

# The Influence of Organizational Commitment and Internal Control on Fraud Prevention with Good Governance as a Moderation

The Influence of  
Organizational  
Commitment

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## ABSTRACT

The fraud phenomenon and the results of the 2023 SPI indicate that the risk in the management of procurement of goods and services in Regional Government G is still at alert status. This study aims to analyze the effect of the internal control system and organizational commitment on fraud prevention, as well as the role of Good Governance as a moderating variable. This study contributes to the development of financial management science and provides practical recommendations for governments and companies in formulating procurement policies. This study uses quantitative methods with surveys and experiments. The study population included 257 employees involved in procurement, with a sample of 209 respondents selected through purposive sampling. Data were collected through a Likert-based questionnaire and analyzed using Partial Least Squares (PLS) with SmartPLS. The results showed that organizational commitment and internal control systems had a positive effect on fraud prevention. Good Governance moderated the effect of organizational commitment positively, but weakened the effect of the internal control system. The implications of the theory based on agency theory indicate that good governance limits the opportunity for deviation through transparency and accountability. Recommendations include increasing anti-corruption training, strengthening supervision, digitalizing procurement, and optimizing the public complaint system. Further research is suggested to add variables such as leadership integrity and organizational culture to enrich the understanding of fraud prevention.

**Keywords:** Organizational commitment, Internal Control System, Fraud prevention, Good Governance

## ABSTRAK

Fenomena kecurangan dan hasil SPI 2023 menunjukkan bahwa risiko dalam pengelolaan pengadaan barang dan jasa di Pemerintah Daerah G masih berada pada status waspada. Penelitian ini bertujuan untuk menganalisis pengaruh sistem pengendalian internal dan komitmen organisasi terhadap pencegahan kecurangan, serta peran Good Governance sebagai variabel moderasi. Penelitian ini berkontribusi pada pengembangan ilmu manajemen keuangan dan memberikan rekomendasi praktis bagi pemerintah dan perusahaan dalam merumuskan kebijakan pengadaan. Penelitian ini menggunakan metode kuantitatif dengan survei dan eksperimen. Populasi penelitian mencakup 257 pegawai yang terlibat dalam pengadaan, dengan sampel 209 responden yang dipilih melalui purposive sampling. Data dikumpulkan melalui kuesioner berbasis skala Likert dan dianalisis menggunakan Partial Least Squares (PLS) dengan

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*SmartPLS. Hasil penelitian menunjukkan bahwa komitmen organisasi dan sistem pengendalian internal berpengaruh positif terhadap pencegahan kecurangan. Good Governance memoderasi pengaruh komitmen organisasi secara positif, tetapi melemahkan pengaruh sistem pengendalian internal. Implikasi teori berdasarkan teori keagenan menunjukkan bahwa tata kelola yang baik membatasi peluang penyimpangan melalui transparansi dan akuntabilitas. Rekomendasi mencakup peningkatan pelatihan anti-korupsi, penguatan pengawasan, digitalisasi pengadaan, serta optimalisasi sistem pengaduan publik. Penelitian selanjutnya disarankan untuk menambahkan variabel seperti integritas kepemimpinan dan budaya organisasi guna memperkaya pemahaman tentang pencegahan kecurangan.*

**Kata kunci:** *Komitmen organisasi, Sistem Pengendalian Internal, Pencegahan fraud, Good Governance*

## INTRODUCTION

Presidential Regulation Number 12 of 2021, which revises Presidential Regulation Number 18 of 2018 concerning the Procurement of Goods and Services, stipulates that the procurement of goods and services is carried out by ministries, institutions, or regional apparatuses using State budget (*Anggaran Pendapatan dan Belanja Negara/APBN*) or Regional Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Daerah/APBD*) funds, covering processes from needs identification to the handover of work. Actors involved in this process include Budget Users (*Pengguna Anggaran/PA*), Budget User Authorizations (*Kuasa Pengguna Anggaran/KPA*), Commitment Making Officers (*Pejabat Pembuat Komitmen/PPK*), Procurement Officers (*Pejabat Pengadaan/PP*), selection work groups, procurement agents, self-management organizers, and goods/service providers. However, its implementation still faces obstacles due to the lack of organizational instruments for creating an effective internal control system and weak organizational commitment in managing the procurement of goods and services. Data from the Corruption Eradication Commission (*Komisi Pemberantasan Korupsi/KPK*) shows that, until 2022, local governments had the highest risk of corruption, with 54 percent of cases occurring within local government environments—41 percent at the district/city level and 13 percent at the provincial level. The procurement of goods and services, along with licensing, remains the area with the highest corruption risk (Nugarheny & Prabowo, 2023). Between 2004 and 2023, corruption in the procurement of goods and services ranked second, with 339 cases, while gratification or bribery ranked first with 989 cases (KPK, 2024). This highlights that the procurement sector still holds a high potential for corruption.

