge between these stakeholders. Managers possess superior access to detailed organizational information and projections compared to shareholders, resulting in unequal information distribution termed information asymmetry.

The concept has relevance in village administration studies, where village officials serve as agents managing village finances with accountability obligations to three principals: central government, regional government, and the community. Principals demand optimal agent performance, evidenced by information transparency and service excellence. Strong village government performance fosters increased public trust toward village authorities.

Fraud

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According to (The Association of Certified Fraud Examiners (ACFE), 2016), fraud is characterized by intentionality—unlawful acts knowingly executed to serve particular purposes. These actions can be carried out by individuals or groups, both from inside and outside the organization. The main characteristics of fraud include the presence of elements of deception, acts that are carried out secretly or indirectly, and are usually based on motives to obtain profits in the form of money, services, or to protect personal business interests (Tuanakotta, 2013).

Fraud Prevention

Fraud prevention according to (Karyono, 2021) includes various efforts to deter potential perpetrators from committing fraudulent acts, narrow their movements, and monitor activities that have a high risk of occurring. Meanwhile, according to (Laksmi & Sujana, 2019) The indicators used to measure fraud prevention in this research include: Determination of fraud prevention policies, Procedures, Control methods, Sensitivity to fraud.

Apparatus Competencies

(Spencer & Spencer, 1993) Defining competencies as characteristics that are the basis for individuals and related to the effectiveness of performance in a job. This competency incorporates various attributes capable of forecasting an individual's behavioral responses and work effectiveness under different circumstances and task requirements.

Competency has characteristics that are used to distinguish individuals who perform higher than those who perform on average, as well as to distinguish between effective and ineffective behaviors. The competence of the apparatus is one of the important elements in fraud prevention. The reason is because a well-competent apparatus will know the consequences if they commit fraud, so they will be reluctant to commit fraudulent acts. This results in lower rationalization and opportunities for the apparatus to commit fraudulent acts.

The Effectiveness of Using Accounting Information Systems

The Accounting Information System represents an essential resource for organizational financial oversight and internal control processes. As defined by (Antari & Utama, 2022), information system effectiveness encompasses the measurement of the extent to which organizational goals are successfully reached through management implementation, collecting, and processing resources, so that it can produce informative data. Effective deployment of Accounting Information Systems supports the establishment of transparent and accountable practices in village fund administration. An effective Accounting Information System allows the village government to monitor transactions in real-time, identify anomalies, and report financial information accurately. This makes the opportunity to commit fraud difficult to do. Research (Nurrochmah et al., 2024) shows that organizations that use the Accounting Information System effectively have a lower chance of experiencing fraud due to better control over access and use of financial data.

Community Participation

According to (Indraswari & Rahayu, 2021), community participation means citizens actively engage in government activities, influencing performance evaluations and preventing power abuse. Effective village fund management needs public input through suggestions and criticisms about management and policies. Public oversight of fund usage is essential for fraud prevention. Community supervision during village fund planning reduces fraud risks.

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Community participation generates positive outcomes, most notably by promoting transparency and accountability in the management of public resources. This perspective is supported by (Deza & Utomo, 2024), whose research indicates that community involvement strengthens fraud prevention mechanisms because citizens function as independent monitors overseeing village financial management.

Hypothesis Development

1. The Effect of Apparatus Competence on Fraud Prevention

Apparatus competence plays a critical role in fraud prevention. Officials with sufficient knowledge and capabilities are more effectively positioned to identify and prevent fraudulent activities. Competent personnel typically demonstrate elevated ethical standards and comprehensive understanding of financial management principles. Their awareness of fraud consequences combined with strong integrity makes them less inclined to justify fraudulent conduct, thereby reducing the likelihood of engaging in such acts. This aligns with the Fraud Triangle theory, which posits that minimizing opportunity and rationalization impedes fraud occurrence. Research by (Dominika Apriliani Lahu & Gayatri, 2024) supports this, showing that village official competence positively influences fraud prevention in village fund administration. Consequently, this study proposes:

