

# Spiritual Intelligence as a Moderator in Village Fund Fraud Prevention

Village Fund Fraud  
Prevention

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## ABSTRACT

*Spiritual intelligence is seen as a psychological strength that can strengthen integrity values and prevent rationalization of unethical actions. This study aims to examine the role of spiritual intelligence as a moderating variable in the relationship between the effectiveness of internal control, ethical behavior, and the competence of village officials in preventing misappropriation of village funds. This study uses a quantitative approach with data collection through questionnaires distributed to 49 village officials in areas with the highest village fund allocations. Respondents consisted of village heads, village secretaries, and heads of affairs. The analysis technique used was Moderated Regression Analysis (MRA) with the help of SPSS software. The results of the study indicate that the effectiveness of internal control, ethical behavior, and the competence of village officials have a significant effect on preventing misappropriation of village funds. Spiritual intelligence is proven to moderate the relationship between internal control and competence with fraud prevention, but not on ethical behavior. This study provides a practical contribution to strengthening village financial governance based on spiritual values. For further research, it is recommended to integrate a qualitative approach and consider local cultural factors and social dynamics in order to gain a deeper understanding of preventing public fund fraud.*

**Keywords:** Internal Control, Prevention of Misappropriation, Spiritual Intelligence, Village Apparatus.

## ABSTRAK

*Kecerdasan spiritual dipandang sebagai kekuatan psikologis yang mampu memperkuat nilai-nilai integritas dan mencegah rasionalisasi terhadap tindakan tidak etis. Penelitian ini bertujuan untuk mengkaji peran kecerdasan spiritual sebagai variabel moderasi dalam hubungan antara efektivitas pengendalian internal, perilaku etis, dan kompetensi aparat desa terhadap pencegahan penyelewengan dana desa. Penelitian ini menggunakan pendekatan kuantitatif dengan pengumpulan data melalui kuesioner yang disebarakan kepada 49 aparat desa pada wilayah dengan alokasi dana desa tertinggi. Responden terdiri dari kepala desa, sekretaris desa, dan kepala urusan. Teknik analisis yang digunakan adalah Moderated Regression Analysis (MRA) dengan bantuan perangkat lunak SPSS. Hasil penelitian menunjukkan bahwa efektivitas pengendalian internal, perilaku etis, dan kompetensi aparat desa berpengaruh signifikan terhadap pencegahan penyelewengan dana desa. Kecerdasan spiritual terbukti memoderasi hubungan antara pengendalian internal dan kompetensi dengan pencegahan kecurangan, namun tidak pada perilaku etis. Penelitian ini memberikan kontribusi praktis bagi penguatan tata kelola keuangan desa berbasis nilai-nilai spiritual. Untuk penelitian selanjutnya, disarankan mengintegrasikan*

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*pendekatan kualitatif serta mempertimbangkan faktor budaya lokal dan dinamika sosial guna memperoleh pemahaman yang lebih mendalam terkait pencegahan kecurangan dana publik.*

**Kata kunci:** Aparatur Desa, Kecerdasan Spiritual, Pencegahan Penyelewengan, Sistem Pengendalian Internal.

## INTRODUCTION

Fraud is a significant problem that causes significant losses in financial violations and damages national economies. Fraud compromises the integrity of reporting and erodes public trust in institutions globally (Tsao & Hsueh, 2023). Corruption also severely impacts national economies, undermining public trust and the integrity of financial reporting. Several countries face challenges with weak judicial systems that reduce accountability, allowing corruption to thrive. Previous research has shown the important role of governance mechanisms in combating fraud and maintaining transparency (Firmansyah & Syam, 2021). The accounting field faces unprecedented challenges related to globalization and increasingly complex financial systems. Research in accounting is essential to addressing corruption and ensuring financial transparency (Button et al., 2015). According to the Indonesian Corruption Watch (ICW) 2024, corruption cases, including village funds, have increased significantly. The peak of village fund corruption occurred in 2023, with 187 cases and losses of IDR 162.2 billion. Some individuals may engage in fraudulent activities due to the large amount of village funds allocated and distributed by the central and regional governments (Supriyanto et al., 2018; Sharma & Sharma, 2019; Owens-Ott, 2020; Sofyani et al., 2022).

