

Preventing fraud in village financial management: the role of competence, systems, and anti-fraud awareness

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ABSTRACT

Fraud is an illegal act in the form of deception, concealment, or violation of trust committed by a person or organization with the aim of obtaining money, property, services, or to protect personal or business interests. Prevention of fraud needs to be done so that the organization, in this case the village government, does not suffer losses. The purpose of this study is to examine and analyze the influence of the competence of village apparatus and the village financial system on fraud prevention, as well as to examine and analyze whether anti-fraud awareness can moderate the influence of the competence of village apparatus and the village financial system on fraud prevention. This research was conducted in villages in East Bolaang Mongondow Regency, with all village heads and finance heads as respondents. The data analysis process to determine the results for outer model testing, inner model testing, and hypothesis testing. The results of this study are that the village apparatus competence and the village financial system have a significant positive effect on fraud prevention. This means that the higher the competence of village apparatus and the better the implementation of the village financial system application, the greater the prevention of fraud. The next result is that anti-fraud awareness strengthens the influence of village apparatus competence on fraud prevention. However, anti-fraud awareness weakens the influence of the village financial system on fraud prevention.

Keywords: village apparatus competence; village financial system; fraud prevention; anti-fraud awareness; village financial management

JEL Classification: M41; M48

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1. Introduction

Fraud within the public sector remains a critical challenge that undermines

governance credibility and public trust. In Indonesia, the decentralization policy introduced through Law No. 6 of 2014 on

Villages, and later amended by Law No. 3 of 2024, granted village governments significant authority to manage public finances independently. This autonomy, while intended to enhance community development and self-reliance, has also created new vulnerabilities in local financial management. Data from Indonesia Corruption Watch (ICW, 2024) reveal that corruption at the village level has consistently ranked as the most dominant sector in corruption cases prosecuted from 2016 to 2023. Such findings highlight the urgent need to strengthen internal control mechanisms and ethical competence among village officials to prevent fraud in village financial management.

Several literatures show growing scholarly attention to fraud prevention in public financial management. Several studies (e.g., Romadaniati et al., 2020; Bosko et al., 2023; Lorenza et al., 2024; Atmadja and Saputra, 2017) have established that the competence of government apparatus contributes significantly to fraud prevention, as skilled and ethically aware officials tend to perform transparent financial reporting. However, in research conducted by Armelia and Wahyuni (2020) and Tinay, et al., (2022) showed different results, namely that the village apparatus competence does not affect fraud prevention. Moreover, the adoption of the Village Financial System (SISKEUDES) has been recognized as a major innovation by the Ministry of Home Affairs and BPKP to improve accountability and transparency (Fathia and Indriani, 2022; Wahyudi et al., 2022). Nonetheless, subsequent studies (Sulistiyanoro and Zahara, 2023) found that technological systems alone do not eliminate fraud risks if users lack the required ethical standards and awareness. Hence, a purely technical approach is inadequate without integrating behavioral and ethical dimensions such as anti-fraud awareness.

An evident empirical gap emerges from the inconsistency of prior findings. While some research (Kartadjumena and Indriyati, 2021; Budiantoro et al., 2022; Olivia and Lastanti, 2022) confirms that anti-fraud awareness significantly moderates the relationship between internal control systems and fraud prevention, other studies (Periansya et al., 2023; Ardiansyah et al., 2024) report weak or insignificant moderating effects. This divergence suggests that contextual variables, such as the competence level of village apparatus and the maturity of financial systems, may explain variations in outcomes across different localities. Furthermore, few empirical studies have examined the moderating role of anti-fraud awareness specifically in rural or village-level governance settings, where administrative capacity and ethical infrastructure are typically less developed.

Addressing these inconsistencies, the present study aims to analyze the influence of village apparatus competence and the village financial system on fraud prevention, with anti-fraud awareness as a moderating variable in the context of East Bolaang Mongondow Regency, Indonesia. The novelty of this study lies in its integrative model that unites technical (system-based) and behavioral (competence and ethical awareness) determinants of fraud prevention in village governance. Unlike prior studies that examined these variables separately, this research explores their combined and moderating effects. By doing so, this study contributes to the literature by offering empirical evidence from a local governance perspective, providing insights into strengthening accountability, transparency, and integrity in decentralized village financial systems.

2. Literature review

Stewardship theory.

