
The effect of internal control systems and whistleblowing systems on fraud prevention with bugis cultural values as moderation variables

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ABSTRACT

The purpose of this study was to analyze the effect of (1) the internal control system on fraud prevention, (2) the whistleblowing system on fraud prevention, (3) Bugis cultural values in moderating the internal control system on fraud prevention, (4) Bugis cultural values in moderating whistleblowing. system against fraud prevention.

This research was conducted at 13 SKPD in Sidenreng Rappang Regency with a research period of two months, starting from January to February 2023. This research used a quantitative research method. The sampling procedure in this study was based on a nonprobability sampling design by adopting purposive sampling, the population in this study totaling 172 respondents. This study used primary data, the data collection method was carried out by distributing questionnaires with a self-administered method. The statistical method used to test the hypothesis is to use the Structural Equaton Model (SEM), the test is carried out using Smart-PLS 3.0.

The results of the study show that the internal control system has a positive effect on fraud prevention, and the whistleblowing system has a positive effect on fraud prevention. Whereas in the moderation effect in this study, Bugis cultural values strengthen the influence

of the internal control system on fraud prevention, and Bugis cultural values do not moderate the effect of the whistleblowing system on fraud prevention.

Keywords: Internal Control System, Whistleblowing System, Bugis Cultural Values, And Fraud Prevention

INTRODUCTION

The Association of Certified Fraud Examiners (ACFE) argues for fraud is an act of violating the rules that is intentionally carried out by various parties through manipulation of financial statement information in order to obtain personal gain which results in losses for other parties. Sari et al. (2020) stated that in Indonesia acts of fraud are divided into two sectors, namely: the public sector and the private sector. Fraud often occurs among government agencies, because government agencies have a complex organizational structure, a complicated bureaucratic system, a low control system, and high pressure.

An international survey institution that places countries as a barometer of the corruption perception index and global corruption shows information about the fact that in 2017 Indonesia was ranked 96 out of 180 countries surveyed on the Corruption Perception Index (CPI) with a score of 37 out of 100, while in in 2014 it was ranked 107 out of 175 countries surveyed on the Corruption Perceptions Index (CPI) with a score of 34 out of 100 (Transparency International, 2017; Ridwan, 2019). This information shows that corruption cases in Indonesia have continued to increase over the past four years. Indonesia in 2017 was ranked 96 out of 180 countries in the corruption perceptions index with a total score of 37 out of a total score of 100, while in 2014 Indonesia was ranked 107 out of 175 countries surveyed with a total score of 34 out of 100. The ranking obtained is certainly not an impressive achievement. we can be proud of, this has a negative impact on people's welfare and also development in Indonesia. In an effort to minimize acts of fraud or fraud, the government must take precautions against actions that can harm the organization (Ridwan et al., 2019).

Fraud prevention is an important variable for the realization of a clean government that is free from collusion, corruption and nepotism. This can be prevented by implementing an anti- fraud policy in every organization, including government organizations. Anti- fraud policies are implemented with the aim that the government has a prevention system such as a system of detection, monitoring, and a system that reviews policies and operational activities

(Purba, 2015). In government agencies themselves, there have been many acts of corruption, such as the use of funds that are not in accordance with their allocation.

If you look at the basic policy regarding special allocation funds, namely Government Regulation Number 55 of 2005, DAK is allocated to help regions fund the physical needs of basic facilities and infrastructure which are a national priority including the education sector. The DAK allocation for the 2007 Fiscal Year is set at IDR 17,094,100,000,000.00 (seventeen trillion ninety-four billion one hundred million rupiah). The DAK allocation as referred to in paragraph (1) is allocated for the education sector in the amount of IDR 5,195,290,000,000.00 (five trillion one hundred ninety-five billion two hundred ninety million rupiah).

