



FACTORS AFFECTING CORRUPTION IN LOCAL GOVERNMENT IN EAST JAVA PROVINCE BASED ON THE FRAUD TRIANGLE THEORY

Bodroweni, Paulus Theodorus Basuki Hadiprajitno¹

Departemen Akuntansi Fakultas Ekonomika dan Bisnis Universitas Diponegoro
Jl. Prof. Soedharto SH Tembalang, Semarang 50239, Phone: +622476486851

ABSTRACT

This study aims to examine the influence of good governance, audit objectivity and independence, and technology on fraud prevention at the Central Java Province Representative Office of the Audit Board of Indonesia. Based on the Performance Report of the Central Java Province BPK Representative for the year 2023, it is noted that on the indicator of Control Fulfillment and Trust in Audit Quality, there was a 40% decrease in realization in 2023 compared to 2022 with a realization of 98.11% and 2021 with a realization of 86.22%. Then, on the indicator of Information Technology Utilization, in 2023 it only reached a realization of 83.90% compared to 96.21% in 2022 and 99.18% in 2021

This research was conducted using a quantitative method with a population consisting of all auditors at the BPK Representative Office of Central Java Province, using a saturated sampling technique totaling 125 auditors. The data collection method used a questionnaire with a weighted Likert scale of 1-5. The data in this study were analyzed using the multiple linear regression analysis method with the analysis tool being SPSS 29.0.

The research results show that good governance has a significantly positive impact on fraud prevention, audit objectivity and independence have a significantly positive impact on fraud prevention, and technology has a significantly positive impact on fraud prevention. The findings of this research indicate that the better the governance implemented in the Central Java Province BPK Representative, the better the fraud prevention will be accepted; the better the objectivity and independence of the audit applied by the auditors in the Central Java Province BPK Representative, the better the fraud prevention will be accepted; and the more advanced the technology used in the Central Java Province BPK Representative, the better the fraud prevention will be accepted.

Keywords: *Good Governance, Audit Objectivity and Independence, Technology, Fraud Prevention, Central Java Provincial Representative BPK*

INTRODUCTION

Strict local financial supervision is essential to ensure that public funds are used effectively and efficiently. Facts on the field show that local government fraud still occurs on a massive scale. Based on data from law enforcement officials by Indonesia Corruption Watch (ICW), it is said that local government corruption cases in Indonesia dominated the trend from 2016 to 2019. In addition, referring to the Corruption Eradication Commission (KPK) statistics on Corruption Crimes (TPK) by agency, there were 75 cases involving local governments out of a total of 161 cases that occurred in 2023 (ACFE Indonesia, 2024). If this continues to happen, it is not impossible that local government efforts to improve economic growth and community welfare will be hampered. This condition will further delay local governments to achieve their regional development targets, which in turn has an impact on the national strategic agenda

A country's development depends on improving the institutions of governance and ensuring that these interrelated institutions function in the same way (Gharrafi et al., 2024) or what is referred to as a "culture of governance" (Meisel, 2004). As such, the relationship between

institutions in the political sphere and institutions in the economic sphere is much more complex than the simple relationship between institutions of public governance and institutions of corporate governance. The organization of these institutions should promote accountability and honesty (Ezziadi & Gharrafi 2019). This research defines good governance as a set of systems that regulate the rights and obligations of internal and external stakeholders (Adliana et al., 2022).

Auditor objectivity and independence are mental attitudes that must be possessed by auditors in carrying out audits because they are factors of the integrity principle (Bimantara & Ngumar, 2018). This mental attitude is reflected in a complete report, based on careful and impartial analysis. This means that an auditor must be fair in his actions and must not be influenced by anything related to his work. The higher the objectivity and independence of the auditor, the better the quality of the audit results. Frastuti et al., (2015) reveals that auditor objectivity and independence can affect fraud prevention in financial statements. This research defines good governance as a set of systems that regulate the rights and obligations of internal and external stakeholders (Adliana et al., 2022).

Institutional use of technology determines decision rigor and accountability frameworks to encourage desired behaviors in using IT (Soltani, 2014). The use of information technology is an integral part of organizational management that includes leadership, data structures, and organizational processes. It ensures that the organization's information technology can be used to maintain and expand the company's strategy and goals (Tallon et al., 2001). Technology adoption establishes decision rights and accountability frameworks to encourage desired behaviors in using technology. Therefore, as a state institution tasked with examining state finances, BPK needs an early warning system to detect fraud. Good information technology (IT) governance can be achieved by using technology management standards that have been developed by the international standard IT Framework, COBIT, IT-IL Management, COSO, ISO IT Security. This research defines technology as leadership, data structures, and organizational processes in the application of technology within an accountability framework to support the effectiveness of fraud prevention (Utami et al., 2020).