Fraud is an act of deception committed by individuals or groups for personal or organizational gain by violating applicable regulations, which can result in losses to other parties (Larasati et al., 2017). Factors contributing to fraud include pressure, opportunity, rationalization, competence, and arrogance (Leatemia & Febryanti, 2020). To address this issue, the KPK developed the Integrity Assessment Survey (*Satuan Pengawas Internal/SPI*) as a tool to measure the risk of corruption in public institutions. The SPI uses three data sources: internal (employees in ministries, institutions, or regional governments), external (users of public services, vendors, and beneficiaries), and experts such as the Financial Supervisory Agency (*Badan Pengawas Keuangan/BPK*), BPK auditors, the Financial and Development Supervisory Agency (*Badan Pengawas Keuangan dan Pembangunan/BPKP*), the Ombudsman, and others. The results of the 2023 SPI classify the level of corruption risk into three categories: vulnerable (0–72.9), alert (73–77.9), and maintained (78–100). The national average score is 70.97%, indicating a still high level of risk. In Region G, the 2023 SPI recorded a score of 77.12%, placing it in the alert category. The risk score for managing the procurement of goods and services in the internal component is 35.96, while in the external component, it is 36.84 (Jaga, 2018). Therefore, effective fraud prevention measures are essential.

Fraud prevention is influenced by factors such as internal control, organizational commitment, and internal audit (Reskia, 2022). Previous studies have shown that e-procurement and internal control play a role in preventing fraud in the procurement of goods and services in Aceh Province (Khairunnah & Nadirsyah, 2022). Internal control includes processes involving the board of directors, management, and other personnel to ensure operational effectiveness and efficiency, the reliability of financial reports, and compliance with applicable regulations. A strong internal control system can prevent and detect fraud while protecting organizational resources, both tangible and intangible. In addition, organizational commitment also plays an important role in fraud prevention. Employee loyalty to the organization encourages ethical behavior and reduces the likelihood of fraudulent acts (Dewi et al., 2017). Organizational commitment is defined as employees' efforts to support the organization and their acceptance of its values. Several studies have found that organizational commitment affects fraud prevention (Pramesti et al., 2020; Yusni, 2022), while other studies have not found a significant effect (Lyana & Sujana, 2021; Rahmawati & Pradata, 2023; Muliza & Astuti, 2023). Similarly, the effect of the internal control system on fraud prevention has produced mixed findings. Some studies have shown a positive effect (Akbar, 2019; Francesco & Hastuti, 2022; Khairunnah & Nadirsyah, 2022), while others did not find a significant relationship (Cahyani, 2019; Ayem & Kusumasari, 2020; Ridwan et al., 2023).

Fraud in government often occurs due to conflicts of interest between the community as the principal and the government as the agent, where agents tend to prioritize their own interests, leading to agency problems (Suryandari & Gayatri, 2022). One solution to address this issue is the implementation of good governance, which encompasses transparency, accountability, responsibility, independence, and fairness in organizational management (Saputra et al., 2024). Good governance plays a crucial role in preventing fraud by enhancing transparency in financial reporting, strengthening accountability through independent internal audits, and enforcing strict anti-fraud policies. Several studies have shown that good governance significantly influences fraud prevention (Syahbana & Novita, 2020; Sinaga, 2022). Additionally, Manik's research (2020) found that good governance can strengthen the impact of human resource quality, regional financial accounting systems, internal control systems, and the use of information technology on the quality of regional government financial reports. Therefore, this study aims to further examine the influence of organizational commitment and internal control systems on fraud prevention, with good governance as a moderating variable. The research sample consists of employees involved in the procurement of goods and services at the Regional Secretariat of Region G and commitment-making officials at government agencies in Region G (Safkaur et al., 2023; Usman, 2024).

The fraud phenomenon and the results of the 2023 SPI indicate that the risk associated with managing the procurement of goods and services in the Regional Government of Region G remains at an alert status. Therefore, research is needed to understand the factors that can help prevent fraud in the region. Additionally, previous studies on the influence of internal control systems and organizational commitment on fraud prevention have shown inconsistent results (Mungai et al., 2021). This suggests the possibility of moderating variables, such as Good Governance, that could affect this relationship. This study aims to analyze the influence of internal control systems and organizational commitment on fraud prevention in government procurement of goods and services and to evaluate the role of Good Governance in moderating this relationship. Theoretically, this study contributes to the development of financial management science, particularly in understanding how these factors interact in the context of fraud prevention. Practically, the findings of this study are valuable for governments and companies in formulating policies for the procurement of goods and services, as well as for academics, serving as a reference for financial management students in preparing theses and conducting further research.