The amount of these funds is a concern because it is considered a field of corruption. This condition is evidenced by the education sector which always ranks 5th in relation to corruption cases, from 2016 to 2021 there were 240 corruption cases in the education sector with state losses reaching IDR 1.605 trillion (Indonesia corruption watch, 2021). Corruption in the education sector is most prevalent in the Education Office, which occupies the top position. This corruption is generally related to infrastructure and non-infrastructure procurement whose funds come from the DAK or APBD. These corruption cases are spread throughout the archipelago. Regions with the most cases of corruption in the education sector are in the regions of South Sulawesi, North Sumatra, West Java, East Java, and East Nusa Tenggara (Indonesia corruption watch, 2021).

An example of a fraud case that occurred in South Sulawesi, namely in Sidenreng Rappang Regency, was related to the corruption case with the deduction of the Special Allocation Fund (DAK) for physical education in the amount of Rp. 200 billion for elementary and junior high schools in 2019. The case involved Syahrul Syam as the Head of the Education Office, also dragged the Head of Sub-Division of Finance on behalf of Ahmad and an honorary worker on behalf of Neldayanti. The second case occurred in the Jeneponto Regency area related to the criminal act of corruption in the Special Allocation Fund (DAK) with a total budget of Rp. 39 billion, the case involved 3 people namely Jabal Nur as PPTK or former Head of Education Facility and Infrastructure, Dosi Ardiansyah as facilitator, and Rakimin as provider. The third case, which occurred in Bone Regency, was related to a corruption case involving an early childhood education problem with the 2017 budget of Rp. 13.910 billion and the 2018 budget is Rp. 13.6 billion. The case involved Sulastri as the head of the Early Childhood Education Section, and Masdar as the kindergarten supervisor.

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The strategies and methods for minimizing criminal acts of fraud or corruption are: (1) by implementing an effective internal control system including efforts that can be made to prevent acts of fraud and (2) by implementing a whistleblowing system it can also realize good governance and efforts to eradicate corruption, collusion and nepotism (Rahmatika, 2020).

The internal control system and whistleblowing system are supported by the agency theory and the fraud triangle theory. First, agency theory is the basis for government in understanding corporate governance (Ramadhany, 2017). Agency relationship is defined as a relationship that involves two parties, namely the principal and agent (Jensen and Meckling, 1976). This agency theory can be applied in public sector organizations (Lane, 2000). Local government as an organization that is given the authority to manage funds from the center, for example the Special Allocation Fund. The local government acts as an agent and the community as the principal party projected by the Regional House of Representatives (Fozzard, 2001; Moe, 1984; Abdullah, 2006).

One of the key elements of agency theory is that principals and agents have different preferences or goals, this often creates agency conflicts (Ramadhany, 2017). This conflict can allow for fraud or corruption by agents, so supervision by the principal is needed. This is in line with the results of research by Candrakusuma et al., (2017) which shows that the existence of a control system that monitors agent behavior can prevent fraud.

Culture in this study examines the value of Bugis culture as a moderating variable to test how much influence the internal control system and whistleblowing system have on fraud prevention which is supported by prosocial organizational behavior theory. Prosocial organizational behavior theory as a theory that shows the behavior or actions taken by members of an organization against individuals, groups, or organizations (Brief and Motowildo, 1986). Dozier and Miceli (1985) argue that the theory is considered a positive social behavior that can provide benefits to others.

The Bugis community in the South Sulawesi region has a philosophy of life that has been applied or has appeared in their daily routines, including the cultural values of sipakatau, sigunakange, and sipakalebbe. The culture of the Bugis tribe has the goal of creating humans who have strong characters, so that these values have an impact on the development of the character of each individual. Cultural heritage can affect how an individual lives his life, including in the world of work. Culture has a strong influence that underlies ways of behaving, so its influence on accounting practice cannot be ignored or ignored. In general, local culture has a positive impact on the formation of human character, because it can be used as a means

of self-control. Humans who have good self-control will continue to be aware of what they should and shouldn't do when carrying out their obligations (Razak, 2015).