There are several theories developed to prevent corruption, such as fraud triangle. This theory states that fraud can occur by three factors, which are pressure, opportunity, and rationalization. Some research uses the fraud triangle theory to determine which factors cause corruption in various sectors based on financial ratios and assessments of local government performance. Some studies also use research methods through questionnaires to find and determine the relationship between factors that cause corruption based on employee perceptions. However, the weakness of this method is that the answers of respondents may not reflect the actual situation. Using the fraud triangle theory, the approximations used for variable measurement and research results regarding the factors that cause corruption are different throughout research. Because government performance cannot be measured the same way as measuring private performance.

BPK Representative of Central Java Province in implementing GUID 5270-Guideline for the Audit of Corruption Prevention applies the focus of responsibility implementation based on 3 (three) main elements, namely prevention, detection and reaction. One of the activities of GUID 5270 is strengthening the corruption prevention system in the entity, which consists of non-investigative examinations, examining the performance of national strategies and national actions to prevent corruption (Stranas PK and AN PK), providing opinions on national policies to eradicate corruption and fraud awareness training. Based on the Performance Report of BPK Representative of Central Java Province Year 2023 (BPK Perwakilan Provinsi Jawa Tengah, 2023) It is known that in the indicator of Fulfillment of Control and Obtaining Confidence in Audit Quality there is a realization in the first quarter of 2023 which decreased by 40% in contrast to 2022 with a realization of 98.11% and 2021 with a realization of 86.22%. Then in the indicator of Information Technology Utilization in 2023 only reached a realization of 83.90% compared to 2022 of 96.21% and 2021 of 99.18%.

Based on the explanation of the phenomenon of existing problems, the results of the literature review, and the support of pre-research, there is an urgency to further examine, "The Influence of Good Governance, Audit Objectivity and Independency and Technology towards Fraud Prevention (Study on BPK Representative of Central Java Province)."



RESEARCH FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Fraud Risk Management Theory

Fraud risk management theory is a fraud risk management theory that aims to identify, understand and respond to fraud risks in an organization developed by Green (2004) as a further effort to explore the Fraud Triangle Theory. The purpose of the application of Fraud Risk Management Theory is to reduce the risk of theft, corruption and other fraud; protect important company data and information; close security gaps that can be a place for various threats; and hinder the achievement of organizational goals. According to Bonrath and Eulerich (2023), the application of Fraud Risk Management Theory can be used as a basic concept to predict fraud through antecedents in the form of good governance, audit objectivity and independence and technology.

The model ensures alignment of all organizational activities and goals with the interests of various internal and external stakeholder groups. It also underscores the positioning of internal auditing and the increasing complexity of today's business world. It underscores the importance of regular communication and interaction among these entities to ensure the internal audit's work aligns with the organization's strategic and operational needs. When auditor are often held responsible for managing fraud, their effectiveness is potentially hampered by their detachment from the firms they audit. Their main responsibility lies in detecting material misstatements in financial reports caused by fraudulent activities. However, this focus restricts their scope, potentially limiting their overall effectiveness in fraud management. The value of technology for IAFs is twofold. Firstly, technology enables a risk-based approach, enhancing the detection of anomalies and red flags. The advancement of technology has given rise to methodologies like continuous auditing, which can significantly improve the effectiveness of risk-based audit planning a fundamental approach in modern internal auditing (Eulerich et al., 2020). A riskbased approach implies a focus on areas with higher risks or anomalies that have been identified through data analysis, which is only feasible with advanced technology. This approach allows auditors to systematically identify, assess and address risks, which may be particularly beneficial for fraud prevention and detection. Secondly, improved resource allocation facilitated by technology allows a wider range of internal audit tasks. The efficiency gains from using technology free up resources, which can then be allocated to more complex tasks or thorough investigations of anomalies, ultimately leading to higher audit quality.