## LITERATURE REVIEW

Agency theory explains the contractual relationship between the capital owner (principal) and the capital manager, where both have different interests. The principal focuses on the sustainability of the company, while the agent is more concerned with their own welfare in managing the company. This divergence can trigger detrimental actions such as misstatements and fraud due to moral hazard (Endiana & Suryandari, 2020). Therefore, an independent third party is needed to ensure that the financial statements prepared by the agent can be trusted by the principal and other stakeholders. In an audit engagement, the auditor is responsible for providing an opinion that accurately reflects the financial reality (Ismail et al., 2016). In the context of government, actors involved in the procurement of goods and services act as agents who are required to present transparent reports to the public regarding the procurement process in Region G. To ensure accountability, an effective internal control system is essential to prevent fraud. Additionally, the implementation of good corporate governance plays a crucial role in enhancing transparency, accountability, and overall government performance. With strong governance, both internally and externally, the government can mitigate the risk of fraud and increase public trust in the procurement of goods and services.

Supervision is the process of ensuring that organizational and management objectives are achieved in accordance with established plans, instructions, and principles. In local government, supervision is divided into hierarchical supervision, conducted by higher authorities, and functional supervision, carried out by sectoral departments or general government bodies. Types of supervision include internal supervision, performed by individuals or bodies within the organization, and external supervision, conducted by supervisory units outside the supervised organization. Additionally, preventive supervision is implemented before an activity takes place to prevent deviations, while repressive supervision occurs after the activity is completed, such as budget oversight at the end of the fiscal year. Active supervision is carried out directly at the activity location, whereas passive supervision is conducted through document reviews and accountability reports. Meanwhile, formal truth supervision includes examinations based on legal compliance (*rechtmatigheid*) and the efficiency of expenditures (Mualif, 2022). Effective supervision plays a crucial role in ensuring good governance and preventing irregularities in financial management and public policy.

Fraud is an act committed by individuals or groups with the aim of gaining personal or organizational benefits by violating applicable rules, often causing harm to other parties (Larasati et al., 2017). Based on the Uniform Occupational Fraud Classification System, the ACFE divides fraud into three main types. First, Asset Misappropriation involves the theft or misuse of organizational assets. This type of fraud is the easiest to detect because it relates to assets with a measurable (defined) value. Second, Fraudulent Statements refer to the manipulation of financial statements by officials or executives to conceal the actual financial condition. This practice is often known as financial engineering or window dressing. Third, Corruption is the most difficult form of fraud to detect, as it typically involves collusion with other parties, such as in cases of bribery and corruption. This type of fraud is widespread in developing countries with weak law enforcement and limited awareness of good governance. Corruption can include abuse of authority (conflict of interest), bribery, illegal gratuities, and economic extortion (Hariyanto, 2022).

The internal control system is an effort implemented to provide assurance regarding the achievement of regulatory compliance, operational efficiency, and the reliability of financial reports. Ineffective control within an organization can create opportunities for fraudulent activities, potentially leading to losses. Weak internal controls make it easier for employees to commit irregularities for personal gain, highlighting the importance of addressing ineffective internal control in relation to organizational fraud (Mulyadi & Puradiredja, 1998). According to the Indonesian Institute of Public Accountants (*Institut*

*Akuntan Publik Indonesia*/IAPI), the internal control system is a process carried out by the board of commissioners, management, and other entities, designed to provide reasonable assurance regarding the achievement of reliable financial reporting, operational effectiveness and efficiency, and compliance with applicable laws and regulations. In accordance with Government Regulation (PP) Number 60 of 2008, the Government Internal Control System (SPIP) consists of five elements, namely control environment, risk assessment, control activities, information and communication, and monitoring (Kuntadi et al., 2022).

Organizational commitment refers to the extent to which individuals identify with their organization, characterized by acceptance of its values and goals, a willingness to exert effort, and a desire to maintain membership (Robin, 2011). This commitment reflects an employee's sense of unity with the company, evident in their loyalty and active involvement in achieving organizational goals and maintaining membership (Reskia, 2022). Additionally, organizational commitment plays a vital role in preventing fraud. The level of employee commitment directly affects the overall performance of the organization. Highly committed individuals are more likely to make maximum efforts to achieve organizational goals, adhere to regulations, and minimize the risk of fraud. Therefore, organizational commitment not only influences employee loyalty and engagement but also serves as a crucial factor in maintaining integrity and preventing fraudulent practices within the organization.