According to stewardship theory, a manager's motivation is in line with the

principal's objectives rather than being motivated by personal objectives (Davis, Schoorman, and Donaldson, 1997). Stewardship theory is used in this study to explain the relationship between the village government (acting as steward) and the village community (principal). Yamin and Sutaryo (2015) in Fathia and Indriani (2022) explain that as a government institution, the village government functions as an entity that provides the best service to the community. In the framework of village governance, this theory illustrates how village officials serve as agents of the community, entrusted with managing financial resources for public welfare. When officials possess strong competence, integrity, and commitment, they naturally prioritize community interests and accountability, thereby minimizing fraudulent practices. This study employs stewardship theory to emphasize that enhancing the competence of village apparatus and the quality of financial systems leads to better accountability and stronger mechanisms for preventing fraud within village financial management.

Attribution theory

Fritz Heider created a theory known as attribution theory in 1958. A person's behavior and the motivations behind their acts are explained by this attribution theory. Based on this theory, Fritz Heider explains that there are two reasons for actions taken by a person, namely internal reasons that come from within a person, such as competence, and external reasons that come from outside a person, such as environmental factors (Budyatna, 2015). Within this study's context, attribution theory helps explain how both internal attributes (competence) and external mechanisms (financial systems) jointly shape ethical behavior in preventing fraud. Anti-fraud awareness further reinforces these behavioral tendencies by enhancing individual accountability and ethical

motivation to act honestly in financial management.

Village apparatus competence.

In the Regulation of the Minister of Home Affairs Number 108 of 2017 concerning Government Competence, it is explained that competence is the ability and characteristics possessed by a State Civil Apparatus Employee, in the form of knowledge, skills and behavioral attitudes required in carrying out his/her job duties, so that the State Civil Apparatus can carry out his/her duties professionally, effectively, and efficiently. Adiwilaga et al. (2021) mentioned the form of strengthening the character of village government apparatus as public service providers, namely by developing a paradigm, culture and mentality of public entrepreneurs; development of state apparatus by implementing a merit system in the bureaucracy; strengthening supervision of ethics and behavior of apparatus; and political awareness and commitment to reform government apparatus.

Village financial system

According to the Regulation of the Minister of Home Affairs Number 20 of 2018 it is stated that village financial management can be carried out using an information system managed by the Ministry of Home Affairs. Therefore, the Financial and Development Supervisory Agency (BPKP) in collaboration with the Ministry of Home Affairs created a system called the Village Financial System (SISKEUDES). The purpose of creating the system application is to encourage accountability in village financial management. The implementation of the SISKEUDES application is to make it easier for village governments and village apparatus to report village finances (Arfiansyah, 2020).

Fraud prevention

Fraud prevention encompasses all strategies and internal controls designed to detect, deter, and minimize fraudulent activities in financial management. Tuanakotta (2012) defines fraud as the misuse of authority or manipulation for personal or group benefit, while Suradi (2006) describes fraud prevention as actions that eliminate opportunities, incentives, and rationalizations for unethical conduct. In public sector management, effective fraud prevention requires a combination of strong internal controls, competent personnel, and a culture of integrity (Wahyudi et al., 2022).

Village financial management.

Village financial management refers to the processes of planning, implementation, administration, reporting, and accountability of village funds as regulated by the Ministry of Home Affairs Regulation No. 20 of 2018. It represents the core operational function of village governance, ensuring that public resources are allocated and utilized efficiently. Proper management requires adherence to accounting principles, effective documentation, and public transparency. When executed properly, village financial management serves as a platform for accountability and fraud prevention (Lorenza et al., 2024).

Anti-fraud awareness

Anti-fraud awareness is defined as an individual's or organization's level of understanding and sensitivity toward recognizing, preventing, and reporting fraudulent behavior (OJK, 2024). This awareness integrates ethical orientation, integrity, and organizational commitment to create a fraud-resistant culture. Studies by Kartadjumena and Indriyati (2021) and Budiantoro et al. (2022) found that employees with higher anti-fraud awareness exhibit stronger moral responsibility and actively participate in

fraud prevention initiatives. In village governance, such awareness reinforces ethical decision-making and strengthens the link between competence, internal systems, and fraud prevention outcomes.