The Effect of Good Governance on Fraud Prevetion

As a result of Fraud Risk Management Theory, the need for good corporate governance in terms of effective fraud risk management has become increasingly important. Prior scandals revealed unseen issues within businesses and the accounting profession, leading to significant damage to the reputation of the entire profession (Free, 2015). The effects were devastating as the public's confidence in the financial markets was destroyed. Previous research also stated that good governance has a significant positive effect on fraud prevention in the research findings of Wahyuni et al., (2020); Dewata et al., (2021); Abdullah et al., (2023); Adliana et al., (2022) and Gharrafi et al., (2024). On the basis of the arguments and findings of previous research, the hypothesis in this study is formulated in the form of:

H1: Good Governance has a positive effect on Fraud Prevention

The Effect of Audit Objectivity and Independency on Fraud Prevention

Apart from Fraud Risk Management Theory, auditor ole in fraud prevention and detection becomes clearer when considering the core principles as defined by the IIA. According to the IIA (2021), internal auditing is an independent function that provides objective assurance and consultation to improve an organization's operations. It applies a systematic, disciplined approach to evaluate and enhance the effectiveness of risk management, control and governance processes. Taken together, these considerations reveal a nuanced relationship between the objectivity and independence of the internal audit function and its ability to effectively manage fraud. Previous research also states that audit objectivity and independence have a significant positive effect on fraud prevention in the research findings of Sinaga et al., (2024); Bonrath & Eulerich (2023); Kusumah & Pranoto (2023); Afrah et al., (2022) and Ramadhan & Mulyati (2022). On the basis of

the arguments and findings of previous research, the hypothesis in this study is formulated in the form of:

H2: Audit Objectivity and Independency has a positive effect on Fraud Prevention

The Effect of Technology on Fraud Prevention

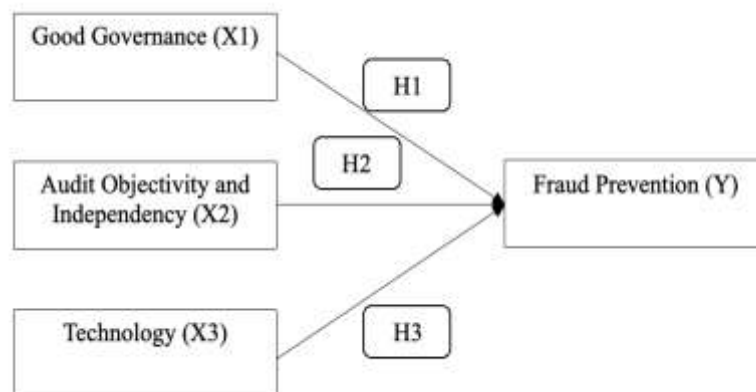
As a results from Fraud Risk Management Theory, external auditors are often held responsible for managing fraud, their effectiveness is potentially hampered by their detachment from the firms they audit. Their main responsibility lies in detecting material misstatements in financial reports caused by fraudulent activities. However, this focus restricts their scope, potentially limiting their overall effectiveness in fraud management. Technological advances have given rise to methodologies such as continuous auditing, which can significantly improve the effectiveness of risk-based audit planning, a fundamental approach in modern internal auditing (Eulerich et al., 2020). A risk-based approach implies focusing on areas of higher risk or anomalies that have been identified through data analysis, which can only be done with advanced technology. Previous research also stated that technology has a significant positive effect on fraud prevention in the research findings of Nautani (2024); Laras & Rahmawati (2022) and Utami et al., (2020). On the basis of the arguments and findings of previous research, the hypothesis formulated in this study is:

H3: Technology a has a positive effect on Fraud Prevention

Research Framework

The framework for this research is as follows:

Figure 1
Research Framework



Source: (Abdullah et al., 2023; Bonrath & Eulerich, 2023; Utami et al., 2020; and developed by researcher).

RESEARCH METHODS

Research Variables and Operational Definition of Variables

Dependent Variable

The dependent variable according to Sekaran and Bougie (2016) is a variable that is measured to influence the effect or influence of other variables. The dependent variable is denoted by Y which in this study is Fraud Prevention. This research defines Fraud Prevention as activities carried out by organizations to effectively prevent and minimize the risk of fraud in the organization (Adliana et al., 2022). The indicators used to measure Fraud Prevention in this study refer to the Anggara and Ariani (2024) indicators in the form of: (1) Internal control structure; (2)

Effectiveness of the audit function; (3) Application of tone at the top; (4) Management evaluation; (5) Pressure; (6) Opportunity; (7) Realization.

Independent Variable

1. Good Governance

This research defines good governance as a set of systems that regulate the rights and obligations of internal and external stakeholders (Adliana et al., 2022). The indicators used to measure Good Governance in this study refer to indicators according to Wahyudi and Aryati (2022) in the form of: (1) Transparency; (2) Accountability; (3) Responsibility; (4) Independency; (5) Fairness.