Good governance is a system of values, policies, and institutions through which the interactions of society, government, and the private sector influence and manage economic, social, and political affairs. Furthermore, good governance itself emphasizes openness, transparency, and ethical values in its interactions with all public sectors (Sipayung & Wahyudi, 2022). Good corporate governance, on the other hand, is a set of regulations that govern the relationships between shareholders, company management (managers), creditors, the government, employees, and other internal and external stakeholders concerning their rights and obligations. In other words, it is a system that regulates and controls the company to create added value for all stakeholders. The indicators used, according to Sutedi (2012), include transparency, accountability, responsibility, independence, fairness, and equality.

Organizational commitment refers to the emotional involvement and loyalty of employees to the company, demonstrated through their belief in and acceptance of the company's values and norms in achieving common goals (Reskia, 2022). Employees with high commitment tend to perform optimally, trust the organization's vision, and exhibit a strong sense of involvement and loyalty (Rizal et al., 2023). Such commitment encourages employees to work diligently and sincerely while caring about the organization's success, thereby playing a crucial role in preventing fraud. With strong organizational commitment, the government can be more effective in detecting risks and preventing fraud. Several studies support the idea that organizational commitment has a significant positive effect on fraud prevention. Previous research shows that the higher the level of organizational commitment, the more effective the fraud prevention efforts in an institution (Pramesti et al., 2020; Yusni, 2022; Reskia, 2022; Muliza & Astuti, 2023). This confirms that organizational commitment is a key factor in creating a more transparent and integrated work system, ultimately minimizing the risk of fraud in organizational operations.

The internal control system aims to ensure compliance with regulations, operational efficiency, and the reliability of financial reports. Weak controls can create loopholes for fraud, which are detrimental to the organization (Mulyadi & Puradiredja, 1998). With a strong internal control system, the risk of fraud can be minimized through effective supervision and monitoring of the organization's processes and performance outcomes. This system enables the identification and analysis of problems within an organization or agency, allowing for early preventive measures. Several studies have shown that the internal control system positively affects fraud prevention. Previous research shows that the stronger the internal control in an agency or company, the lower the level of fraud in

that environment (Akbar, 2019; Francesco & Hastuti, 2022; Khairunnah & Nadirsyah, 2022; Nusa, 2022). Therefore, an effective internal control system not only ensures regulatory compliance but also contributes to creating a transparent and accountable work environment.

Organizational commitment stems from the individuals who manage the organization's operations. Employees with high commitment understand that their purpose in working is for the benefit of the organization, enabling them to suppress fraudulent acts (Kurniawan, 2011). Organizational commitment is important because it reflects employees' loyalty and intention to maintain their membership, indicating the strength of their dedication to the organization (Lesmana & Prayogi, 2021). The implementation of good governance and the enhancement of professionalism in the supervision and auditing of financial reports play crucial roles in preventing and detecting fraud. These practices contribute to the organization's success in achieving clean and accountable governance, ultimately having a positive impact on public welfare (Adib et al., 2024). The success of the internal control system and organizational commitment must be supported by good governance, as it helps prevent fraud. Research shows that good corporate governance has a positive and significant effect on fraud prevention (Faroqi & Nugroho, 2022; Maharani et al., 2022; Aisyah et al., 2023). Therefore, good governance within an organization strengthens both organizational commitment and internal control systems, effectively aiding in fraud prevention.

- H1:** Organizational commitment has a positive effect on fraud prevention
- H2:** Internal control system has a positive effect on fraud prevention
- H3:** Good governance is able to moderate the effect of organizational commitment on fraud prevention.
- H4:** Good governance is able to moderate the effect of internal control system on fraud prevention.