Village funds are the most frequent target of corruption and the main cause of misappropriation of these funds is weak management by officials (Firmansyah & Syam, 2021). This emphasizes the importance of improving financial governance and supervision at the village level. Strengthening the financial management skills of officials is crucial as the allocation of village funds continues to increase. (Suryanto et al., 2023). Officials with spiritual intelligence lead organizations towards ethical practices by promoting good behavior among members in preventing fraudulent funds (Widyanto & Mersa, 2013; Saluja et al., 2022; Walker, 2023; Setiyaningsih et al., 2023). In recent years, village fund management has been scrutinized due to cases of fraud and misappropriation. This prevention aims to ease the burden on staff and eliminate justification for fraudulent actions. Based on this explanation, spiritual intelligence strengthens the prevention of fraudulent funds by balancing actions with values, integrity, and life goals. The hexagon model identifies six factors that can trigger fraud in fund management, namely pressure, opportunity, rationalization, capability, integrity, and environment. These factors interact and create conditions that support fraud, as seen in the management of village funds, where economic pressures and pressing needs create opportunities for misuse.

The six-facet theory of fraud developed by Lan and Rao (2025) identifies six factors that contribute to fraudulent behavior, including pressure, opportunity, rationalization, ability, integrity, and environment. Spiritual intelligence influences two key factors, namely integrity and environment. This concept prevents individuals from rationalizing unethical actions, such as fraud, and encourages greater integrity in decision-making by reinforcing ethical values. Spiritual intelligence serves as a powerful tool for personal growth and societal improvement (Molisa, 2011; Mulyani, 2019; Mušinović, 2020; Kerizi & Kondor, 2024). However, vigilance against fraudulent behavior remains important. The complexities of spirituality are navigated safely and authentically by building wisdom and maintaining a balanced perspective. Individuals with high spiritual intelligence are naturally less likely to engage in dishonest acts because such behaviors conflict with ethical principles. Leaders who are endowed with spiritual intelligence guide the organization along an ethical path, promoting behavior among members to reduce the risk of fraud (Saputri & Wijaya, 2020; Hayati & Amalia, 2021). Previous research Priyono et al. (2021) showed that spiritual intelligence can reduce the tendency of fraudulent

behavior by increasing social competence and internal control which has a positive impact on human resource performance. In village fund management, effective internal control is very important because corruption and embezzlement are still common problems. Setiawan et al. (2022) found that villages whose communities participated in the monitoring process had fewer cases of misuse of funds. Empowering communities to take part in financial oversight provides valuable input and increases accountability.

Based on the description above, this study shows the importance of increasing spiritual intelligence to combat unethical behavior, reduce fraud costs, and improve ethical practices in the accounting profession. A comprehensive framework is created to conceptualize fraud in the financial system by bridging psychology, spirituality, and accounting. This study aims to investigate the moderating effect of spiritual intelligence on internal control, ethical behavior, and the ability of officials to prevent village fund fraud.

## LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

### Internal Control and Village Fund Fraud Prevention

Internal control refers to the procedures and mechanisms designed to ensure that organizational objectives are achieved efficiently and ethically, especially in financial management. In the context of village governance, internal control plays a central role in ensuring transparency, accountability, and the prevention of fraud (Mulyani, 2019; Pahlawan et al., 2020; Sofyani et al., 2022). It includes various components such as authorization processes, budgeting procedures, supervision, and documentation (Fachrurrozie et al., 2020). However, in practice, internal control may not always function optimally if those implementing it lack ethical awareness or personal integrity (Firmansyah & Syam, 2021). A technically strong control system can still be bypassed if not supported by morally responsible individuals (Abdullah et al., 2023; Wahyudi et al., 2022). In this context, internal control must be complemented by deeper internal values to truly prevent misappropriation (Hayati & Amalia, 2021; Alrasyid et al., 2021). Therefore, it is reasonable to propose the following:

H1: Internal control has a significant positive effect on village fund fraud prevention.