H1 : Apparatus Competence Positively Influences Fraud Prevention

2. The Influence of Accounting Information System Effectiveness on Fraud Prevention

Effective implementation of Accounting Information Systems significantly contributes to fraud prevention efforts. Rather than functioning solely as technological infrastructure, these systems operate as strategic assets that streamline business processes and elevate transparency, accountability, and ethical practices in village financial management. Comprehensive system integration equips village administrations with capabilities to identify and mitigate fraud through rigorous oversight and systematized accountability protocols. These systems simultaneously advance village financial governance standards, thereby minimizing fraud occurrence as conceptualized in the Fraud Triangle theory. Research by (Irfan Florid dkk., 2023) support this, showing that Accounting Information System Effectiveness influences fraud prevention in village fund administration. Consequently, this study proposes:

H2 : The Effectiveness of Accounting Information System Application Positively Influences Fraud Prevention Outcome

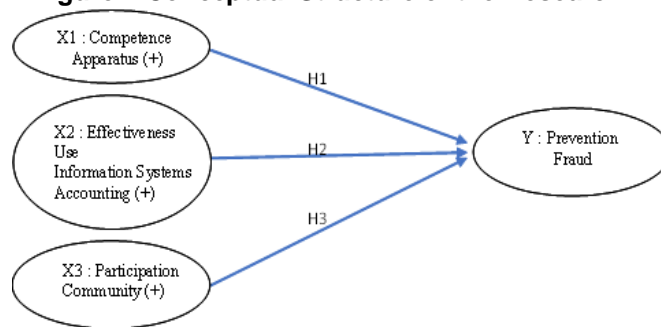
3. The Influence of Community Participation on Fraud Prevention

Community engagement in overseeing and managing public resources serves a crucial function in fraud prevention. Citizen participation in village fund administration, particularly through mechanisms such as Village Development Planning Deliberations (Musrenbang), enhances transparency and accountability while diminishing fraud susceptibility. Fraud Triangle theory posits that reduced opportunities for fraudulent conduct lead to decreased fraud incidence. Agency theory reinforces this premise by asserting that village governments bear accountability obligations for fund stewardship to both hierarchical authorities and community stakeholders. Findings from by (Putra et al., 2021) validate that community participation exerts a positive influence on fraud prevention within village fund contexts. Consequently, the hypothesis proposes:

H3 : Community Participation has a Positive Effect on Preventing Fraud

Based on these variable interactions, the framework is illustrated below:

Figure 1 Conceptual Structure of the Research



Source: (2025) research data

RESEARCH METHODS

This study employs a quantitative methodology grounded in positivist philosophy, which emphasizes the observation and measurement of objective phenomena. Primary data was gathered directly from participants through systematically designed data collection procedures aligned with the research aims (Raihan, 2017). The study was conducted in Candibinangun Village, Pakem District, Sleman Regency, Special Region of Yogyakarta during 2024. Data collection was carried out by distributing online questionnaires via Google Forms, followed by quantitative statistical analysis. The study utilized closed-ended questionnaires with a Likert scale measurement instrument. According to (Sugiono, 2017), Likert scales are frequently utilized to measure attitudes, opinions, and perceptions of individuals or groups concerning social phenomena. A 4-point Likert scale (ranging from 1 to 4) was implemented to achieve more precise results and eliminate neutral or ambiguous responses. The scoring system consists of four response levels: 1 = Strongly Disagree (STS), 2 = Disagree (TS), 3 = Agree (S), and 4 = Strongly Agree (SS).

Population and Sample

On this study, the population consists of all community members engaged in village fund management activities in Candibinangun Village, Pakem District, Sleman Regency, Special Region of Yogyakarta in 2024. The sample represents a subset of this population used for investigation. (Sugiono, 2017) emphasizes that samples must possess characteristics representative of the population, with sample size typically denoted as *n*. The selected sample comprises individuals who attended the Village Development Planning Conference (Musrenbangdes) in Candibinangun Village, Pakem District, Sleman Regency, Special Region of Yogyakarta. A saturated sampling technique was employed in this research. According to (Sugiono, 2017), Saturated sampling is a sampling technique where all members of the population are utilized as the research sample. This technique was chosen to maximize the effectiveness of data collection and analysis procedures. The researcher established selection criteria focusing on community members participating in village fund management in Candibinangun Village, resulting in a total sample of 47 respondents, as presented in the following table:

Table 1 Number of Research Samples

No.	Masyarakat yang terlibat	Total
1	Lurah	1
2	Carik	1
3	Danarto	1
4	Pangripto	1
5	Jogoboyo	1
6	Ulu-ulu	1
7	Tata laksana	1
8	Kamituwa	1
9	Perwakilan Tokoh masyarakat	3
10	Pendamping Desa	2
11	Badan Permusyawaratan Kalurahan	7
12	Pokja Posyandu	5
13	PKK	5
14	Perwakilan Karang Taruna	5
15	LPMKal	3
16	Linmas	3
17	Perwakilan Kapanewon	3
18	PMK	3
Jumlah sampel		47

Source: Candibinangun Village (2025)

Data Analysis Techniques

SPSS version 27 served as the analytical tool in this research. Validating research conclusions necessitated subjecting collected data to multiple feasibility assessments. The evaluation framework incorporated validity and reliability testing for data verification, classical assumption diagnostics including normality, heteroscedasticity, and multicollinearity analyses, culminating in hypothesis testing to validate research premises.

RESULTS AND DISCUSSION

Validity Test Results

Validity testing was conducted utilizing SPSS software version 27 through comparison of the calculated R value against the R table. Given the degrees of freedom (df) = $N-2 = 30-2 = 28$, the corresponding r table is determined as 0.3610. Participants in this validity test are community members who participated in the Development Planning Conference (Musrenbang) in Getas Village, Gunungkidul, with a total of 30 participants. The selection of these participants was based on the similarity of characteristics with the actual respondents.

Table 2 Validity Test Results

Apparatus Competencies	R Count	R Table	Information
X1.1	0,815	0,3610	Valid
X1.2	0,716	0,3610	Valid
X1.3	0,724	0,3610	Valid
X1.4	0,749	0,3610	Valid
The Effectiveness of Using Accounting Information Systems	R Count	R Table	Information
X2.1	0,794	0,3610	Valid
X2.2	0,769	0,3610	Valid
X2.3	0,708	0,3610	Valid
X2.4	0,851	0,3610	Valid
Community Participation	R Count	R Table	Information
X3.1	0,835	0,3610	Valid
X3.2	0,893	0,3610	Valid
X3.3	0,757	0,3610	Valid
X3.4	0,866	0,3610	Valid
Fraud Prevention	R Count	R Table	Information
Y1.1	0,875	0,3610	Valid
Y1.2	0,883	0,3610	Valid
Y1.3	0,870	0,3610	Valid
Y1.4	0,873	0,3610	Valid

Source: Data processing (2025)

Based on table 2, it was obtained that all questionnaire statement items from the variables used in this research showed a higher calculated r value than the r table. Thus, it can be concluded that all questionnaire instruments are valid and can be used in research.

Reliability Test Results

Participants in the reliability test in this research were community members who participated in the Development Planning Conference (Musrenbang) in Getas Village, Gunungkidul, with a total of 30 participants. The selection of participants was based on the compatibility of characteristics with the actual respondents. The results of the reliability test in this study are shown as follows:

Table 3 Results of Reality Test

Variable	Cronbach Alpha	Critical Values	Information
Apparatus Competencies	0,742	0,700	Reliable
The Effectiveness of Using Accounting Information Systems	0,778	0,700	Reliable
Community Participation	0,847	0,700	Reliable
Fraud Prevention	0,897	0,700	Reliable

Source: Data processing (2025)

Normality Test Results

The normality assessment is conducted using the following Kolmogorov-Smirnov test values:

Table 4 Normality Test Results

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One-Sample Kolmogorov-Smirnov Test

		Unstandardize d Residual
N		47
Normal Parameters, b	Mean	,0000000
	Std. Deviation	1,39815514
Most Extreme Differences	Absolute	,110
	Positive	,110
	Negative	-,068
Test Statistic		,110
Asymp. Sig. (2-tailed) ^c		,198
Monte Carlo Sig. (2-tailed) ^d	Sig.	,154
	99% Confidence Interval Lower Bound	,145
	Upper Bound	,163

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

Source: Data processing (2025)

Table 4 presents the Kolmogorov-Smirnov statistical test results, revealing that the Unstandardized Residual yields an Asymp. Sig. value of 0.198, which exceeds the 0.05 threshold. This confirms that the research data follows a normal distribution.