2. Audit Objectivity and Independency

This study defines Audit Objectivity and Independency as the attitude of auditors who disclose transparent, objective audit results and maintain their independence in disclosing fraud to maintain audit quality (Ramdhan & Mulyati, 2022). The indicators used to measure Audit Objectivity and Independency in this study refer to indicators according to Wahyudi and Aryati (2022) in the form of: (1) Expressing an opinion without any influence; (2) Avoiding bias; (3) Avoid physical and verbal threats; (4) Avoiding conflict of interest; (5) Avoiding financial and non-financial relationships; (6) Avoiding threats that may interfere with the examination.

3. Technology

This research defines technology as leadership, data structures, and organizational processes in the application of technology within an accountability framework to support the effectiveness of fraud prevention (Utami et al., 2020). The indicators used in measuring Technology in this study refer to the indicators of Nasihah et al., (2020) in the form of: (1) Audit application software; (2) Computerized audit process; (3) Audit software update; (4) Auditor's ability to use audit software; (5) Auditor's feelings on using audit software.

Population and Sample

Population according to Sekaran and Bougie (2016) is the whole group of people, events, or interesting things that researchers want to study and make opinions about. The population in this study were auditors at the BPK RI Representative of Central Java Province totaling 125 auditors. BPK RI Representative of Central Java Province was chosen as the research population because BPK is an institution that carries out the audit function of local government.

According to Sekaran and Bougie (2016), a sample is part of the population that is the source of data in research. The sample withdrawal in this study used a saturated sample technique. According to Sekaran and Bougie (2016), saturated sampling is a sampling technique using all members of the population as samples. Determination of saturated samples due to the limited population so that the sample is taken from all members of the population, namely all auditors at the BPK RI Representative of Central Java Province totaling 125 auditors.

Data Analysis Methods

The data analysis method is grouping data based on variables, tabulating data, presenting data for each variable studied, as well as answering problem formulations and performing calculations to test hypotheses that have been proposed, according to (Sugiyono, 2017). The data analysis method used in this research is multiple linear regression analysis using the SPSS Statistics 29 program. This is done so that the results obtained from the analysis and testing can provide accurate answers regarding the variables studied.

In this study, multiple linear regression analysis was used in testing the hypothesis of the variables studied. The use of multiple linear regression analysis aims to measure and determine the effect of the independent variables in the form of Fraud Prevention (Y), Good Governance (X1), Audit Objectivity and Independency (X2) and Technology (X3). According to Ghazali (2016), multiple linear regression is a regression model in which the dependent variable is a function of all independent variables. So based on this description, the equation function of multiple linear regression is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

- Y : Fraud Prevention
- α : Constanta
- β_{1-3} : Coefficient of Regression
- X1 : Good Governance
- X2 : Audit Objectivity and Independency
- X3 : Technology
- ε : Standard Error

RESULT AND ANALYSIS

Validity Test

All indicators used to measure the variables Fraud Prevention (Y), Good Governance (X1), Audit Objectivity and Independency (X2) and Technology (X3) show the value of r count which is greater than r table (0.1757). So it can be said that each indicator used in each variable Fraud Prevention (Y), Good Governance (X1), Audit Objectivity and Independency (X2) and Technology (X3) is declared valid and can be continued to the next stage.

Reliability Test

The variables Fraud Prevention (Y), Good Governance (X1), Audit Objectivity and Independency (X2) and Technology (X3) each have an alpha coefficient or Cronbach's alpha greater than 0.6 (0.900; 0.660; 0.617; 0.632). So it can be concluded that all variables in this study in the form of Fraud Prevention (Y), Good Governance (X1), Audit Objectivity and Independency (X2) and Technology (X3) are reliable or feasible as measuring instruments.

Normality Test

Table 1
Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		125
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	3.75167050
Most Extreme Differences	Absolute	.064
	Positive	.052
	Negative	-.064
Test Statistic		.064
Asymp. Sig. (2-tailed)		.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

(Source: Processed Primary Data, 2025)

It is known that the significance value in Asymp. Sig. of 0.200 or 20%. Based on these results it can be concluded that in this study the data is normally distributed because the significance level in Asymp. Sig. more than 5% or above 0.05 (20% or 0.200).