### Ethical Behavior and Village Fund Fraud Prevention

Ethical behavior involves adherence to moral principles, social norms, and legal standards in decision-making. In public administration, especially in rural governance, ethical behavior from village officials is vital to ensure that public resources are managed transparently and responsibly (Fachrurrozie et al., 2020; Sofyani et al., 2022). Officials who demonstrate ethical behavior are less likely to commit fraud, as their personal values align with public interest and legal compliance (Dinia et al., 2022; Hayati & Amalia, 2021). According to Fahrati (2023) and Dinia et al. (2022), ethical behavior is influenced by internal codes, organizational culture, and the socio-political environment. In fact, institutional factors such as the presence of a code of ethics and the role of leadership also shape ethical attitudes and actions (Firmansyah & Syam, 2021; Button et al., 2015). However, merely having ethical knowledge is not enough—individuals often face temptations and moral dilemmas that test their personal integrity. Therefore, internal strength and self-awareness become essential reinforcements to uphold ethical conduct (Mahdi et al., 2021; Mujiatun & Badawi, 2024).

H2: Ethical behavior has a significant positive effect on village fund fraud prevention.

### Competence of Village Officials and Village Fund Fraud Prevention

Competence refers to the combination of knowledge, skills, and attitudes that enable village officials to perform their financial responsibilities effectively. Competent officials can prepare proper budgets, interpret financial regulations, and supervise the use of village funds in accordance with the law (Pahlawan et al., 2020; Ginting et al., 2023). The

ability to manage financial administration, report transparently, and comply with legal standards is strongly influenced by the level of competence of the individuals involved (Fachrurrozie et al., 2020). Wahyudi et al. (2022) emphasize that a high level of competence among village officials is a critical factor in preventing fraud in the use of public funds. However, technical competence without ethical and moral orientation may be insufficient. Cognitively capable individuals may misuse their knowledge for personal gain unless grounded in strong values (Fitri et al., 2025; Abdullah et al., 2023). This risk is even higher when individuals have access to financial resources but lack the self-awareness to act with accountability. Therefore, to ensure that competence translates into integrity and responsibility, it must be supported by internalized moral values and ethical reasoning (Mahdi et al., 2021; Eliza & Amalia, 2022). This highlights the importance of integrating competence with spiritual and ethical dimensions in efforts to prevent fraud in village fund management.

H3: The competence of village officials has a significant positive effect on village fund fraud prevention.

#### **Moderating Role of Spiritual Intelligence**

Spiritual intelligence is described by Zohar et al. (2000) as the capacity to act with wisdom and compassion, particularly in ambiguous or high-pressure situations. In village governance, this intelligence becomes essential as it influences the ethical orientation of individuals entrusted with managing public funds. Research by Sapiee et al. (2022) suggests that individuals with high spiritual intelligence contribute to a more integrity-driven culture, strengthening the function of internal controls. Similarly, Didi and Kusuma (2018), and Mujiatun and Badawi (2024), showed that spiritual intelligence enhances the effectiveness of internal control systems by promoting honest behavior, reducing moral disengagement, and reinforcing accountability.

H4: Spiritual intelligence moderates the relationship between internal control and village fund fraud prevention.

Spiritual intelligence provides a deeper moral compass that enables individuals to act ethically even when external monitoring is weak. According to Mujiatun and Badawi (2024), individuals with high spiritual intelligence possess strong inner motivations and a clear sense of life's meaning, making them more resilient in the face of ethical challenges. Mahdi et al. (2021) emphasize that spiritual intelligence enhances the influence of ethical behavior by reinforcing moral decision-making. Nevertheless, findings by Dewi and Susanti (2020) and Nugroho et al. (2023) suggest that while spiritual intelligence is beneficial, it may not always moderate the relationship significantly unless supported by structural mechanisms such as effective monitoring or enforcement.

H5: Spiritual intelligence moderates the relationship between ethical behavior and village fund fraud prevention.