Multicollinearity Test Results

The results of the Multicollinearity Test are shown as follows:

Table 5 Multicollinearity Test Results

		Coefficient						
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Type		B	Std. Error	Beta	t	Sig.	Tolerance	VIVID
1	(Constant)	2,373	1,483		1,600	,117		
	X1	-,004	,068	-,005	-,060	,952	,990	1,010
	X2	,036	,062	,044	,578	,566	,975	1,026
	X3	,842	,074	,875	11,402	,000	,966	1,035

a. Dependent Variable: Y

Source: Data processing 2025

As demonstrated in Table 5, the independent variables display tolerance values exceeding 0.10 and VIF values below 10. This confirms that the regression model is free from multicollinearity issues.

Heteroscedasticity Test

The Heteroscedasticity test is carried out with the Glejser test as follows:

Table 6 Heterokedasticity Test Results

Type		Coefficient		Standardized Coefficients Beta	t	Sig.
		Unstandardized Coefficients B	Std. Error			
1	(Constant)	,819	,893		,918	,364
	X1	,040	,041	,147	,970	,338
	X2	-,012	,037	-,047	-,311	,757
	X3	-,007	,044	-,023	-,150	,882

a. Dependent Variable: Abs_Res

Source: Data processing (2025)

Based on Table 6, heteroscedasticity testing employing the Glejser method revealed significance values of 0.338 for variable X1, 0.757 for variable X2, and 0.882 for variable X3. Since all three significance values surpass 0.05, it can be determined that the research data exhibits no heteroscedasticity symptoms.

Results of Multiple Linear Regression Analysis

Multiple linear regression analysis was performed to assess the directional relationships between apparatus competence, accounting information system effectiveness, and community participation regarding fraud prevention initiatives. The results of this multiple linear regression analysis are presented in the table below:

Table 7 Results of Multiple Linear Regression Analysis

Type		Coefficient		Standardized Coefficients Beta	t	Sig.
		Unstandardized Coefficients B	Std. Error			
1	(Constant)	2,373	1,483		1,600	,117
	X1	-,004	,068	-,005	-,060	,952
	X2	,036	,062	,044	,578	,566
	X3	,842	,074	,875	11,402	,000

a. Dependent Variable: Y

Source: Data processing 2025

Based on Table 7, the multiple linear regression analysis results can be expressed in the following equation:

$$Y = 2.373 - 0.004X_1 + 0.036.X_2 + 0.842X_3$$

Multiple linear regression coefficient interpretation establishes:

1. The constant term ($a = 2.373$) quantifies fraud prevention at 2.373 under conditions where apparatus competence (X1), accounting information system effectiveness (X2), and community participation (X3) are nonexistent. This defines the intrinsic prevention threshold independent of these variables.
2. Apparatus competence manifests a coefficient of -0.004, signaling a negative association where competence reductions by one unit diminish fraud prevention by 0.004 units. Paradoxically, enhanced competence in Candibinangun correlates with attenuated prevention outcomes, forming an inverse relationship.
3. Accounting information system effectiveness (X2) demonstrates a coefficient of 0.036, reflecting positive directionality where effectiveness improvements of one unit augment fraud prevention by 0.036 units. Superior system functionality in Candibinangun Village thus facilitates prevention enhancement through direct positive correlation.
4. Community participation (X3) exhibits a coefficient of 0.842, indicating substantial positive influence where single-unit participation increases yield 0.842-unit

prevention gains. Amplified community engagement in financial governance therefore markedly bolsters fraud prevention through a robust positive relationship.