Multicolinearity Test

**Table 2
Multicolinearity Test**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	x1	.549	1.822
	x2	.554	1.806
	x3	.533	1.875

(Source: Processed Primary Data, 2025)

It is known that the tolerance value on the Good Governance (X1) variable is 0.549; Audit Objectivity and Independency (X2) is 0.554; and Technology (X3) is 0.533. The tolerance value for each variable Good Governance (X1), Audit Objectivity and Independency (X2) and Technology (X3) is above 0.1 or 10%. Then the VIF value on the Good Governance (X1) variable is 1,822; Audit Objectivity and Independency (X2) is 1,806 and Technology (X3) is 1,875. Each VIF value on the Good Governance (X1), Audit Objectivity and Independency (X2) and Technology (X3) variables shows a value of less than 10. Based on the results of each Good Governance (X1), Audit Objectivity and Independency (X2) and Technology (X3) variable in tolerance and VIF values, it can be concluded that the regression model in this study does not have multicollinearity.

Heteroscedasticity Test

**Table 3
Heteroscedasticity Test**

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	6.547	3.047		2.148	.034
	x1	.034	.098	.042	.348	.728
	x2	-.211	.137	-.185	-1.537	.127
	x3	.008	.152	.005	.039	.969

a. Dependent Variable: ABSRES

(Source: Processed Primary Data, 2025)

It is known that the Good Governance (X1) variable has a significance value of 0.728 or 72.8%; the Audit Objectivity and Independency (X2) variable has a significance value of 0.127 or 12.7%; and the Technology (X3) variable has a significance value of 0.969 or 96.9%. Based on the results it can be concluded that the variables Good Governance (X1), Audit Objectivity and Independency (X2) and Technology (X3) each have a value above 5% or 0.05 so that there is no heteroscedasticity problem.

Model Feasibility Test

**Table 4
F Test**

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2537.758	3	845.923	58.647	.000 ^b
	Residual	1745.304	121	14.424		
	Total	4283.072	124			

a. Dependent Variable: y

b. Predictors: (Constant), x3, x2, x1

(Source: Processed Primary Data, 2025)

It is known that the F count result is 58,647 with a significance degree of 0.000. Then it is known that the F table consisting of 3 (three) independent variables and 125 respondents/samples is 2.68. When compared, the F count (58.647) > F table (2.68) and significance 0.000 < 0.05. So it can be concluded that F count is greater than F table and significance is less than 0.05 or in other words the sample used in this study is fit and feasible.

Coefficient Determination Test

**Table 5
R2 Test**

Model Summary ^a					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.770 ^a	.593	.582	3.79789	1.807

a. Predictors: (Constant), x3, x2, x1
b. Dependent Variable: y

(Source: Processed Primary Data, 2025)

It is known that the Adjusted R Square value is 0.582. So it can be concluded that the variables Good Governance (X1), Audit Objectivity and Independency (X2) and Technology (X3) can mention variations in the Fraud Prevention (Y) variable as much as 58.2% while the remaining 41.8% is explained by other factors outside this research model.

Hypothesis Testing

**Table 6
Hypothesis Testing**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1,210	4,698		-,258	,797
	x1	,893	,151	,464	5,920	,000
	x2	,580	,212	,214	2,743	,007
	x3	,611	,234	,207	2,608	,010

(Source: Processed Primary Data, 2025)

Based on Table 4.11 above, it is known that in the multiple linear regression in this study, the equation is obtained as:

$$y = -1,210 + 0,893X1 + 0,580X2 + 0,611 X3 + e$$

The Effect of Good Governance on Fraud Prevention

Testing the first hypothesis shows the t test output that Good Governance (X1) has a positive direction with a t count of 5.920 and a significance value of 0.000. On this basis, the t value of 5.920 is greater than the t table value of 1.658 and the significance value of 0.000 is less than 0.05. So it can be concluded that H1 is accepted and H0 is rejected, indicating that Good Governance (X1) has a significant positive effect on Fraud Prevention (Y) (**H1 accepted**). The first hypothesis which states that the better the good governance implemented at the BPK Representative of Central Java Province, the better fraud prevention will be accepted. The findings of this study are in line with the findings of previous research conducted by Wahyuni et al., (2020); Dewata et al., (2021); Abdullah et al., (2023); Adliana et al., (2022) and Gharrafi et al., (2024) which also state that good governance has a significant positive effect on fraud prevention.

