

## INTERNAL CONTROL SYSTEMS EFFECTIVENESS AND THE PREVALENCE OF ACCOUNTING FRAUD

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**Abstract:** *Fraud is defined as the fraudulent manipulation and pursuit of profits for parties who report the assets and financial accounts of a corporation. Fraud can happen in a variety of industries, including the public and commercial sectors. This study aims to identify the partial and simultane effects of information asymmetry, religiosity, appropriateness of compensation, and the efficiency of the internal control system on the likelihood of accounting fraud in the pemalang regency government sector. Quantitative research is the research technique used. Purposive sampling is the method of selection used in this investigation. 100 employees, particularly those in the finance department, of the skpd Pemalang Regency served as the study's sample population. The study's data analysis methods included multiple linear regression analysis. Unless the variables of compensation suitability have no effect on the propensity of accounting fraud, the variables of knowledge asymmetry, religiosity, and the efficacy of the internal control system partially affect the tendency to accounting fraud. Information asymmetry, religiosity, appropriateness of reward, and the efficiency of the internal control system all work together to influence the likelihood of accounting fraud in Pemalang Regency's public sector.*

**Keywords:** *Accounting Fraud, Information Asymmetry, Religiosity, Compensation Suitability, Effectiveness of Internal Control Systems, Prevalence to Accounting Fraud*

**Abstrak:** Kecurangan akuntansi/fraud ialah sengaja berbohong dan mencari keuntungan secara tidak benar bagi pihak yang melakukan manipulasi pada saat melaporkan aset perusahaan atau memalsukan data keuangan. Fraud dapat terjadi di berbagai sektor, termasuk sektor swasta dan instansi pemerintah. Tujuan penelitian ini untuk mengetahui pengaruh asimetri informasi, religiusitas, kesesuaian kompensasi, dan efektivitas sistem pengendalian internal terhadap kecenderungan kecurangan akuntansi pada sektor pemerintah Kabupaten Pemalang baik secara parsial dan simultan. Metode penelitian yang digunakan adalah penelitian kuantitatif. Teknik pengambilan sampel yang digunakan yaitu *purposive sampling*. Jumlah sampel yang ditetapkan paada riset ini sebanyak 100 pegawai yang bekerja di SKPD Kabupaten Pemalang terutama bagian keuangan. Teknik analisis data dalam penelitian ini menggunakan analisis regresi linear berganda. Secara parsial variabel asimetri informasi, religiusitas dan efektivitas sistem pengendalian internal berpengaruh terhadap kecenderungan kecurangan akuntansi kecuali variabel kesesuaian kompensasi tidak berpengaruh terhadap kecenderungan kecurangan akuntansi. Variabel asimetri informasi, religiusitas, kesesuaian kompensasi dan efektivitas sistem pengendalian internal secara simulan berpengaruh terhadap kecenderungan kecurangan akuntansi pada sektor pemerintah Kabupaten Pemalang.

**Keywords:** Kecurangan Akuntansi, Asimetri Informasi, Religiusitas, Kesesuaian Kompensasi, Efektivitas Sistem Pengendalian Internal, dan Kecenderungan Kecurangan Akuntansi.

## INTRODUCTION

The government has a responsibility to fulfill its social purpose, one of which is to demonstrate that state funds are effectively and transparently managed. Within the context of governmental organizations, financial reporting denotes a means of communication and of public responsibility. As a result, the financial statements of governmental institutions are closely tied to general objectives, and the figures recorded there must be accurate. Fraud is defined as a purposeful manifestation of material falsification of budget information that is the topic of the audit in Auditing Standards Statement No. 99 from 2002. Fraud is when someone intentionally lies and searches for untruths to use as leverage when declaring firm assets or fabricating financial information. Fraud can happen in a variety of settings, including the public and private sectors. The ACFE divides fraud into three sorts or behavioral categories. First, there is asset theft; next, there is financial statement fraud; and, ultimately, there is corruption ([Budiantari et al. 2017](#)).