Spiritual intelligence acts as a moral and ethical reinforcement that directs the application of technical skills toward honest and responsible action. According to Abdullah et al. (2023), individuals with high spiritual intelligence tend to reflect more deeply on their actions, seek meaningful contributions, and uphold truth. Fitri et al. (2025) further support the idea that spiritual intelligence strengthens the influence of competence on preventing fraudulent behavior, especially in public service. Mahdi et al. (2021) also proved that in high-risk environments such as village fund management, spiritual intelligence can moderate the relationship between competence and anti-corruption conduct.

H6: Spiritual intelligence moderates the relationship between the competence of village officials and village fund fraud prevention

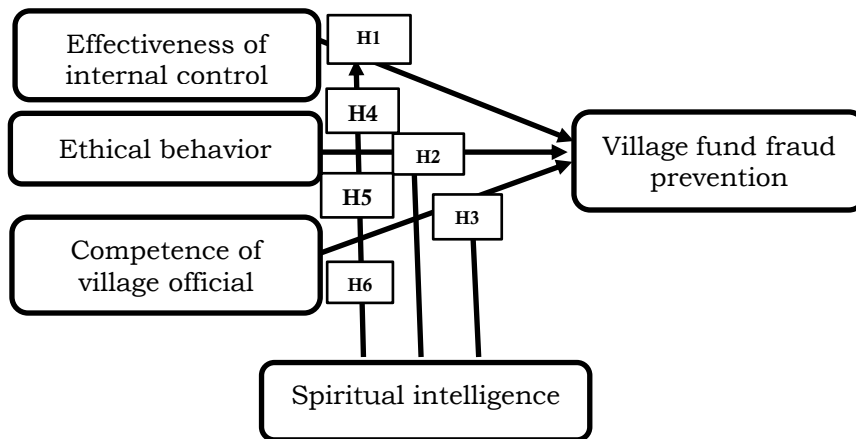


Figure 1. Research Framework

The research framework in Figure 1 illustrates the relationship between three independent variables, namely the effectiveness of internal control, ethical behavior, and the competence of village officials in preventing misappropriation of village funds, with spiritual intelligence as a moderator variable. The first hypothesis (H1) tests whether spiritual intelligence can strengthen the influence of internal control on fraud prevention efforts. The second hypothesis (H2) examines the moderating role of spiritual intelligence in the relationship between ethical behavior and fraud prevention, while the third hypothesis (H3) assesses whether spiritual intelligence can strengthen the influence of village official competence on preventing misappropriation of funds. This framework is built on a theoretical approach that combines structural dimensions and personal values, with the assumption that spiritual integrity strengthens the effectiveness of the system and individual behavior in preventing fraud. Thus, this framework not only tests the direct influence, but also the interaction between variables that reflect the dynamics of accountable and ethical village fund management.

## RESEARCH METHOD

This study uses a quantitative approach with the aim of testing the role of spiritual intelligence as a moderate variable in the relationship between the effectiveness of internal control, ethical behavior, and the competence of village officials in preventing misuse of village funds. The main independent variable is the effectiveness of internal control as measured by indicators, namely risk assessment, information and communication, control actions, control environment, supervision, and the role of the Village Consultative Body (BPD). The data collection technique uses a questionnaire with a measurement scale using Likert 1–5, which represents the level of agreement with the statement. Primary data was obtained by distributing questionnaires to 49 respondents consisting of village heads, village secretaries, and heads of affairs in villages with the highest fund allocation in Central Java Province. The composition of respondents consisted of 57% men and 43% women, with the proportion of positions reflecting the organizational structure of the village government. Secondary data was obtained from official documents, books, and related scientific journals.

The ethical behavior variable is measured using indicators that reflect the application of the professional code of ethics with the same Likert scale. Meanwhile, the village official competence variable is assessed through the dimensions of knowledge, skills, and work attitudes that are relevant to the task of managing village finances. The moderator variable is spiritual intelligence, whose indicators refer to aspects of self-awareness, the

ability to face suffering, and the application of divine vision and values. This study views spiritual intelligence as an intrinsic force that can strengthen or weaken the relationship between independent and dependent variables, namely the prevention of misuse of village funds. Statistical tests were conducted using Moderated Regression Analysis (MRA) using SPSS software. The normality test using Kolmogorov-Smirnov showed a significant value of 0.200, indicating a normal data distribution. The Glejser test showed a significance value above 0.5, indicating the absence of heteroscedasticity symptoms. This test model aims to explain and confirm the direct influence and interaction of spiritual intelligence moderation in preventing fraudulent practices in the management of village funds.