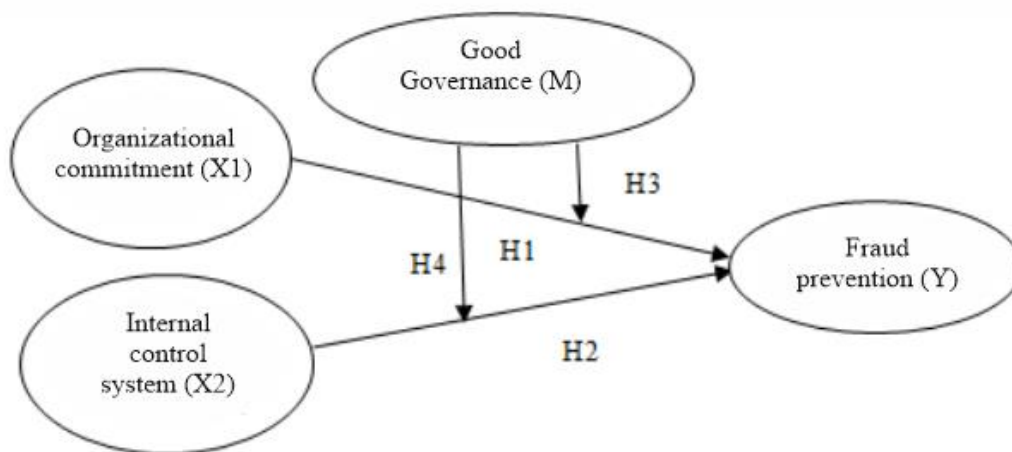


Figure 1. Conceptual Framework

## METHODS

This study employs quantitative methods, including surveys and experiments. The study population consists of all employees involved in the procurement of goods and services in Region G, totaling 257 individuals. The sample was selected using a purposive sampling method based on specific criteria, resulting in 209 respondents. This sample includes 189 Commitment Making Officers and 20 Procurement Employees of Goods and Services at the Regional Secretariat of Region G, comprising 3 Heads of Sub-Divisions and 17 Functional Officials. The respondents are civil servants directly involved in the procurement process of goods and services. According to Sugiyono

(2016), the dependent variable is the variable influenced by the independent variable, which, in this case, is Fraud Prevention. The primary data source for this study is collected through questionnaires distributed to commitment-making officers and procurement officers of goods and services. A Likert scale is used to measure the data. Data analysis was conducted using the Partial Least Squares (PLS) method with Smart PLS. PLS is a statistical technique that analyzes the relationship between exogenous and endogenous variables simultaneously (Ghozali & Latan, 2015). PLS-SEM consists of two main models: the outer model (measurement model), which assesses the validity and reliability of indicators, and the inner model (structural model), which evaluates the relationships between latent variables. This approach enables complex analysis of the factors influencing fraud prevention in the procurement of goods and services.

## RESULTS

The respondents in this study consisted of 209 active employees of the Regional Government G who had worked for at least two years and were involved in the procurement of goods and services. The majority of respondents were male (75.1%) and aged between 44 and 50 years (43.5%). Most of the respondents were commitment-making officials (90%), while the remaining 10% were procurement officials. In terms of education, the majority held a Bachelor's degree (52.1%), followed by a Master's degree (11.5%) and a Doctorate (1%). These data indicate that most commitment-making officials do not yet have the desire to pursue higher education.

Table 1. Validity Test

Variable	GG	CO	FP	ICS	GG * CO	GG * ICS
Good Governance (GG1)	0.886	0.333	0.214	0.177	-0.302	-0.077
Good Governance (GG2)	0.878	0.248	0.156	0.153	-0.243	-0.019
Good Governance (GG3)	0.903	0.220	0.224	0.201	-0.183	-0.064
Good Governance (GG4)	0.893	0.208	0.185	0.191	-0.218	-0.045
Good Governance (GG5)	0.903	0.297	0.153	0.174	-0.273	-0.074
Commitment Organization (CO1)	0.298	0.775	0.278	0.208	-0.358	-0.194
Commitment Organization (CO2)	0.180	0.773	0.217	0.223	-0.358	-0.365
Commitment Organization (CO3)	0.203	0.826	0.256	0.136	-0.354	-0.295
Fraud Prevention (PF1)	0.136	0.252	0.795	0.283	-0.106	-0.169
Fraud Prevention (FP2)	0.240	0.136	0.739	0.288	-0.068	-0.237
Fraud Prevention (FP3)	0.124	0.342	0.800	0.207	-0.046	-0.221
Fraud Prevention (FP4)	0.166	0.241	0.734	0.254	-0.025	-0.186
Internal Control System (ICS1)	0.089	0.138	0.151	0.703	-0.112	-0.190
Internal Control System (ICS2)	0.108	0.165	0.299	0.806	-0.163	-0.165
Internal Control System (ICS3)	0.207	0.117	0.237	0.814	-0.081	-0.131
Internal Control System (ICS4)	0.173	0.193	0.294	0.775	-0.179	-0.170
Internal Control System (ICS5)	0.196	0.288	0.271	0.785	-0.249	-0.194
Good governance * Commitment Organization (GG * CO)	-0.271	-0.451	-0.080	-0.209	1.000	0.626
Good governance * Internal Control System (GG * ICS)	-0.064	-0.351	-0.264	-0.216	0.626	1.000

The results of the study on the loading factor are greater than 0.7, this shows that all indicators are valid. The calculation results using the Fornell-Larcker criterion show that the square root of the AVE is greater than its correlation with other variables, confirming that the discriminant validity meets this criterion. Additionally, the results using the Heterotrait-Monotrait ratio (HTMT) criterion reveal that the HTMT value for each pair of variables is less than 0.90, indicating good discriminant validity. All measurement items are also more strongly correlated with their respective main variables than with other variables, demonstrating that each variable accounts for a greater proportion of variance in the items designed to measure it.