T Test Results

The T-test was carried out to determine the significance of the influence of apparatus competence, the effectiveness of the use of accounting information systems, and public participation in fraud prevention efforts. The results of the test are as follows:

Table 8 T Test Results

Type	Coefficient t			t	Sig.
	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta		
1	(Constant)	2,373	1,483	1,600	,117
	X1	-,004	,068	-,005	,952
	X2	,036	,062	,044	,566
	X3	,842	,074	,875	,000

a. Dependent Variable: Y

Source: Data processing 2025

Based on table 8, the interpretation of the hypothesis test results can be described as follows:

1. Effect of Apparatus Competence (X1) on Fraud Prevention (Y). Examination of the apparatus competence variable produced a significance value of 0.952, exceeding the 0.05 threshold, leading to H0 acceptance and Ha rejection. This demonstrates that apparatus competence does not significantly affect fraud prevention in Candibinangun Village.
2. Impact of Accounting Information System Effectiveness (X2) on Fraud Prevention (Y). The accounting information system effectiveness variable test produced a significance value of 0.566, exceeding the 0.05 threshold, leading to H0 acceptance and Ha rejection. This demonstrates that accounting information system effectiveness lacks significant influence on fraud prevention in Candibinangun Village.
3. Effect of the community participation variable yielded a significance value of 0.000, below the 0.05 threshold, leading to H0 rejection and Ha acceptance. This indicates that community participation significantly and positively impacts fraud prevention in Candibinangun Village.

The Influence of Apparatus Competence on Fraud Prevention

Hypothesis testing revealed that apparatus competence does not contribute to fraud prevention. This finding contradicts Fraud Triangle Theory, which posits that highly competent personnel typically possess superior moral standards and comprehensive understanding of financial management ethics. Competent officials generally recognize the adverse consequences of fraudulent behavior and demonstrate elevated integrity levels, thereby reducing their capacity to rationalize fraud and lowering fraud probability. Nevertheless, this study presents contrasting evidence, indicating that enhanced apparatus competence may actually diminish fraud prevention effectiveness. This phenomenon potentially occurs because highly skilled personnel possess greater capabilities to conceal or execute fraud covertly, making detection challenging. Consequently, competence enhancement must be coupled with reinforcement of integrity principles, professional ethics, and robust oversight systems. These results align with (Budiarto & Isnaeni, 2022) research, which similarly identified a negative relationship between apparatus competence and fraud prevention.

The Effect of the Effectiveness of the Use of Accounting Information Systems on Fraud Prevention

The hypothesis examination establishes that accounting information system effectiveness lacks significant bearing on fraud prevention capabilities. Counter-intuitively, heightened system effectiveness coincides with weakened fraud prevention within Candibinangun Village. This evidence indicates that effective accounting information systems prove insufficient as standalone fraud deterrents. This paradox presumably emerges from residual system deficiencies or security gaps that technically proficient individuals can manipulate for data alteration or fraud obfuscation. This finding accentuates the requirement that accounting information system effectiveness be supplemented by rigorous internal control mechanisms and uninterrupted monitoring protocols. This research resonates with investigations by (Mansyuri et al., 2023) who likewise determined that accounting information system effectiveness exerts no significant influence on fraud prevention endeavors.

The Influence of Community Participation on Fraud Prevention

According to hypothesis examination results, community participation demonstrates a positive relationship with fraud prevention in Candibinangun Village. Elevated participation levels facilitate enhanced fraud prevention outcomes. This evidence substantiates (Cressey, 1953) theoretical assertion that constrained fraud opportunities yield decreased fraud prevalence. Agency theory provides additional validation, mandating that village governments maintain accountability not exclusively to hierarchical governmental structures but equally to community constituents. Substantive community engagement in village fund administration, notably through institutional forums such as Musrenbang, proves instrumental in diminishing fraud susceptibility. This research corroborates findings by (Putra et al., 2021) who determined that community participation exerts positive influence on fraud prevention within village fund management contexts.