Internal control systems and whistleblowing systems have been widely studied. Previous studies have shown that the whistleblowing system has a significant negative effect on the disclosure of fraud cases, which means that the existence of a whistleblowing system will reduce or reduce fraud cases. (Utami, 2018). Furthermore, research from Wakhidah & Mutainah (2018) shows that the whistleblowing system has a positive effect on fraud prevention, which means that the better the utilization of the whistleblowing system as a means of reporting fraud, the more likely it will be to suppress fraud.

Unlike the research conducted by Wonar et al. (2018) which shows the results of the internal control system do not affect fraud prevention, which means that implementing an internal control system will inspire all employees/staff so as to encourage the growth of innovation and creativity in achieving goals. Meanwhile, moral sensitivity has no effect as a moderating variable of the internal control system on fraud prevention. This research is in line with a study conducted by Akhyaar (2022) showing that while the internal control system has no effect on fraud prevention, it means that a low or high internal control system has no effect on fraud prevention. Then Romadaniati's research (2020) shows that the internal control system has an effect on fraud prevention, which means that with an internal control system fraud can be prevented, the whistleblowing system has an effect on fraud prevention, which means that the implementation of the whistleblowing system is effective so that it can increase fraud prevention, while individual morality as a moderating variable strengthens the influence of the internal control system and the whistleblowing system on fraud prevention.

THEORETICAL REVIEW AND HYPOTHESIS DEVELOPMENT

Agency Theory

Agency theory put forward by Jensen and Meckling (1976) defines a relationship or contract between one or more parties (principal) involving another party (agent) . Where the first party is said to be the principal who usually has the task of giving orders, supervising, evaluating and so on, while the second party is said to be the agent who usually has the duty to carry out and accept tasks according to the principal's orders. A principal will delegate management of the organization to management, usually a shareholder will want prosperity for the organization, but a manager usually tends to do actions that maximize his personal interests

and sacrifice the interests of shareholders. Therefore, this theory assumes that each individual prioritizes his own interests, causing a conflict of interest between the principal and the agent.

Fraud Triangle Theory

Fraud triangle theory is defined as the idea of observing the causes of fraud. This theory was first introduced by Donald R. Cressey (1953). Based on this theory, there are three factors that cause someone to commit fraud which is described in fraud triangle. The three factors are; (1) pressure; (2) opportunity; and (3) rationalization. These three elements are basic things that can happen at any time so that they require supervision from top management. The government must establish effective processes, procedures and controls so that fraud can be anticipated or prevented.

Prosocial Organizational Behavior Theory

Prosocial organizational behavior theory was coined by Brief and Motowidlo (1986) as a theory that shows the behavior or actions taken by members of an organization against individuals, groups, or organizations aimed at improving the welfare of the individual, group, or organization. Bagustianto (2013) and Ridwan (2019) prosocial behavior is intended to benefit other people. However, prosocial actors can also have the intention of obtaining benefits or advantages for themselves. Prosocial organization behavior is a theory that supports the occurrence of whistleblowing and becomes a supporting theory in the application of Bugis cultural values in organizations. Prosocial behavior can be used for individual ethical decision-making related to the intention to do whistleblowing.

Internal Control System

The internal control system proposed by the Committee of Sponsoring Organizations (COSO) is a process carried out by the board of directors, management and other personnel within an entity (Hall, 2011:32). The internal control system is designed to provide reasonable assurance in achieving the following categories of objectives: (a) reliability of financial reporting; (b) compliance with applicable rules and regulations; and (c) effectiveness and efficiency of operations.

Whistleblowing system

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The whistleblowing system is a system that is used to collect, process and follow up and make reports on information submitted by reporters regarding violations that occur in government circles (Effendi, 2016).

Fraud

Arens et al., (2014) defines fraud as an act that is done intentionally to deceive or deceive someone in order to gain profit both personally and in groups. such action can consist of various forms of crime or white-collar crime, including: theft, embezzlement of assets, embezzlement of information, embezzlement of obligations, omission or concealment of facts, including corruption.