## RESULTS

Respondent demographics provide an initial overview of the background of the individuals who are the objects of research, especially regarding their positions and roles in village government. These characteristics help strengthen the context of the analysis because each position has different responsibilities in managing village funds. Personal characteristics such as gender can also provide additional perspectives in seeing how different roles can affect the understanding of internal control, ethical behavior, and spiritual intelligence. Thus, identifying respondent demographics is a crucial initial step to ensure that research results are based on relevant and academically accountable representations.

**Table 1.** Respondents' Demographics

Characteristics	Description	Number	Percentage
Gender	Male	28	57%
	Female	21	43%
Position	Village Head	5	10.2%
	Village Secretary	8	16.3%
	Head of Finance	7	14.3%
	Head of Administration and General Affairs	9	18.4%
	Head of Planning	6	12.2%
	Head of Government	4	8.2%
	Head of Welfare	4	8.2%
	Head of Service	3	6.1%
	Others	3	6.1%

**Table 2.** MRA Results

Component	MRA1	MRA2	MRA3
Internal Control Effectiveness	0.352	0.368	4.905
Ethical Behavior	0.180	0.176	-0.061
Village Officials Competence	1760	1.383	-13.602
Spiritual Intelligence		0.995	-17.503
Internal Control Effectiveness * Spiritual Intelligence			-0.186
Ethical Behavior * Spiritual Intelligence			0.002
Village Officials Competence * Spiritual Intelligence			0.665
Constant	-22.500	-27.051	372.256
T value			
Internal Control Effectiveness	1.501	4.511	2.467
Ethical Behavior	1.038	2.944	-0.013
Village Officials Competence	4.955	6.113	-2.111
Spiritual Intelligence		1.983	-1.683
Internal Control Effectiveness * Spiritual Intelligence			-2.230
Ethical Behavior * Spiritual Intelligence			0.009
Village Officials Competence* Spiritual Intelligence			2.271
Constant	-0.981	-3.275	1.607

Table 1 shows the demographic composition of respondents based on gender and position in the village government. In terms of gender, the majority of respondents were

male (57%), while females accounted for 43%, reflecting male dominance in the village government structure. Based on position, the majority of respondents came from the position of Head of Administration and General Affairs (18.4%), followed by Village Secretary (16.3%) and Head of Finance Affairs (14.3%). Other positions such as Village Head, Head of Planning Affairs, Head of Government Affairs, and Head of Welfare Affairs were also fairly well represented, each with a percentage between 8% and 12%. Positions such as Head of Service Affairs and others each contributed 6.1% of the total respondents. This composition shows that data were collected from various levels of office, providing diverse perspectives on roles and responsibilities in managing village funds and the potential for fraud prevention. This study uses MRA to test spiritual intelligence as a moderator between the effectiveness of internal control, ethical behavior, and official competence in preventing misappropriation of village funds.

The results of the study in Table 2, the effectiveness of internal control, ethical behavior, and official competence have a significant effect on preventing misappropriation of village funds. The results of the MRA 1 test show that only the competence of village officials has a significant effect on preventing misappropriation of village funds with a  $t$  value of 4.955, while internal control and ethical behavior are not yet partially significant. However, the MRA 2 test provides broader insight, where the three independent variables, namely ICE ( $t = 4.511$ ), EBH ( $t = 2.944$ ), and VOC ( $t = 6.113$ ) are proven to have a significant effect on preventing misappropriation of village funds. The MRA 3 test also shows that ICE and VOC have a significant relationship to spiritual intelligence, with  $t$  values of 2.467 and -2.111, respectively. In the moderation interaction test, ICESI ( $t = -2.230$ ) and VOCSI ( $t = 2.271$ ) are significant, while EBH \* SI ( $t = 0.009$ ) is not significant. This means that the hypotheses H1 and H3 are accepted, while H2 is rejected. These results strengthen the understanding that internal control and the competence of village officials can be more effective in preventing fraud if supported by good spiritual intelligence. This also supports the concept of the hexagon theory, where strong internal control can strengthen supervision, and is in line with the findings of Hidayati and Suwaidi (2022) that high competence encourages accountable and transparent management of village funds. The influence of independent and moderating variables on the dependent variable is explained using the robust test. The different equations formed by the test include the following:

$$VFP = -27.051 + 0.368 \text{ ICE} + 0.176 \text{ EBH} + 1.383 \text{ VOC} + 0.995 \text{ SI} + \varepsilon \text{ (i)}$$

$$VFP = 372.256 + 4.905 \text{ ICE} - 0.061 \text{ EBH} - 13.602 \text{ VOC} - 17.503 \text{ SI} - 0.186 \text{ ICE*SI} + 0.002 \text{ EBH*SI} + 0.665 \text{ VOC*SI} \text{ (ii)}$$

Spiritual intelligence moderates the relationship between internal control and the performance and ability of the apparatus in preventing misappropriation of village funds. This is not in accordance with research which states that spiritual intelligence cannot moderate the influence of ethical behavior on preventing misappropriation of village funds (Dewi & Susanti, 2020). Spiritual intelligence is a characteristic possessed by individuals to improve performance in managing village funds. Therefore, leaders with high spiritual intelligence are expected to be able to monitor all values and behaviors in carrying out their duties according to the provisions set so that the management of village funds can run transparently. The results of the study show that spiritual intelligence can increase the effectiveness of internal control efforts to prevent misappropriation of village funds. This is because village funds are very important for improving village development and the standard of living of small communities. Given that village funds are often vulnerable to misuse and misappropriation, village officials with good competence can minimize intentional and unintentional errors. The balance between competence and good spiritual intelligence can prevent individuals from committing misappropriation. Village officials with good spiritual intelligence produce effective village fund management.

Spiritual intelligence cannot moderate the influence of ethical behavior on preventing village fund misappropriation. Village officials who have good ethical behavior have a smaller chance of committing misappropriation. High spiritual intelligence can improve ethical behavior, thereby minimizing the factors of ability and arrogance in committing fraud. In this study, the concept does not moderate ethical behavior in preventing village fund fraud. Good ethical behavior does not necessarily indicate high spiritual intelligence. From the description above, it can be concluded that spiritual intelligence moderates the relationship between village official competence and the prevention of village fund fraud. Therefore, village officials who have good competence can minimize intentional and unintentional errors. The results of this study are in accordance with Fauzi (2024) who stated that the competence of village officials directly affects the effectiveness of village fund management. Meanwhile, the competence of village officials through training and increased knowledge will result in transparent and accountable management. Village officials who have good spiritual intelligence will result in effective fund management. High fund allocation also raises several problems, especially misappropriation. Corruption cases are increasing along with the large amount of funds disbursed. Fraud includes corruption, misuse of assets, and false statements. Phenomena related to village fund misappropriation include planning, distribution, and engineering of reports for fictitious use (Arifin et al., 2020). In this context, the main effort in handling fraud is the prevention method (Ginting et al., 2023).

## DISCUSSION

Ethical behavior reflects conformity to social norms and beliefs about what is right and good, influenced by political conditions, organizational culture, codes of ethics, and external factors (Dinia et al., 2022). In village financial management, ethical behavior is essential to ensure transparency, accountability, participation, orderliness, and budget discipline. Competence of village officials is also a key factor in achieving accountable fund management (Pahlawan et al., 2020). High spiritual intelligence enhances resource utilization, supporting effective fund management (Nursin et al., 2023). Additionally, a robust internal control system helps prevent misappropriation of village funds (Fachrurrozie et al., 2020; Eliza & Amalia, 2022; Khorakian et al., 2024; Dyck et al., 2024). Ethical awareness significantly contributes to preventing misuse, as individuals with strong ethics tend to avoid fraudulent acts. Competent and ethical village officials are therefore essential in safeguarding village finances (Wahyudi et al., 2022).