Hypothesis development

Village apparatus competence and fraud prevention

According to a study by Mawikere et al. (2022), a village official will perform their duties in managing village finances more effectively if they possess the right competencies, skills, abilities, and attitudes, and the results of this will be reported to stakeholders, in this case the village community (Wahongan et al., 2024). According to Ternalemata et al. (2021), competent human resources (in this case, village apparatus) will reduce mistakes made when preparing financial reports, which will have the effect of preventing fraud. This study uses stewardship theory to help ensure that village apparatus will improve their competence in order to provide evidence of their best service to the community (principal). Attribution theory is also used to help see whether the competence possessed by village apparatus, which is a factor of internal reasons from a person, will help prevent fraud. Based on the research results from Romadaniati, et al. (2020), Bosko, et al. (2023), Wahyudi, et al. (2022), Lorenza, et al. (2024), Saputra, et al. (2022) and Sulistiyanoro and Zahara (2023) showed that the competence of village apparatus influenced fraud prevention. Meanwhile, research conducted by Armelia and Wahyuni (2020) and Tinay, et al. (2022) showed different results, namely that the competence of village apparatus did not affect fraud prevention because the education of most village apparatus did not match or was not the same as the position they held.

H1: Village Apparatus Competence have an influence on Fraud Prevention

Village financial system and fraud prevention

According to Pinatik, et al. (2024), the village government needs to implement a system that ensures timely and accurate financial reporting, by using technology to simplify the reporting process. The village financial system application was created with the aim of facilitating village financial reporting, preventing fraud, and also realizing accountability in village financial management. The stewardship theory is applied in this study, which states that the village apparatus must provide all information required by the community (principal), as the owner of the finances. This study also used the attribution theory to help prove that the reasons from within the village apparatus to run the village financial system well can prevent fraud. Research conducted by Fathia and Indriani (2022) showed that the village financial system has a significant effect on fraud prevention. In addition, research conducted by Fajrin, et al. (2022) showed that the implementation of the village financial system application can overcome the opportunity for fraud. However, research conducted by Sulistiyantoro and Zahara (2023) found that the village financial system had no effect on fraud prevention.

H2: Village Financial System have a influence on Fraud Prevention

Village apparatus competence and fraud prevention which moderated by anti-fraud awareness.

The abilities or competencies that a person has are often misused to commit fraud (Atmadja and Saputra, 2017). This study uses stewardship theory to help prove that with the presence of anti-fraud awareness in the apparatus, the apparatus will use their competence as best as possible to serve the community, so that it can prevent fraud. In addition, researchers also use attribution theory to help prove where the reason for someone to increase

their anti-fraud awareness in themselves will prevent fraud. Nurbaya (2022) said that with a high level of anti-fraud awareness, it can reduce an individual's actions to commit fraud. Based on research conducted by Nurbaya (2022), researchers can assume that anti-fraud awareness can moderate the village apparatus competence in preventing fraud. In addition, the results of research conducted by Billa and Indriani (2022) also prove that anti-fraud awareness can be used as a moderator of independent variables in fraud prevention. Research conducted by Budiantoro, et al. (2022), Insani, et al. (2020) and Olivia and Lastanti (2022) showed that anti-fraud awareness had a positive and significant effect on fraud prevention. However, the results of research by Periansya, et al. (2023) showed different results, namely that anti-fraud awareness did not have a significant effect on fraud prevention.

H3: Anti-Fraud Awareness can moderate Village Apparatus Competence on Fraud Prevention

Village Financial System and Fraud Prevention which moderated by Anti-Fraud Awareness.

All members of the organization must show a strong commitment to preventing fraud and cooperate to ensure that the village finance system is operated effectively (Kartadjumena & Indriyati, 2021). Commitment can be formed by following a program to increase self-awareness to prevent fraud from occurring. This study uses the stewardship theory where according to the theory the village apparatus must convey all information needed by the community (principal) as the owner of the funds. In addition, the researcher also uses attribution theory to help prove that a person's reason for increasing anti-fraud awareness in themselves will help the effectiveness of the use of the village financial system so that it can prevent fraud. Based on the research results of Kartadjumena &

Indriyati (2021), researchers can assume that anti-fraud awareness can moderate the influence of the village financial system on fraud prevention. In addition, the results of research conducted by Billa & Indriani (2022) also prove that anti-fraud awareness can be used as a moderator of independent variables in fraud prevention. However, the results of research by Ardiansyah, et al. (2024) show that anti-fraud awareness cannot moderate the influence of internal control, in this case the village financial system, on fraud prevention.