The misuse and misappropriation of government resources, which caught the former Regent of Keerom Regency, Papua Province, who governed from 2016 to 2021, is just one example of the fraud phenomena in the government sector. The information discovered indicates that the Keerom District Inspectorate's audit findings, which showed state losses of \$1 billion, were used to determine the misappropriation of these assets ([KumparanNews 2021](#)). In addition, the West Sumatra Regional Government's financial statements for 2019 included a number of findings from the Financial Audit Agency (BPK). BPK discovered that the potential for receipts has not been managed optimally, that deposit errors for receipts at Solok Regional Hospital have occurred, and that asset recording has not been carried out adequately ([Senjaya 2019](#)).

These findings are interim compliance findings for the findings of the examination of the Internal Control System.

Corruption is a fraud occurrence that is common. The theft of regional cash worth Rp. 26.7 billion rupiah that was supposed to be kept in BTPN (National Pensioner Savings Bank) by former head of the UPTD (Regional Technical Implementation Unit) of Semarang City is one example of corruption that was actually committed by local government officials ([Senjaya 2019](#)). The Head of the Housing and Settlement Office in Pemalang Regency was caught up in the phenomenon of misappropriation in the Pemalang Regency government for lying and stealing funds for housing assistance projects from the Ministry of Public Works and Public Housing (PUPR) ([Portal 2021](#)). The previous case involved the road development package I and package II by the Pemalang Regency Public Works Office (DPU) for fiscal year 2010, which placed a financial burden on the state of up to Rp. 1.05 billion ([Mitrapol 2020](#)). Former Pemalang Regent Junaedi, who served for two terms, from 2011 to 2021, and former Regional Secretary (Sekda) Muhammad Arifin were both involved in corruption.

Numerous scholars have previously undertaken numerous studies pertaining to elements that affect fraud in the public sector. Among these, study conducted by [Virmayani et al. \(2017\)](#) found that data asymmetry has a positive influence on the propensity for accounting fraud, i.e., the more asymmetry, the greater the propensity for fraud. As opposed to [Dewi et al. \(2018\)](#) study, which looked at the variables influencing the tendency of accounting fraud to be yaki religiosity. According to the study, partial religiosity considerably and negatively influences the propensity for accounting fraud. This incident demonstrates how a person's level of religiosity might affect their behavior in a workplace or institution.

Information asymmetry is described in agency theory where the theory underlies the relationship between principals and agents. Information asymmetry is a situation when there is a discrepancy in information between the trustee camp (local government/executive) as the information provider/agent and the trustee camp (community, people's representatives, and legislature) as information users/principals ([Dewi et al. 2018](#)).

A person's attitude is influenced by various aspects, one of which is religiosity. Religiosity is defined as a specific level of belief in religious values and expectations that a person seeks and implements. Religiosity is also interpreted as belief in God (faith) accompanied by the necessity to explore the principles that Allah SWT wants to formalize. Religion is believed to control people's attitudes. A person who has the value of religiosity wants to show an attitude that is in accordance with his beliefs and reflected in society ([Gunayasa & Erlinawati. 2020](#)).

Pressure is the pressure that urges a person to commit abuse. Financial pressure that can stimulate the formation of fraud such as greed, lifestyle demands, individual financial losses, and inability to assess finances ([Siregar & Hamdani 2018](#)). This matter can be intertwined because the rewards received are very small or the rewards received have been quite large but because the lifestyle is large so that the rewards received are not adequate to meet their needs.

Internal Control System is a control equipment of various industrial activities that must be obeyed and carried out by each organizational unit. In research tried by [Maulidya & Fitri \(2020\)](#) reported that the effectiveness of the internal control system affects the level of formation of accounting fraud tendencies.

The purpose of this study is to determine the influence of information asymmetry, religiosity, compensation suitability and the effectiveness of the internal control system on the tendency of accounting fraud in