Effective governance of the BPK Representative of Central Java Province is related to the integrity and ethical behavior of the organizational structure at the BPK Representative of Central Java Province. The implementation of good governance at the BPK Representative of Central Java Province has a positive impact on the potential performance of the BPK Representative of Central Java Province so that fraud prevention can be implemented properly. The existence of a relationship between quality and financial scandals as poor corporate governance can be

anticipated in the audit system at the BPK Representative of Central Java Province. In the case of the auditors of the BPK Representative of Central Java Province, the more the principles of good governance are adopted, the more financial scandals will be reduced. Ensuring the implementation of good governance has a positive impact on fraud prevention in regional institutions because the main purpose of good governance at the BPK Representative of Central Java Province is to control and guide the performance of regional organizations.

As a result of Fraud Risk Management Theory, the need for good corporate governance in terms of effective fraud risk management has become increasingly important. Prior scandals revealed unseen issues within businesses and the accounting profession, leading to significant damage to the reputation of the entire profession (Free, 2015). The effects were devastating as the public's confidence in the financial markets was destroyed. The consequence was the implementation of the Sarbanes-Oxley Act in 2002, which had the main objective to regain public confidence by creating a quasipublic institution for oversight, regulating auditing and involving auditors more in enforcing existing laws against theft and fraud by corporate officers (Coates & Srinivasan, 2014; Green, 2004; Ma'ayan & Carmeli, 2016). At the same time, penalties for fraudulent financial reporting have risen significantly to meet society's perception of fraudulent behaviour (Coram et al., 2008). The ongoing existence and reoccurrence of fraud cases, despite changes and adjustments in regulation, emphasize the importance for companies to strive for effective handling of fraud.

The Effect of Audit Objectivity and Independency on Fraud Prevention

Testing the second hypothesis shows the t test output that Audit Objectivity and Independency (X2) has a positive direction with a t count of 2.743 and a significance value of 0.007. On this basis, the t value of 2.743 is greater than the t table value of 1.658 and the significance value of 0.007 is less than 0.05. So it can be concluded that H2 is accepted and H0 is rejected, which indicates that Audit Objectivity and Independency (X2) has a significant positive effect on Fraud Prevention (Y) (**H2 accepted**). The second hypothesis which states that the better the audit objectivity and independence applied by auditors at the BPK Representative of Central Java Province, the better fraud prevention will be accepted. The findings of this study are in line with the findings of previous research conducted by Sinaga et al., (2024); Bonrath & Eulerich (2023); Kusumah & Pranoto (2023); Afrah et al., (2022) and Ramadhan & Mulyati (2022) which also state that audit objectivity and independence have a significant positive effect on fraud prevention.

The concept of objectivity is fundamental to an effective BPK Representative of Central Java Province, where an unusual mental attitude is essential. This objectivity becomes even more important when auditors at the BPK Representative of Central Java Province function as a governance mechanism which ensures effectiveness and credibility in the implementation of tasks. The objectivity of the auditor function at the BPK Representative of Central Java Province is important for unbiased assessments, considerations and decisions of the BPK Representative of Central Java Province auditors in the form of impartial decisions. Taken together, these considerations reveal a nuanced relationship between the objectivity and independence of auditors at the BPK Representative of Central Java Province and their ability to effectively manage fraud.

Apart from Fraud Risk Management Theory, auditor role in fraud prevention and detection becomes clearer when considering the core principles as defined by the IIA. According to the IIA (2021), internal auditing is an independent function that provides objective assurance and consultation to improve an organization's operations. It applies a systematic, disciplined approach to evaluate and enhance the effectiveness of risk management, control and governance processes. This role positions internal auditing as a key player in adding value to an organization, particularly through its efforts in fraud prevention and detection.

The Effect of Technology on Fraud Prevention

Testing the third hypothesis shows the t test output that Technology (X3) has a positive direction with a t count of 2.608 and a significance value of 0.010. On this basis, the calculated t value of 2.608 is greater than the t table value of 1.658 and the significance value of 0.010 is less

than 0.05. So it can be concluded that H3 is accepted and H0 is rejected, which indicates that Technology (X3) has a significant positive effect on Fraud Prevention (Y) (**H3 accepted**). The third hypothesis which states that the more superior the technology used at the BPK Representative of Central Java Province, the better fraud prevention will be accepted. The findings of this study are in line with the findings of previous research conducted by Nautani (2024); Laras & Rahmawati (2022) and Utami et al., (2020) which also state that technology has a significant positive effect on fraud prevention.