H4: Anti-Fraud Awareness can moderate Village Financial System on Fraud Prevention

3. Research method

This research uses a causal quantitative approach, namely an approach used in research to determine the causal relationship between independent and dependent variables (Sugiyono, 2013). This study took the research object in 81 villages in East Bolaang Mongondow Regency, with the respondents being all Village Heads and Finance Heads in 81 villages in East Bolaang Mongondow Regency with a total of 162 people. The data collection method used is a questionnaire method with an assessment category using a Likert scale. To measure

the village apparatus competency variable, it is measured using indicators of knowledge, skills and work attitudes (source: Romadaniati, et al., 2020). Furthermore, to measure the village financial system variable, the indicators used are relevant, reliable, complete, timely, understandable, verifiable, and accessible (source: Fathia & Indriani., 2022). Then for the dependent variable, namely fraud prevention, the indicators used are creating a culture of honesty, openness and assistance, and eliminating opportunities for cheating (source: Romadaniati, et al., 2020). Finally, to measure the moderation variable, namely anti-fraud awareness, the indicators used are building a culture of honesty and good ethics, evaluating the risk of fraud, and adequate supervision (source: Kartadjumena & Indriyati., 2021). The data analysis process in this study uses the help of a computer program, namely SmartPLS, through three stages including the outer model (validity test and reliability test), inner model (R-square, path coefficients, F-square, Q-square), and hypothesis test.

4. Result and discussion

Result

The chart results from the research data processing can be seen in Figure 1.

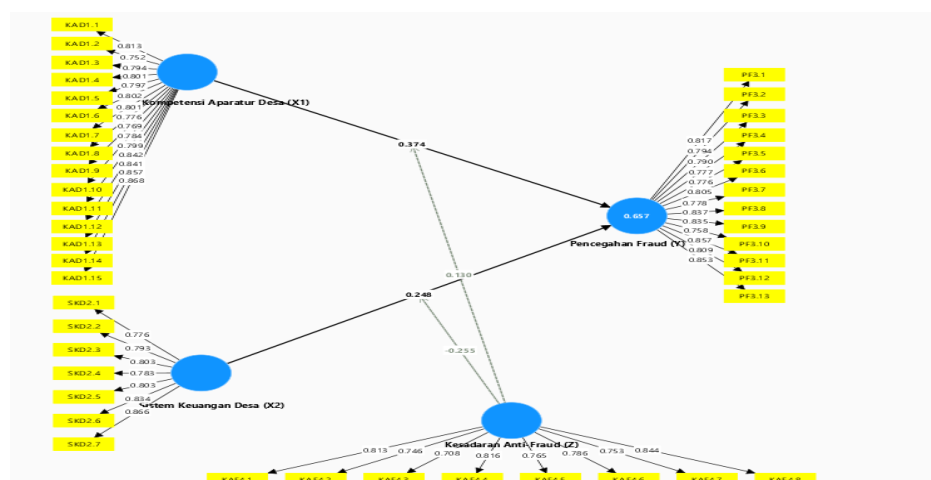


Figure 1. Data processing result chart
Source: Data processing results with PLS, 2024

Loading indicators. Hair, et al. (2021) recommend that the indicator loading value is greater than 0.70. Based on the results of data processing, it was found that the indicator loading value of all items was greater than 0.70.

Convergent Validity. Convergent validity is used to assess the extent to which a construct converges to explain the variance of its indicators (Hair, et al., 2021). The measurement used to evaluate the convergent validity of a construct is the average variance extracted (AVE) with a reference value of more than 0.50. The

results for convergent validity can be seen in Table 1, which shows that the AVE value of each variable is more than 0.50.

Consistency Reliability. Consistency reliability is the extent to which indicators measuring the same construct are related to each other. Data reliability can refer to the Cronbach Alpha value and composite reliability. In Table 1 it can be seen that the Cronbach Alpha and composite reliability values are more than 0.70. So it can be concluded that all variables are declared reliable.

Table 1. Convergent validity and consistency reliability

Variable	Cronbach's Alpha	Composite Reliability	AVE
X1	0,962	0,965	0,651
X2	0,912	0,930	0,654
Y	0,955	0,960	0,651
Z	0,908	0,925	0,608

Discriminant Validity. According to Hair, et al. (2021), Heterotrait-Monotrait (HTMT) is used to assess the correlation of discriminant validity between constructs. The HTMT reference value

must be below 0.90. Table 2 shows that each variable's HTMT value is less than 0.90. Consequently, it may be said that every construct has strong discriminant validity.