**Table 2.** Reliability Test

Variable	Cronbach's alpha	Composite reliability (rho_c)	AVE
Good governance	0.936	0.951	0.797
Organizational commitment	0.704	0.834	0.627
Fraud prevention	0.767	0.851	0.589
Internal control system	0.839	0.884	0.605

The results of the reliability test show that all variables in this study exhibit a good level of reliability. The Cronbach's alpha values for each variable range from 0.704 to 0.936, indicating that the research instrument has adequate to very good internal consistency. The composite reliability (rho\_c) also exceeds 0.7 for all variables, demonstrating high reliability of the research constructs. The Average Variance Extracted (AVE) for the Good Governance variable (0.797) and Organizational Commitment (0.627) meets the minimum threshold of 0.5, while the Fraud Prevention variable (0.589) and Internal Control System (0.605) also satisfy the convergent validity requirements. Therefore, this research instrument can be considered valid and reliable for measuring the concepts under study.

**Table 3.** Evaluation of R Square and Q Square

Description	Value	Evaluation	SSO	SSE	Q <sup>2</sup>	Saturated model	Estimated model
Fraud prevention	0.253	Substantial	836.000	735.437	0.120	-	-
SRMR	-	-	-	-	-	0.070	0.073

The results of the research on R Square consist of three categories, namely substantial, with an R Square value above 0.75; moderate, with an R Square value between 0.5 and 0.75; and weak, with an R Square value between 0.25 and 0.5. The results of the research on R Square show that this research model has an R Square value of 0.253 which indicates a weak influence of the predictor on fraud prevention. Predictive relevance describes the value of observations in the study, where the blindfolding method on SmartPLS is used. Based on the data above, the Q<sup>2</sup> value of 0.120 is greater than 0.35 which indicates that the model has strong predictive relevance to predict fraud prevention. This research model has a Standardized Root Mean Square Residual (SRMR) value of 0.073 which is below 0.1 which indicates a good fit between the empirical data and the model.

**Table 4.** f Square and VIF Test

Description	f-square	VIF	Evaluation
Good governance -> Fraud prevention	0.029	2.427	Weak
Organizational commitment -> Fraud prevention	0.063	2.808	Weak
Internal control system -> Fraud prevention	0.071	3.375	Weak
Good governance * Organizational commitment -> Fraud prevention	0.074	2.427	Weak
Good governance * Internal control system -> Fraud prevention	0.077	3.458	Weak

The F-square consists of three categories: a large influence with a value above 0.35, a moderate influence with a value between 0.15 and 0.34, and a weak influence with a value between 0.02 and 0.14. This research model shows a weak F-square value for all relationships between variables, indicating that the influence between variables in this model is relatively small. Additionally, the Variance Inflation Factor (VIF) value in this study is below 5, suggesting that multicollinearity symptoms are low or can be ignored.