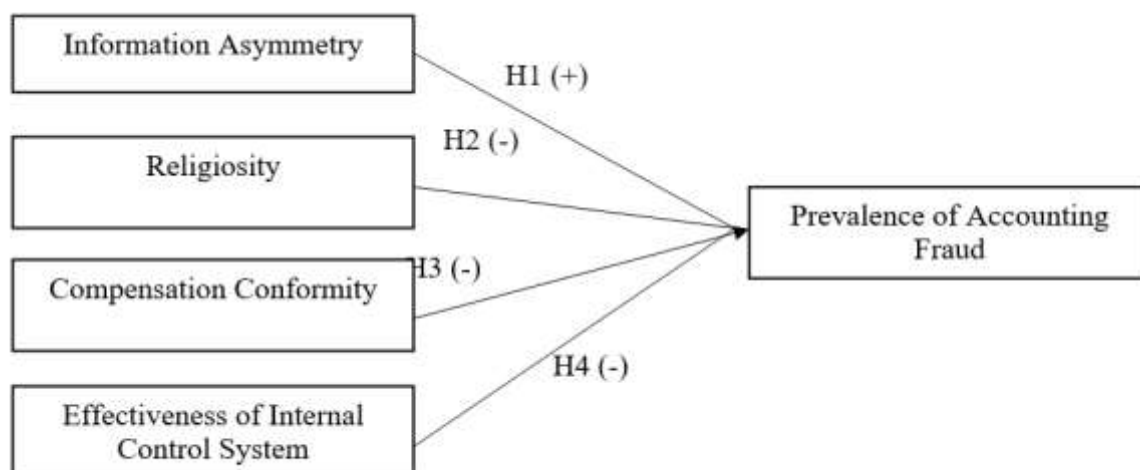
OPD Pematang Regency. This research contributes to local governments regarding the prevention of accounting fraud by having human resources who have religious characteristics as the main benchmark, minimizing the existence of information asymmetry so that the preparation of financial reports can be carried out in accordance with applicable regulations, with the effectiveness of the internal control system in each OPD and also the inspectorate general at the local government level as a form of control and evaluation stages so as to increase accountability and transparency of financial reporting.

## Literature Review and Hypothesis Development

### Agency Theory

The association between agents and principals is explained by agency theory. [Budiantari et al. \(2017\)](#) developed the agency theory to address issues with agency correlations. An agreement between the principle and the agent to carry out duties in the principal's best interests is known as agency correlation. According to [Budiantari et al. \(2017\)](#) there are two different difficulties that could occur in agency correlation. The primary issue is that principals and agents have various objectives.

The process of creating budgets or financial statements reflects the implications of agency theory when viewed from two different angles, namely the interaction between the people and the legislature and the legislature with the executive. The executive is the agent and the legislative is the principal, according to the agency relationship between the two. The legislature is the guardian agent of the interests of the people (principals) from the standpoint of legislative and people's agencies, but there are no obvious procedures, rules, or restrictions that govern the devolution of the people to the legislature. This frequently leads to distortions in



**Figure 1.** Conceptual Framework

the budgets created by the legislature, which represent an inefficient distribution of resources to the community and instead frequently prioritize the interests of the legislature. If this occurs, it is quite likely that the money spent was done so to steal human rights, often known as corruption.

### Fraud Diamond Theory

One of the fundamental explanations for fraud is the Fraud Pentagon theory ([Horwath 2011](#)). This hypothesis typically explains why fraud is committed. The Pentagon Fraud, a variation of the Fraud Triangle, adds arrogance and expertise to the other two comnts of the triangle ([Faradiza 2019](#)). The aspects of the Pentagon Fraud, namely Pressure, Opportunity, Rationalization, Competence, and Arrogance, are explained below.

The Association of Certified Fraud Examiners (ACFE) defines fraud as an intentional act of deception committed against a business or organization by a manager, employee, officer, or even the owner. Fraud is defined as intentional deception using illegal (illegal) means for the benefit of a certain person or organization ([Arifin et al. 2025](#)).

Figure 1 shows the positive influence of information asymmetry, the negative influence of religiosity, compensation conformity and

effectiveness of internal control system on the prevalence of accounting fraud. Here is the development of the hypothesis:

According to agency theory, the principal and the agent are at odds, and one of the reasons for this conflict is knowledge asymmetry. When there is a disparity between the person who requires the knowledge and the person who possesses it, this is referred to as information asymmetry. Because the internal camp is the camp that is aware of the complexities of financial statements, it is typically simpler for the internal camp to manipulate financial statements for their own purposes as compared to the external camp as users of financial statements ([Dewi et al. 2018](#)).