Table 2. Discriminant validity

	Z	X1	Y	X2	Z x X1	Z x X2
Z						
X1	0,431					
Y	0,654	0,633				
X2	0,493	0,423	0,571			
Z x X1	0,370	0,594	0,433	0,408		
Z x X2	0,523	0,432	0,631	0,318	0,607	

Coefficients of Determination (R²). According to Hair, et al. (2021), the coefficients of determination (R²) is a measure of the proportion of variance in the endogenous construct explained by the predictor construct (independent variable/X). Based on the results of data processing, the R² value is 0.657. This means that the fraud prevention variable is influenced by the competence of village apparatus, village financial systems, and anti-fraud awareness by 65.7%. While the remaining results of 34.3% are influenced

by variables or other factors outside the model studied.

Path Coefficients. Path coefficients are estimates of path relationships in a structural model, namely between constructs in the model (Hair, et al., 2021). In terms of relevance, path coefficients typically range between -1 and +1, with coefficients close to -1 indicating a strong negative relationship and coefficients close to +1 indicating a strong positive relationship. Table 3 shows the path coefficients based on the results of data

processing. It is known that the Village Apparatus Competence variable has an influence of 0.374 or 37.4% on the Fraud Prevention variable. Furthermore, the Village Financial System variable has an influence of 0.248 or 24.8% on the Fraud Prevention variable. Then, the moderation variable Anti-Fraud Awareness strengthens the influence of Village Apparatus Competence on Fraud Prevention by 0.130 or 13%. Finally, the moderation variable Anti-Fraud Awareness weakens the influence of the Village Financial System on Fraud Prevention by -0.255 or -25.5%.

Effect Size (F2). Effect size (F2) is a measure used to assess the relative impact of a predictor construct (independent variable/X) on an endogenous construct (dependent variable/Y) in terms of its explanatory power (Hair, 2021). The general guidelines for assessing F2 are 0.02, 0.15, and 0.35, which represent small, medium, and large effect sizes, respectively. However, Kenny (2018) in Hair, et al. (2021) states that to assess F2 in moderation, the F2 value guidelines are 0.005, 0.01, and 0.025, which represent small, medium, and large effect sizes, respectively. Table 3 shows the F2 values based on the data processing results. The F2 value of the influence of the Village Apparatus Competence variable on the Fraud Prevention variable is 0.245, which means that the influence of Village Apparatus Competence on Fraud Prevention has a moderate effect size. Furthermore, the F2 value of the influence of the Village Financial System variable on the Fraud Prevention variable is 0.127. This means that the influence of the Village Financial System on Fraud Prevention has a small effect size. The F2 value of the Anti-Fraud Awareness variable as a moderating variable for the influence of the Village Apparatus Competence variable on the Fraud Prevention variable is 0.064. This means

that Anti-Fraud Awareness in moderating the influence of Village Apparatus Competence on Fraud Prevention has a large effect size. The F2 value of the Anti-Fraud Awareness variable as a moderating variable for the influence of the Village Financial System variable on the Fraud Prevention variable is 0.248. This means that Anti-Fraud Awareness in moderating the influence of the Village Financial System on Fraud Prevention has a large effect size.

Predictive Relevance (Q2). Q2 is an indicator of the predictive power or predictive relevance of the model outside the sample. If the Q2 value of a particular reflective endogenous latent variable is greater than 0, it indicates that this path model is predictively relevant for the dependent construct in the structural model. Based on the research results, the Q2 value was obtained as 0.417. This shows that this model is predictively relevant.

Hypothesis Testing. Based on the original sample value (path coefficients), p-values and t-statistics, several results were obtained. The t-statistic and p-value values can be seen in Table 3. First, based on the research results, it is known that the village apparatus competence has a significant positive effect on fraud prevention, meaning that H1 is accepted. Second, based on the research results, it is known that the village financial system has a significant positive effect on fraud prevention, meaning that H2 is accepted. Third, based on the results of the study, it is known that anti-fraud awareness can moderate the influence of village apparatus competence on fraud prevention, which means that H3 is accepted. Finally, based on the results of the study, it was found that anti-fraud awareness can moderate the influence of the village financial system on fraud prevention, which means that H4 is accepted.