CONCLUSIONS

This research investigated the effects of apparatus competence, accounting information system effectiveness, and community participation on fraud prevention within village fund management in Candibinangun Village. The findings contribute to governance and public financial management research in rural contexts. Results indicate that apparatus competence does not improve fraud prevention and may even weaken it. This contradicts traditional fraud theory, suggesting that higher competence, without strong ethical values and oversight, can enable more sophisticated fraudulent practices. Thus, competence development must be paired with integrity reinforcement and strict monitoring systems. Furthermore, accounting information system effectiveness has no significant effect on fraud prevention, demonstrating that technology alone is insufficient. Effective fraud prevention requires strong internal controls, continuous monitoring, and improved digital literacy among officials. In contrast, community participation positively influences fraud prevention, reinforcing the role of transparency and social oversight in reducing opportunities for misconduct. This finding supports agency theory and highlights the value of participatory governance. Overall, fraud prevention in village governance requires a combination of ethical and competent personnel, strong internal controls, effective technology, and active community involvement.

SUGGESTION

Practical Advice

1. To Village Apparatus and Village Financial Managers: It is necessary to increase information disclosure and actively involve the community in every stage of village fund management. For example, the results of the budget and the realization of village

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spending can be published through bulletin boards or digital platforms that are easily accessible to residents. In addition, village officials need to receive training on ethics and integrity so that high competence is not abused to cover up fraud. Strengthening these values of honesty can be complemented by the implementation of a stricter internal control system, such as routine audits or improving the supervisory function of the BPD (Village Consultative Body). The use of an accounting information system (SIA) must be accompanied by strong internal controls and periodic audits to close data manipulation gaps. Thus, competence and technology not only improve performance, but also contribute to fraud prevention.

2. To the Community and Village Supervisory Institutions (e.g. BPD): Encouraged to participate more actively in village forums such as Musrenbang and public hearing meetings. Active community involvement has been proven to be effective in reducing the chances of fraud. Therefore, public understanding of participation rights and mechanisms needs to be improved, for example through socialization of participation rights and fraud reporting channels. The community must be equipped with information about supervision procedures and guided on how to report indications of fraud so that they can act as an effective external supervisor in village financial management.
3. To Policy Makers (Local Government/Ministry of Villages): It is recommended to formulate policies and regulations that facilitate transparency and public participation. For example, implementing open government standards or digital platforms to display in real-time the implementation of village budgets and financial reports. Such a policy will make it easier for the public to access information and reduce the space for potential fraud. In addition, local governments may require anti-fraud training for village officials and independent audits as part of accountability mechanisms. This policy support will strengthen social control and the integrity of direct village fund management.

Theoretical Suggestions

1. Development of Theoretical Models: The results of the study show that fraud prevention in villages is not only influenced by internal factors (apparatus competence, SIA), but is highly determined by external social control (community participation). Therefore, the next theoretical model can be developed by integrating agency theory, public participation theory, and citizen engagement theory to explain the dynamics of fraud prevention in village government. For example, the development of new models can combine variables such as the individual morality of the apparatus, the organizational climate, and the interaction between internal control and community supervision to provide a more comprehensive theoretical framework.
2. Advanced Research: It is recommended that subsequent research incorporate additional variables and more diverse methodological approaches. Given the findings that apparatus competence and SIA effectiveness have no significant effect (even competence shows potential negative effects), subsequent studies may explore mediating or moderation factors that may be involved, such as the level of individual morality, organizational culture, or intensity of internal supervision. For example, the variable of spirituality or public ethical awareness can be examined to see how it affects the relationship between competence and fraud. Further research can also be carried out comparatively between sub-districts or across regions to find out if similar results are found in different contexts.
3. Research Methodology and Context: As a contribution to the development of knowledge, it is recommended that further research use a broader quantitative approach (e.g. larger samples or longitudinal designs) as well as qualitative methods to capture the nuances of the causes of fraud. Qualitative approaches, such as in-depth interviews with village officials and communities, can reveal the motivation behind the finding that high competence does not necessarily suppress fraud. In addition, further research can test the effectiveness of certain interventions (e.g. ethics training programs or electronic complaint systems) through field experiments

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