[Virmayani et al. \(2017\)](#), [Nurita & Prayudi \(2017\)](#) and [Dewi et al. \(2018\)](#) information asymmetry may partially influence the likelihood of accounting fraud. The agent will be compelled by information asymmetry to give the principal false information, especially if the information is used to gauge the agent's performance. Employees may take advantage of this circumstance to submit financial data that does not accurately reflect the actual situation. The objective is simple: they wish to employ various techniques, including cheating, to achieve a good appraisal of their performance.

Information asymmetry will force agents to present unreal data to principals, especially if the data is related to measuring agent performance ([Rizky & Fitri. 2017](#)). This situation can also open up opportunities for employees to present financial data that does not match the real situation. The goal is simply because they want to get a good evaluation of their performance by carrying out various methods that they tend to do by cheating.

**H<sub>1</sub> : Information asymmetry positively affects the prevalence of accounting fraud.**

According to one definition, religion is a systematized collection of values, attitudes, and customs that give life purpose and focus on the sacred. According to [Gunayasa & Erlinawati \(2020\)](#), religion is also referred to be the environmental consolidation of knowledge, consciousness, and religious attitudes on people [Cahyadi & Sujana \(2020\)](#), [Gunayasa & Erlinawati \(2020\)](#). The degree of one's religiosity has a negative and considerable impact on fraud. The lower the incidence of financial dishonesty, the higher the level of religiosity. On the other side, fraud will grow if the amount of religiosity is lower.

People with strong religious convictions are more likely to act morally and refrain from bad habits. Strong religious convictions are intended to limit fraud by preventing negative attitudes through emotions of guilt, particularly when it comes to cheating. [Rodriguez & Moreno \(2025\)](#) claim that religion strives to contribute to one's ideals. The propensity for accounting fraud will decline as one's level of religiosity rises.

Individuals who have high religious behavior tend to be moral and avoid negative behavior. Strong religious beliefs are expected to avoid negative attitudes through feelings of guilt, especially in terms of cheating and strong control so as to minimize fraud. Religiosity wants to contribute to one's idealism. The more religiosity a person increases, the tendency of accounting fraud will decrease.

**H<sub>2</sub> : Religiosity negatively affects the prevalence of accounting fraud.**

According to [Virmayani et al. \(2017\)](#), worker misappropriation can also be brought on by unhappiness brought on by inadequate pay or monotonous job. Money, equipment, and items provided by employees can all be stolen. For the organization, this is a crucial issue ([Nurita & Prayudi 2017](#)). According to [Siregar & Hamdani \(2018\)](#), income appropriateness has a negative impact on a person's propensity for accounting fraud. Some people often act in ways that seek reward. To advance his personal interests to the fullest, a person frequently engages in unethical actions. Personal regret about the money earned through employment is what drives this conduct. The right wage structure must satisfy the worker up until the point where the worker stops engaging in actions like accounting fraud that burden the firm or the government. The motivation to commit theft is predicted to decrease with adequate pay.

Some people tend to do things to get compensation. A person tends to take unethical behavior to maximize his personal interests. This behavior is motivated by personal regret for the salary that results from work. The right wage system must satisfy individuals so that individuals do not engage in actions that burden organizations or governments including accounting fraud. The right wage is expected to shrink the desire to carry out fraud.

**H<sub>3</sub> : The suitability of compensation negatively affects the prevalence of accounting fraud.**

Internal control is a comprehensive process of activities carried out continuously by the board of directors and all employees to provide sufficient confidence in the achievement of organizational goals, financial reliability reporting, protection of state-owned assets, and compliance with laws and regulations ([Muna & Harris 2018](#)). Internal control is defined as a

process of activities carried out by the board of directors and all employees.

[Muna & Harris \(2018\)](#) and [Rizky & Fitri \(2017\)](#) that the effectiveness of internal control has a negative impact on the tendency of accounting fraud. The less likely accounting fraud is, the more effective the organization's internal control is. Accounting fraud frequently happens as a result of the organization's diversity of options. The possibility of accounting fraud increases as opportunities expand. Making an efficient internal control system for the company is thus one option to address these issues. The likelihood of accounting fraud occurring can be decreased and even covered up with the effectiveness of the government's internal control system ([Faisol et al. 2023](#)).