Table 3. Path coefficient, F², hypothesis testing

	Path Coefficient	F ²	Mean	Standard Deviation	T-statistics	P-values
X1 → Y	0,374	0,245	0.375	0.086	4.325	0.000
X2 → Y	0,248	0,127	0.247	0.061	4.085	0.000
Z*X1 → Y	0,130	0,064	0.130	0.051	2.536	0.011
Z*X2 → Y	-0,255	0,248	-0.251	0.057	4.445	0.000

Discussion

Village apparatus competence and fraud prevention

Based on the results of the analysis that has been carried out, it is known that the village apparatus competence has a significant positive effect on fraud prevention in East Bolaang Mongondow Regency. This is supported by the results of data processing which show a path coefficient value is 0.374, a p-value is $0.000 \leq 0.05$, and a t-statistic value is $4.325 \geq 1.96$. This means that the competence of village apparatus in East Bolaang Mongondow Regency is very good so that it can increase fraud prevention. So, with the increasing competence of village apparatus, it will have a positive impact in the form of increasing fraud prevention carried out by the village government in East Bolaang Mongondow Regency. To improve the competence of village apparatus, every year village apparatus in East Bolaang Mongondow Regency participate in training and technical guidance as well as socialization carried out by the Ministry of Home Affairs, or carried out by each village by inviting speakers from the Regional Inspectorate, the Regional Revenue and Finance Management Agency and the Village Community Empowerment Service. For example, village apparatus throughout East Bolaang Mongondow Regency participated in technical guidance on increasing the capacity of village government officials carried out by the Ministry of Home Affairs, financial training carried out by the OJK Sulutgomalut. In addition, village apparatus in East Bolaang Mongondow

Regency also participated in Study Trip activities to independent and developing villages in other areas, including study trips to Cibodas Village, West Bandung and Sedayu Village, East Java.

This finding aligns with stewardship theory, which posits that competent stewards act responsibly to serve public interests and uphold accountability. Officials with adequate knowledge, technical skills, and ethical understanding are more capable of identifying irregularities, maintaining transparency, and complying with regulatory procedures. The results of this study are in accordance with the results of studies conducted by Romadaniati, et al. (2020), Bosko, et al. (2023), Wahyudi, et al. (2022), Lorenza, et al. (2024), Saputra, et al. (2022) and Sulistiyanoro and Zahara (2023) which showed that the village apparatus competence influenced fraud prevention. However, the results of this study contradict the results of studies conducted by Armelia & Wahyuni (2020) and Tinay, et al. (2022) where the results of their studies showed that the village apparatus competence did not affect fraud prevention.

Village financial system and fraud prevention.

Based on the results of the analysis that has been done, it is known that the Village Financial System has a significant positive effect on Fraud Prevention. This is supported by the results of data processing which shows a path coefficient value is 0.248, a p-value is $0.000 \leq 0.05$ and a t-statistic value is $4.085 \geq 1.96$. This means that the village financial system in East

Bolaang Mongondow Regency has been implemented well so that it can produce accountable financial reports and have a positive impact in preventing fraud.

This relationship is further explained by stewardship theory, which highlights that transparent systems empower stewards (village officials) to demonstrate accountability to principals (the community). From the attribution theory perspective, external mechanisms such as SISKEUDES function as environmental controls that support ethical decision-making. The results of this study are in accordance with the results of research conducted by Fathia & Indriani (2022) which showed that the village financial system has a significant effect on fraud prevention. In addition, the results of research by Fajrin, et al. (2022) also showed that the implementation of the village financial system application can overcome the opportunity for fraud. However, the results of this study differ from the research conducted by Sulistiyantoro & Zahara (2023) where the results of their research showed that the village financial system had no effect on fraud prevention.

Village apparatus competence and fraud prevention which moderated by anti-fraud awareness.

Based on the results of the analysis that has been done, it is known that Anti-Fraud Awareness can moderate the influence of Village Apparatus Competence on Fraud Prevention. This is supported by the results of data processing which show a path coefficient value is 0.130, a p-value is $0.011 \leq 0.05$ and a t-statistic value is $2.536 \geq 1.96$. This means that anti-fraud awareness can provide a positive and significant influence on the village apparatus competence in preventing fraud.