Technological innovation not only improves audit efficiency but also strengthens its effectiveness, especially in the context of fraud detection. Audit analytics and data mining are important tools for allocating resources effectively and reducing fraud risk. The use of technology at the BPK Representative of Central Java Province is used to increase insight, improve fraud detection and optimize the use of physical resources. The use of technology by auditors at the BPK Representative of Central Java Province as anomaly detection and warning. Technological advances have given rise to a methodology called continuous auditing that can significantly improve the effectiveness of risk-based audit planning as a fundamental approach in modern auditing. A risk-based approach implies a focus on areas of higher risk or anomalies that have been identified through data analysis, which can only be done with advanced technology. This approach allows auditors to systematically identify, assess, and address risks, which may be very beneficial for fraud prevention and detection. In addition, the allocation of resources facilitated by technology enables a wider range of auditor tasks. The efficiency gained from the use of technology frees up resources, which can then be allocated to more complex tasks or thorough investigations of anomalies, ultimately leading to higher audit quality at the BPK Representative of Central Java Province.

As a result from Fraud Risk Management Theory, external auditors are often held responsible for managing fraud, their effectiveness is potentially hampered by their detachment from the firms they audit. Their main responsibility lies in detecting material misstatements in financial reports caused by fraudulent activities. However, this focus restricts their scope, potentially limiting their overall effectiveness in fraud management. DeZoort and Harrison (2018) confirm the mentioned separation of duties by concluding that external auditors perceive their responsibility as predominantly linked to fraud in financial statements. Conversely, internal auditors believe they bear equal responsibility across all types of fraud.

CONCLUSION

This study aims to determine the effect of good governance, audit objectivity and independence and technology on fraud prevention at the BPK Representative of Central Java Province. Based on the results of the research and discussion that has been carried out, the conclusions in this study are formulated:

1. Good Governance (X1) has a significant positive effect on Fraud Prevention (Y). The first hypothesis which states that the better the good governance implemented at the BPK Representative of Central Java Province, the better fraud prevention will be accepted.
2. Audit Objectivity and Independency (X2) has a significant positive effect on Fraud Prevention (Y). The second hypothesis which states that the better the audit objectivity and independence applied by auditors at the BPK Representative of Central Java Province, the better fraud prevention will be accepted.
3. Technology (X3) has a significant positive effect on Fraud Prevention (Y). The third hypothesis which states that the more superior the technology used at the BPK Representative of Central Java Province, the better fraud prevention will be accepted.

Limitations

Based on the research that has been conducted, there are several limitations of this research in the form of:

1. This research is limited to the object of research in the form of auditors at the BPK Representative of Central Java Province so that the results regarding fraud prevention in government or regional institutions in Central Java Province are not obtained comprehensively.
2. The data in this study were collected through a questionnaire in the form of a closed questionnaire so that comprehensive answers regarding fraud prevention could not be obtained.

Suggestion for Future Research

There are several suggestions that can be used as consideration for future research, namely:

1. Future research is expected to add education background to the sample criteria and open questions in the questionnaire in order to describe the research object in detail.
2. Future research is expected to use research methods in the form of qualitative or mix methods in order to provide a comprehensive picture (using an open questionnaire) regarding factors that can increase fraud prevention.

BIBLIOGRAPHY

- Abdullah, M. W., Hanafie, H., & Bayan, A. Y. (2023). Internal Governance And Fraud Prevention System: The Potentiality Of The Spiritual Quotient. *Journal of Governance and Regulation*, 12(4).
- ACFE Indonesia. (2024). Deteksi Fraud dalam Pengelolaan Keuangan Daerah Melalui LFAR. Retrieved from <https://acfe-indonesia.or.id/2024/07/deteksi-fraud-dalam-pengelolaan-keuangan-daerah-melalui-lfar/>.
- Afrah, I., Wonga, Y. M., Angelina, Y., & Susiani, R. (2022). Influence of Internal Audit on Fraud Prevention (Case Study at Pos Indonesia Co. Ltd.). *Journal of Positive School Psychology*, 6(4).
- Anggara, B., & Ariani, S. S. (2023). Studi Efektivitas Audit Internal Dalam Upaya Mitigasi Tindakan Fraud Di Institusi Pemerintahan. *Jurnal Revenue Akuntansi*, 5(2).
- Bonrath, A., & Eulerich, M. (2023). Internal auditing's role in preventing and detecting fraud: An empirical analysis. *International Journal of Audit*, 28.
- Dewata, E., Farah, E. H., Jauhari, H., & Sari, Y. (2021). Good Governance and Internal Control on the Prevention of Fraud in the Procurement of Goods and Services for Government Agencies. *Advances in Social Science, Education and Humanities Research*, 641.
- Eulerich, M., Henseler, J., & Köhler, A. G. (2017). The internal audit dilemma—The impact of executive directors versus audit committees on internal auditing work. *Managerial Auditing Journal*, 32, 854–878.
- Ezziadi, A., & Gharrafi, M. (2019). What configuration for hospital management control to meet public sector governance challenges? *Revue Internationale des Sciences de Gestion*, 2(2).
- Free, C. (2015). Looking through the fraud triangle: A review and call for new directions. *Meditari Accountancy Research*, 23, 175–196.
- Gharrafi, M., Mahouat, N., Mohammed, K., Kobi, H., & Abderrahim, B. (2024). The Importance of Good Corporate Governance Practices and Internal Audit in the Prevention of Fraud: The Case of Moroccan Public enterprise. *Pakistan Journal of Criminology*, 16(4).
- Ghozali, I. (2016). *Aplikasi Analisis Multivariate Dengan Program IBM SPSS*. Badan Penerbit Universitas Diponegoro.