The breadth of opportunities in organizations, accounting fraud is frequent. The wider the opportunities created, the greater the likelihood of accounting fraud ([Coelho & Artati 2025](#)). For this reason, the way to overcome this problem is one of them by creating an effective internal control system in the organization. With the effective internal control system of the government, it can reduce or even cover the opportunity for accounting fraud.

**H<sub>4</sub> : The effectiveness of the internal control system negatively affects the prevalence of accounting fraud.**

## METHOD

The type of research applied is explanatory research (explanation research), which is research that describes the position between variables through predetermined hypothesis tests. The method used is a quantitative method designed to analyze the correlation between one variable and another ([Siregar & Hamdani 2018](#)). The location of this research is the Pemalang Regency Regional apparatus which consists of the Pemalang Regency Inspectorate office, 6 agencies and 17 offices in Pemalang Regency, Central Java. The population in this study is the entire apparatus of the Pemalang Regency of Central Java. The determination of the sample in this study used a purposive sampling technique based on several criteria for financial employees who served as heads of finance sections, heads of finance subdivisions, financial staff and treasurers of pemalang district apparatus. The type of data used in this study is primary data with a survey method collected through the distribution of questionnaires to respondents. The questionnaire measurement scale uses 5 likert scales, where the answers to each instrument item have gradients ranging from Strongly Agree (SS), Agree (S), Neutral (N), Disagree (TS), and Strongly Disagree (STS).

**Table 1.** Variables Measurement

No	Variables	Indicators
1	<b>Independent Variable</b> Information Asymmetry	1. Information and communication 2. Potential performance 3. Technical employment of employees.
2	Religiosity	1. Religious beliefs 2. Religious knowledge 3. Practice of religion
3	Compensation Conformity	1. Payment of salaries and wages 2. Procurement promotion 3. Employee service programs
4	Effectiveness of Internal Control System	1. Operating environment 2. Review / monitoring 3. Operation actions
5	<b>Dependent Variable</b> Prevalence of Accounting Fraud	1. Manipulation/alteration of accounting 2. Records Misstatement of transactions 3. Misuse or embezzlement of assets 4. Application of accounting principles.

**Table 2. Reliability Test**

Variables	Cronbach's Alpha	
Information Asymmetry	0,756	Reliable
Religiosity	0,801	Reliable
Compensation Suitability	0,828	Reliable
Effectiveness of Internal Control System	0,805	Reliable
Accounting Fraud	0,913	Reliable

Source: processed data (2025)

**Table 3. Multiple Regression Test**

Description	Value		
Model Summary			
R	0,534		
R Square	0,285		
ANOVA			
F	9,475		
Sig	0,000		
	Coef.	t Value	Sig
Coefficient			
Constant	16,559	2,763	0,007
Information Asymmetry	0,465	3,242	0,002
Religiosity	0,533	2,270	0,025
Compensation Suitability	-0,141	-0,933	0,353
Effectiveness of Internal Control System	-1,121	-5,062	0,000

Source: processed data (2025)

Table 1 shows measurement indicators of the variables information asymmetry, religiosity, compensation conformity, effectiveness of internal control system and prevalence of accounting fraud with Likert scale.

## RESULTS

Primary data in the form of questionnaires distributed to 105 respondents, the number of returning was 100 respondents. The final five surveys cannot be returned. Male respondents make up 48% of the total and female respondents make up 52%, making female respondents the majority. 20 to 29 year old iRespondents at 11%, 30 to 39 year old iRespondents at 20%, 40 to 50 year old iRespondents at 37%, and over 50 year old iRespondents at 32%. 5% of respondents held the position of Kabag, 23% held the position of financial head, 36% held the position of treasurer, and 36% held the position of financial staff.

### 1. Instrument Validity Test

A questionnaire's validity can be determined using the validity test. According to [Sugiyono \(2018\)](#) the assertion item is considered genuine if the sig (2-tailed) value alpha 0.05. All of the study's questions had sig values below 0.05, indicating that the information was valid.

Table 2 shows reliability tests with Cronbach's alpha value greater than 0.70 then the data is reliable.