The results of this study are in line with the stewardship theory and attribution theory, namely that with the existence of

anti-fraud awareness in every village apparatus in East Bolaang Mongondow Regency, they will improve their competence, so that in carrying out their duties and work they can do it honestly and responsibly which can prevent fraud. In addition, with the existence of anti-fraud awareness in every village apparatus, it will reduce the possibility of them committing fraud, because they will prioritize the benefits obtained by the village community rather than the benefits for themselves. The results of this study are in accordance with the research conducted by Nurbaya (2022) where the results of the study showed that anti-fraud awareness can moderate the effect of rationalization on fraud, which means that with a high level of anti-fraud awareness, it can reduce the actions of an individual to commit fraud. So based on the research conducted by Nurbaya (2022), the researcher assumes that anti-fraud awareness can moderate the effect of village apparatus competence on fraud prevention. In addition, the results of research conducted by Billa & Indriani (2022) also prove that anti-fraud awareness can be used as a moderator of independent variables in fraud prevention. Research conducted by Budiantoro, et al. (2022), Insani, et al. (2020) and Olivia & Lastanti (2022) also support the results of this study where anti-fraud awareness has a positive and significant effect on fraud prevention. However, the results of this study differ from the results of research conducted by Periansya, et al. (2023) which showed that anti-fraud awareness did not have a significant effect on fraud prevention.

Village financial system and fraud prevention which moderated by anti-fraud awareness

Based on the results of data processing that has been done, it is known that Anti-Fraud Awareness can moderate the influence of the Village Financial System

on Fraud Prevention. This is supported by the results of data processing which show that the path coefficients value is -0.255 , the p-value is $0.000 \leq 0.05$ and the t-statistic value is $4.445 \geq 1.96$. This means that anti-fraud awareness weakens because it has a negative or opposite influence on the village financial system towards fraud prevention.

The results of this study are not in line with the stewardship theory and attribution theory because it is proven that although anti-fraud awareness in each village apparatus is increased, it does not have an effective impact on the use of the village financial system to prevent fraud. This can happen because the village heads who have succeeded in providing examples in avoiding fraudulent acts, thus motivating other village apparatus not to commit fraud. With the attitude of anti-fraud awareness that has been formed, it can reduce the possibility of fraud. Thus, village apparatus can manage village finances and directly account for village financial reports to the community without having to provide evidence of reports originating from the village financial system application. Therefore, the influence of the village financial system on fraud prevention will decrease because each village apparatus has the awareness to prevent fraud.

The results of this study are in accordance with the results of research conducted by Kartadjumena & Indriyati (2021) and Billa & Indriani (2022) which showed that anti-fraud awareness can moderate the influence of the government's internal control system, in this case the village financial system, on fraud prevention. Also supported by the results of research conducted by Budiantoro, et al. (2022), Insani, et al. (2020) and Olivia & Lastanti (2022) namely that anti-fraud awareness has a positive and significant effect on fraud prevention. On the other hand, the results

of this study do not match the results of research conducted by Ardiansyah, et al. (2024) where the results were that anti-fraud awareness cannot moderate the influence of internal control, in this case the village financial system, on fraud prevention.

5. Conclusion

This study was conducted to determine the influence of village apparatus competence and village financial systems on fraud prevention, and also to determine whether anti-fraud awareness can moderate the influence of village apparatus competence and village financial systems on fraud prevention or not. Based on the results of the research and discussion that has been carried out, the conclusion is that: (1) the village apparatus competence has a significant positive effect on fraud prevention in village financial management in East Bolaang Mongondow Regency; (2) the village financial system has a significant positive effect on fraud prevention in village financial management in East Bolaang Mongondow Regency; (3) anti-fraud awareness can moderate the influence of village apparatus competence on fraud prevention in village financial management in East Bolaang Mongondow Regency; and (4) anti-fraud awareness can moderate the influence of the village financial system on fraud prevention in village financial management in East Bolaang Mongondow Regency.

This research contributes to the literature on public sector governance by integrating Stewardship Theory and Attribution Theory to explain fraud prevention behavior. It extends Stewardship Theory by demonstrating that anti-fraud awareness acts as an intrinsic motivational force that strengthens alignment between stewards (village officials) and the principal (the community). Simultaneously, it refines Attribution Theory by showing how

internal factors (competence and ethics) and external mechanisms (financial systems) interact in shaping responsible behavior. Through this integration, the study advances a more comprehensive theoretical understanding of ethical and technical determinants of fraud prevention in decentralized governance systems.

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