- Green, S. (2004). A look at the causes, impact and future of the SarbanesOxley act. *Journal of International Business and Law*, 3(1), 33–52.
- Kusumah, R. W., & Pranoto, T. (2023). The Influence Of Independency, Objectivity, Proficiency And Professional Accuracy Of Internal Auditors On Fraud Prevention In X Hospital. *Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi*, 7(2).
- Laras, P., & Rahmawati, I. D. (2022). Effect of Implementation of Procurement of Goods/Services through E-Procurement and Internal Control on Fraud Prevention in Sidoarjo Regency. *Indonesian Journal of Public Policy Review*, 20.
- Meisel, N. (2004). *Governance culture and development. Organisation for Economic Co-operation and Development*. OECD Publishing.
- Nasihah, F., Sukarmanto, E., & Lestira, M. (2020). Pengaruh pendidikan auditor dan teknologi informasi terhadap kinerja auditor. *Prosiding Akuntansi*, 6, 163–166.
- Nautani, N. (2024). The Influence of Auditor Quality, Professional Ethics and Internal Auditor Independency on Fraud Detection with Information Technology as a Moderating Variable. *Jurnal Ilmiah Akuntansi Kesatuan*, 12(5).
- Ramadhan, M. S., & Mulyati. (2022). Can forensic and investigation audit and whistleblowing detect fraud during the COVID-19 pandemic? *Journal of Contemporary Accounting*, 4(2).
- Sekaran, U., & Bougie, R. (2016). *Research Methods for Business: A Skill-Building Approach 7th Edition*. Wiley.
- Sinaga, I. R., Sondakh, J. J., & Warongan, J. D. (2024). The influence of Independency, integrity, professionalism, and objectivity on fraud prevention in auditors with auditor ethics as a moderating variable: Empirical study at the Representative Office of the Supreme Audit Agency in North Sulawesi Province. *The Contrarian: Finance, Accounting and Business Research*, 3(1).
- Soltani, B. (2014). The anatomy of corporate fraud: A comparative analysis of high profile American and European corporate scandals. *Journal of Business Ethics*, 120(2), 251-274.
- Tallon, P. P., Kraemer, K. L., & Gurbaxani, V. (2001). Executives' perceptions of the business value of information technology: A process-oriented approach. *Journal of Management Information Systems*, 6(4), 145–173.
- Utami, W., Nugroho, L., Mappanyuki, R., & Yelvionita, V. (2020). Early Warning Fraud Determinants In Banking Industries. *Asian Economic and Financial Review*, 10(6).
- Utami, W., Nugroho, L., Mappanyuki, R., & Yelvionita, V. (2020). Early Warning Fraud Determinants In Banking Industries. *Asian Economic and Financial Review*, 10(6).
- Wahyudi, I., & Aryati, T. (2022). Pengaruh Independensi, Objektivitas, Pemahaman Good Corporate Governance Dan Etika Profesi Terhadap Kinerja Auditor. *Jurnal Ekonomi Trisakti*, 2(2).
- Wahyuni, I. S., Haron, H., & Fernando, Y. (2020). The effects of good governance and fraud prevention on performance of the zakat institutions in Indonesia: a Shari'ah forensic accounting perspective. *International Journal of Islamic and Middle Eastern Finance and Management*, 14(4).