### 2. Classic Assumption Test

In this study, a classical assumption test has been carried out consisting of a normality test, a multicollinearity test and a heteroskedasticity test. The results of the test showed that the data were normally distributed with an Asym Sig (2-tailed) value of 0.200, the data did not occur multicollinearity with a tolerance value of > 0.1 and a VIF value of < 10, the data also did not occur heteroskedasticity with an alpha value greater than 0.05 ([Ghozali 2017](#)).

Table 3 The significance value of Information Asymmetry of 0.007 is less than ( $\alpha$ )

= 0.05 so that H1 is accepted; significance value of Religiosity of 0.002 less than ( $\alpha$ ) = 0.05 so that H2 is accepted; the significance value of Compensation Conformity of 0.353 greater than ( $\alpha$ ) = 0.05 so that H3 is rejected and the significance value of the Effectiveness of the Internal Control System of 0.000 is less than ( $\alpha$ ) = 0.05 so that H4 is accepted.

According to the findings of hypothesis 1, the variable information asymmetry has a calculated t value of 3.242 where the value is lower than the table t which is 1.985 and a significant value of  $0.002 < 0.05$ , then H1 is accepted so as to show that information asymmetry partially has a positive effect on the prevalence of accounting fraud in SKPD Pemalang Regency.

Information is clear and not withheld. As a result, parties inside and outside of each agency in Pemalang Regency can be aware of the activities involved in creating budget financial reports, preventing the agency from acting arbitrarily and endangering both itself and others. There will be potential for fraud when there are gaps in the information. If an institution's level of asymmetry is high, accounting fraud tends to occur more frequently in agencies in Pemalang Regency. Conversely, if an agency's level of asymmetry is low, fraud can be suppressed. The findings of this study confirm those [Ariastini et al. \(2017\)](#) and [Arthana \(2019\)](#). This research differs from that of [Mahendra et al. \(2019\)](#) and [Maulana \(2020\)](#), which both mention the information asymmetry (difference in information) that must be taken into account when planning the special camp's budget in order to ensure that the financial statements are accurate and meet institutional requirements.

Based on this study, it was found that when information has a transparent nature and is not covered up, activities in an agency can run well. Therefore, the activities of preparing budget financial statements in each agency in Pemalang Regency can be known by parties inside and outside the agency so that the agency

is more careful in doing something that can harm others or harm the agency. When gaps in information occur, it will result in opportunities for fraud. Thus this study states that information asymmetry has a positive effect on the tendency of accounting fraud, meaning that when the level of asymmetry in agencies in Pemalang Regency is low, it can suppress fraud activities, and vice versa if the level of asymmetry in an institution is high, the tendency of accounting fraud in an agency in Pemalang Regency is also high.

The findings of hypothesis 2 The variable religiosity has a calculated t value of 2.270, a table t of 1.985 and a significant value of 0.025. This means that t counts ( $2.270 > t$  table (1.985), and significant values of  $0.025 < 0.05$  Then H2 is accepted. In this research, the results of the t test show a positive direction, meaning that religiosity has a significant positive effect on the tendency of accounting fraud, but there are other factors that cause fraud to continue to increase.

Indicate that religiosity significantly reduces the likelihood of accounting fraud, but other need-related factors also contribute to the growth of fraud. According to this study, SKPD Pemalang Regency personnel who have a strong religious attitude will not engage in immoral behavior, such as fraud, when performing their tasks as parties in charge of overseeing the government's finances. Every SKPD employee in Pemalang Regency has a religious mentality that regulates conduct, enabling them to always make the right choices and behave appropriately. This is what causes religion to have an impact on the propensity for accounting fraud in the Pemalang Regency government. Based on research, it was discovered that participating in religious activities, such as worship, can help each SKPD employee in Pemalang Regency uphold their morals and increase their religiosity, preventing them from having the intention to act negatively, like committing fraud or fraud. The findings of this study corroborate earlier studies by [Purukan et al. 2020](#). The findings of this study

conflict with those of study [Maulana \(2020\)](#), which found no relationship between religiosity and the propensity for accounting fraud.

According to hypothesis 3 findings, the compensation suitability variable has a calculated t value of -0.933, t table 1.985 and a significance value of 0.353. This means that the calculated t value  $(-0.933) < t \text{ table } (1.985)$  and the significance value  $(0.353) > 0.05$  so that H3 is rejected which means that partially the suitability of compensation does not have a significant effect on the tendency of accounting fraud in the Pematang Rejang Regency government.