Previous research stated by Nusron et al. (2023) reported that the competence of village officials has a limited influence on efforts to prevent misappropriation of village funds. Individuals who have knowledge, expertise, or experience in a particular field cannot necessarily eliminate the possibility of misappropriation of village funds in an organization. The ability of village officials to prevent misappropriation of village funds is not influenced by competence, because individuals who have high competence can be careless in deciding a case. Hasanuddin and Sjahrudin (2017) showed that the professionalism and spiritual intelligence of internal auditors have an effect on preventing misappropriation of village funds. Meanwhile, Purba and Nuryatno (2019) stated that skepticism and an independent locus of control have a positive effect on the ability to detect misappropriation of village funds. In this context, the influence of independence on the ability to identify misappropriation of village funds is strengthened by emotional intelligence. Different pathways are considered because fraud prevention is not influenced by internal control mechanisms. The village government as an autonomous region lacks knowledge of an effective internal control system. These results are in line with Alrasyid et al. (2021) who examined the function of spiritual intelligence as a moderator in the relationship between fraud prevention factors. In addition, the variable is an integral aspect of ethics and personal performance. The competence of village administrators and the efficiency of internal control are the most significant factors that moderate fraud prevention. Spiritual intelligence moderates the interaction between fraud prevention aspects and the actual relationship. This allows reflection on the role of spiritual

intelligence in overseeing village funds to moderate the variables in the relationship (Mulyani, 2019; Mušinović, 2020; Kerizi & Kondor, 2024).

These results are evidence of an adequate internal control system. In addition, the ethical and technical abilities of officials reduce the occurrence of fraudulent behavior in the use of funds through better resource management and performance (Pomeranz & Stedman, 2020). Spiritual intelligence refers to the possession of in-depth knowledge of the soul, healing, and dignified human development (Anggriawan & Yudianto, 2018). The internal control system plays an important role in making government agency financial reports accountable to reduce the occurrence of material misstatements and prevent errors in non-compliance with government regulations. According to Agustina et al. (2018), the internal control system is very important to protect institutional assets, information reliability, and efficient performance. This concept has a direct influence on the effectiveness of corporate governance in influencing fraud prevention (Nusron et al., 2023).

The implications suggest that to prevent misuse of village funds, it is important to strengthen the ethical behavior and competence of village officials. Although competence has limited influence, ethical awareness and spiritual intelligence can serve as moderating factors that strengthen internal control and fraud prevention. Therefore, training and development of spiritual intelligence and work ethics of village officials should be a priority in efforts to improve accountability and transparency in the management of village funds. In addition, an effective internal control system must be implemented to protect institutional assets and ensure compliance with government regulations, thereby reducing the possibility of misuse of funds.

## **CONCLUSION**

This study provides a deeper understanding of the strategic role of spiritual intelligence in supporting the internal control system and the competence of village officials to prevent misappropriation of village funds. The results of the study indicate that spiritual intelligence is not only a personal aspect, but also an institutional asset that can strengthen integrity and effectiveness in managing public funds. Although it does not moderate the relationship between ethical behavior and fraud prevention, spiritual intelligence remains important because it is closely related to the formation of moral character that prevents perpetrators from deviations, even when structural controls are loose. The theoretical contribution of this study is the integration of the spiritual dimension with agency theory and hexagon theory in the context of village government. This study expands the scope of the literature by showing that psychological variables such as spiritual intelligence can act as moderators between structural and behavioral factors in preventing fraud. From a policy perspective, these results provide a basis for village governments and policy makers to design a selection and training system for officials based on competency and spiritual values. Integrity-based capacity building strategies can be a concrete step in forming a more transparent and accountable bureaucratic culture. This study has limitations in terms of coverage and methodological approach. Therefore, further research is recommended to adopt a qualitative or mixed approach, as well as include social factors, local culture, and community pressure as important variables in understanding the dynamics of fraud prevention. Thus, future research results will be more contextual and applicable for strengthening village financial governance in various regions of Indonesia.

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