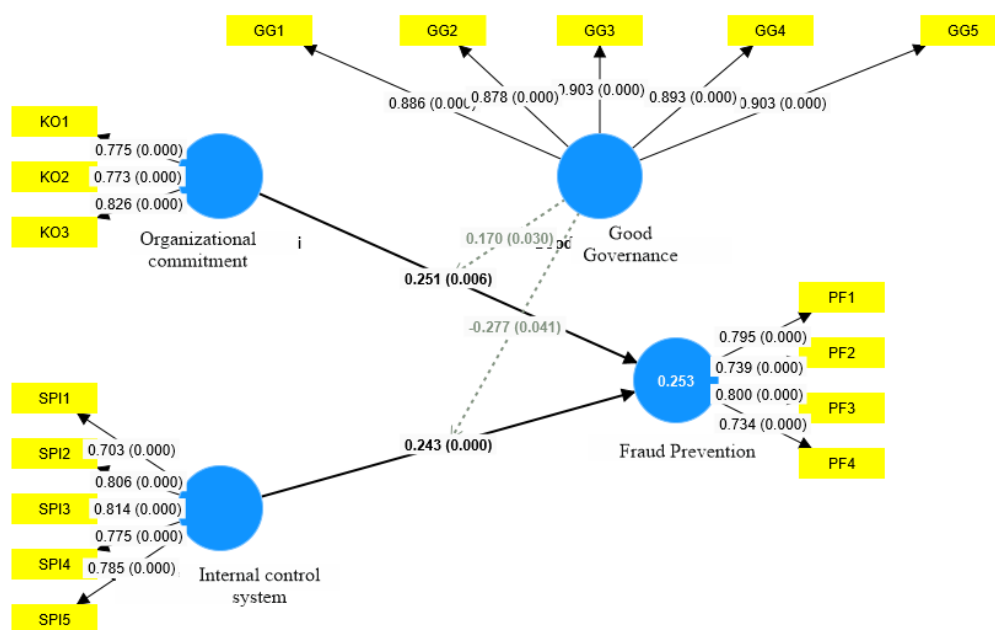


Figure 2. Structural Model Analysis

The diagram illustrates the relationship between latent variables, represented by blue circles, and indicators, represented by yellow boxes. Each indicator has a loading factor value, indicated by a number and its significance level (p-value in brackets), which reflects the strength of the relationship between the indicator and its corresponding latent variable. The dotted lines connect the latent variables, displaying the path coefficient value and its significance, which indicate the causal relationship between the latent variables. This model is used to test the relationships between constructs such as Organizational Commitment (KO), Internal Control System (ISC), and Fraud Prevention (PF).

Table 5. Hypothesis Test Results

Description	Original Sample	StDev	T	P Values
Organizational commitment -> Fraud prevention	0.251	0.091	2.748	0.006
Internal control system -> Fraud prevention	0.243	0.067	3.601	0.000
Good governance * Organizational commitment -> Fraud prevention	0.170	0.078	2.176	0.030
Good governance * Internal control system -> Fraud prevention	-0.277	0.135	2.048	0.041

The first hypothesis (H1), which states that organizational commitment has a positive effect on fraud prevention, is accepted with a significance level of 0.006 (<5%) and a T-statistic value of 2.748 (>1.96). This indicates that increasing organizational commitment enhances fraud prevention. The second hypothesis (H2), which posits that the internal control system has a positive effect on fraud prevention, is also accepted with a significance level of 0.000 (<5%) and a T-statistic value of 3.601 (>1.96). This suggests that the stronger the internal control system, the greater the level of fraud prevention. The third hypothesis (H3), which proposes that good governance moderates the effect of organizational commitment on fraud prevention, is accepted with a significance level of 0.030 (<5%) and a T-statistic value of 2.176 (>1.96). However, the direct effect of good governance on fraud prevention is not significant (0.090 > 0.05), indicating that it functions as a pure moderator that strengthens the effect of organizational commitment on fraud prevention. The fourth hypothesis (H4), which states that good governance moderates the effect of the internal control system on fraud prevention, is also accepted with a significance level of 0.041 (<5%) and a T-statistic

value of 2.048 ( $>1.96$ ), though it presents a negative coefficient (-0.277). Similar to H3, good governance does not have a direct effect on fraud prevention ( $0.090 > 0.05$ ) and thus acts as a pure moderator, but in this case, it weakens the effect of the internal control system on fraud prevention. These findings indicate that both organizational commitment and the internal control system influence fraud prevention. However, good governance plays a dual moderating role—strengthening the impact of organizational commitment while weakening the effect of the internal control system on fraud prevention.

## DISCUSSION

Research shows that organizational commitment has a positive and significant effect on fraud prevention in the Regional Government of G. This result aligns with previous findings that highlight the crucial role of organizational commitment in fraud prevention. When an organization fosters a culture of integrity, transparency, and a strong work ethic, employees are more likely to follow the rules and avoid fraudulent acts (Rifai & Mardijuwono, 2020). Organizational leaders play a vital role in raising employee awareness through training and socialization about the consequences of fraud and the importance of reporting suspicious activities. With a shared responsibility to uphold integrity, employees become more proactive in participating in fraud prevention efforts (Yusni, 2022). Organizational commitment is also reflected in employee engagement, pride in their careers, and loyalty to the agency, all of which contribute to honest and responsible behavior (Pramesti et al., 2020). The Regional Government of G has taken concrete steps to prevent fraud, such as providing anti-corruption training, implementing a code of ethics, and enforcing strict sanctions as a deterrent. By fostering a strong culture of honesty, employees are more motivated to comply with the organization's rules and values. This demonstrates that well-managed organizational commitment can significantly reduce the risk of fraud (Yuslina et al., 2023; Susanti, 2023)