No discernible relationship between the appropriateness of compensation and the propensity for accounting fraud. Due to the pay being based on the amount of fund ceilings maintained by each SKPD in Pematang Rejang Regency, it is dispersed equally to all personnel in the field of finance and accounting. The failure of compensation appropriateness to address the prevalence of accounting fraud in the Pematang Rejang Regency government sector is due to this. As a result, the desire to commit accounting fraud is unaffected by the availability or absence of suitable pay. Research also revealed that employees at SKPD Pematang Rejang Regency don't just focus on pay when making decisions about their jobs. Low pay therefore does not encourage the practice of accounting dishonesty.

The findings of this study support research by [Siregar & Hamdani \(2018\)](#) and [Mahendra et al. \(2019\)](#) found no relationship between the suitability of compensation and the propensity for accounting fraud, i.e., that employees' adjusted compensation levels whether high or low do not influence their propensity to commit fraud. The findings of this study are at odds with those of studies by [Virmayani et al. \(2017\)](#), [Siddiq et al. \(2017\)](#), and [Samanto & Setyaningsih \(2020\)](#), respectively, which found that the suitability of pay has a substantial impact on the likelihood of accounting fraud. Employee activities to carry out a tendency to accounting fraud at the agency

where the employee works will be reduced by an appropriate compensation system allowing employees to accomplish their work properly.

The findings of hypothesis test 4 Based on the tests that have been carried out, the variable effectiveness of the internal control system (X4) has a calculated t value of -5.062, t table of 1.985 and a significant value of 0.000 This means that the significance level is  $< 0.05$  then H4 is accepted. Because it is marked negative, it can be concluded that the effectiveness of the internal control system partially negatively affects the tendency of accounting fraud.

Indicate that the propensity for accounting fraud is partially negatively impacted by the internal control system's efficacy. In every agency in Pematang Rejang Regency, officials have developed strict internal controls. Pematang Rejang Regency government sector agencies have a good control environment in the form of a distinct line between authority and responsibility, good risk assessment in the form of the thoroughness of transaction supporting evidence, good control activities in the form of agency regulations and policies, good information and communication in the form of Accounting Information Systems (SIA), and monitoring and evaluation of operational activities to gauge the implementation of the agency's internal control system. According to this study, operational activities can run smoothly and efficiently with an effective control system, reducing the chance of fraud by SKPD Pematang Rejang employees and minimizing the possibility of irregularities in agency operational procedures.

The findings of this study are consistent with those of [Siddiq et al. \(2017\)](#) investigation, which discovered that the effectiveness of internal control has a negative impact on the likelihood of accounting fraud. Effective internal control makes it possible for others to review one's work. This lessens the likelihood of a propensity for accounting fraud. The findings of this study are at odds with studies by [Maulidya & Fitri \(2020\)](#) and [Pramana et al. \(2020\)](#), which

claim that the prevalence of accounting fraud is not significantly influenced by the efficacy of internal control systems.

## CONCLUSION

Based on the findings of the analysis and discussion presented in the previous chapter, it is possible to draw the conclusion that the degree of information asymmetry, level of religiosity, and efficiency of the internal control system all have an impact on the prevalence of accounting fraud in the Pemalang District Government sector. In the Pemalang Regency Government sector, only the compensation appropriateness variable has no bearing on the tendency for accounting fraud. Only agencies and agencies in the Pemalang Regency are covered in this study. Due to time constraints, this study only collected 24 samples from a total

of 105 respondents, even though up to 100 questionnaires were returned. This study aims to reduce the likelihood of accounting fraud in local governments through practical implications for local governments. As the subject of the study, SKPD in Pemalang Regency is anticipated to develop a fraud prevention strategy by paying attention to the influencing elements that have been researched.

The next research research variable can be changed to use other variables that have a major influence on the tendency of accounting fraud in the government sector, add the total research sample and increase the scope of the research sample, not only SKPD in Pemalang Regency, and conduct interviews with respondents in a clear and concise manner. These are just a few of the suggestions that this research is expected.

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