The internal control system has a positive effect on fraud prevention in Regional Government G, aligning with previous studies. Effective internal control includes a conducive control environment, proper risk monitoring, and comprehensive documentation, all of which help prevent fraudulent acts. A strong control environment ensures an understanding of the organization's ethical standards and procedures, thereby reducing opportunities for fraud. Additionally, strict supervision enables the early detection of deviations (Khairunnah & Nadirsyah, 2022). Transparent communication and information within the organization are also key factors. A system that provides access to information at all levels of management enhances operational supervision, thereby reducing the risk of manipulation and abuse of authority (Nusa, 2022). Continuous monitoring and evaluation of the internal control system enable organizations to identify fraud risks early and implement necessary improvements. The implementation of anti-corruption training and a strict code of ethics further supports the development of a culture of honesty and integrity (Dewi & Sari, 2022). In Region G, internal control over the procurement of goods and services is crucial to minimizing opportunities for fraud. Clear operational standards, rigorous monitoring, and strict sanctions for violators contribute to maintaining organizational integrity. The deterrent effect of these sanctions reinforces a culture of compliance and honesty within the bureaucracy (Akbar, 2019).

Good governance moderates the effect of organizational commitment on fraud prevention in Regional Government G. The results of this study align with previous research, indicating that the principles of good governance—such as transparency, accountability, responsibility, and independence—support organizational efforts to prevent fraud. The integration of organizational commitment with good governance strengthens operational supervision, ensures ethical actions, and promotes integrity and honesty within the organization (Kusomoaji & Aris, 2023). The interaction between organizational commitment and good governance enhances the supervision of fraud-risk

activities. Transparency in decision-making increases both public and internal organizational trust, reduces opportunities for manipulation, and helps establish an effective control system. The combination of organizational commitment and good governance fosters an honest and accountable organizational culture, thereby increasing the effectiveness of fraud prevention (Farochi & Nugroho, 2022). In Regional Government G, the principles of good governance are applied in the procurement of goods and services, whether through tenders, direct procurement, or e-purchasing, with open access to information for public oversight. Accountability is maintained through a system that ensures each official has clearly defined responsibilities. Additionally, the principles of responsibility and independence are implemented to preserve objectivity in decision-making. The synergy between good governance and organizational commitment creates a more transparent and accountable work environment, thereby strengthening fraud prevention at various levels of government (Anggraini et al., 2024).

This study found that good governance actually weakens the effect of internal control systems on fraud prevention in the Regional Government of G. This result is inconsistent with the research of Farochi & Nugroho (2022) and Aisyah et al. (2023), which state that good governance should strengthen fraud prevention. In the context of Grobogan, although the implementation of good governance aims to increase the effectiveness of the internal control system, this study shows that the moderating effect actually reduces its effectiveness. One indicator of good governance responsibility is the provision of salaries and allowances based on employee performance and workload. Procurement officers and commitment-making officers are required to have competency certificates, with a minimum standard of level 1 certificates for procurement officers and level 1 certificates and PPK type C for commitment-making officers by December 31, 2023, in accordance with Presidential Regulation No. 16 of 2018 and Circular Letter of the Head of LKPP No. 1 of 2024. However, most of the commitment-making officials in Grobogan do not yet have these certificates, which impacts the effectiveness of the internal control system in managing the procurement of goods and services. The implementation of good governance without the support of adequate training, technology, and human resources creates an imbalance in fraud prevention. This causes the internal control system to be unable to function optimally in addressing existing risks, making fraud prevention efforts less effective.

## **CONCLUSION**

This study concludes that fraud prevention in Regional Government G is influenced by organizational commitment and internal control systems, with good governance serving as a moderating variable. Organizational commitment has a positive effect on fraud prevention, indicating that higher employee commitment leads to more effective fraud prevention efforts. Similarly, a strong internal control system enhances the effectiveness of fraud prevention. Good governance moderates this relationship by amplifying the impact of organizational commitment and internal control systems in reducing fraud risk. The theoretical implications are grounded in agency theory, which highlights conflicts between principals (employers) and agents (employees) due to differing goals and information asymmetry. High organizational commitment encourages employees to act in the best interests of the organization, while an effective internal control system strengthens oversight of employee activities. The implementation of good governance—through transparency, accountability, and responsibility—limits opportunities for agents to engage in deviant behavior, thereby reducing the overall risk of fraud. Based on the study's findings, several recommendations are proposed to enhance fraud prevention in Region G. First, increase organizational commitment by providing anti-corruption training for ASN (Aparatur Sipil Negara), offering performance-based rewards, and involving employees in strategic decision-making processes. Second, strengthen the internal control system by improving employee competencies in risk assessment, enforcing stricter supervision, and adopting digital solutions in the procurement of goods and services. Third, enhance the

implementation of good governance by optimizing the public complaint system and increasing the capacity of human resources to handle corruption reports. For future research, it is recommended to include additional variables such as leadership integrity and organizational culture, assess changes in respondent behavior over time, and expand references with relevant scientific journals to improve the study's validity.

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