Bugis Cultural Values

Indonesian culture is formed from local culture which is very influential in people's lives such as the Bugis people in South Sulawesi. The Bugis tribe is an integral part of the multi-cultural ethnicity in South Sulawesi. An ethnicity or tribe is inseparable from customs, habits, norms that are adhered to and carried out continuously and are hereditary. In South Sulawesi it is known for its strong and inherent values of sipakatau, sigunakange, and sipakalebbi. Values originating from the ancestors who become beliefs have even become the values and principles of life for the Bugis people (Rahim, 2019)

The above values are a principle, philosophy or standard that underlies human speech and actions. The existence of these values is usually directed towards an attitude of morality which is expected to be able to form human beings who have qualities that have a positive effect on the work environment (Rahim, 2019).

Hypothesis Development

The internal control system aims to assist management in preventing acts of fraud by safeguarding assets, meeting budget objectives, preventing and detecting fraud and increasing compliance with rules and regulations (Allen et al., 2013; Zakaria et al., 2016). In addition, the main benefit of the internal control system is that it functions as a mechanism for organizations to achieve good performance, while still using financial and non-financial services to the fullest so that fraud does not occur within the organization (Peltier Rivist and Lanoue, 2015). Therefore, having an internal control system within the organization can improve supervision

of employees, thereby reducing and preventing errors and malpractices such as fraud and misuse of assets (Zakaria et al., 2016).

The relationship between the internal control system and fraud prevention has been studied by Satria et al., (2021) showing that the internal control system has a positive effect on fraud prevention. Romadaniati et al., (2020) study shows that the internal control system has a positive effect on fraud prevention. In line with that, Taufik (2019) argues that the internal control system has a significant effect on fraud prevention.

H₁: The internal control system has a positive effect on fraud prevention.

One of the efforts to prevent fraud is by implementing a whistleblowing system, with this system can minimize acts of fraud (Wahyuni et al., 2018) . The whistleblowing system is a system that is used to collect, process and follow up and make reports on information submitted by reporters regarding violations that occur in government circles (Effendi, 2016). The opportunity for fraud to occur is the absence of a whistleblowing system or the ineffectiveness of implementing the system (Triantoro et al., 2020). The whistleblowing system can be used as a fraud prevention mechanism to achieve good governance (Achmad et al., 2020). According to Albrecht et al., (2011) there are several factors that can increase opportunities for individuals to commit acts of fraud, including lack of controls to prevent and or detect fraud, lack of supervision of access to information, indifference and inability to anticipate fraud and lack of audit trails. Utami (2018) suggests that of the three factors of the fraud triangle theory, opportunity is the element that is most likely to be minimized through the application of processes, procedures, and efforts to detect early fraud.

H₂: Whistleblowing system has a positive effect on fraud prevention.

Optimizing the implementation of a good internal control system can prevent acts of fraud, the internal control system will work well if it is supported by organizational attitudes and culture or in this study are referred to as Bugis cultural values (Romadaniati et al., 2020). Fraud prevention can be done by fostering, nurturing, and maintaining the mental/morality of employees so that they are always honest, disciplined, loyal, ethical, and dedicated to building an efficient and effective internal control system mechanism (Taufik, 2011). Cultural values generally function as values that are believed to be able to play a role in one's self-control so that one is able to exercise control over actions taken including in managing funds (Harun et al., 2011). Cultural values in this study examine Bugis cultural values, where these values have

been applied or have appeared in daily routines such as the cultural values of sipakatau, sigunakange, and sipakalebbe (Razak, 2015). Thus, if these three values can be integrated into the world of work, a person will be afraid and ashamed to make a mistake, let alone commit fraud.

Based on previous research conducted by Akbar et al., (2019) it shows the results of organizational ethical culture moderate the influence of control systems on fraud prevention. A study conducted by Djatmiko et al., (2020) shows that organizational ethical culture weakens the internal control system on fraud prevention. Lastly, research conducted by Harun et al. (2021) showed the results that Bugis cultural values moderate the internal control system for dealing with fraud.

H₃: Bugis cultural values moderate the relationship between internal control systems and fraud prevention. Where strong Bugis cultural values will strengthen the relationship between the internal control system and fraud prevention.

The whistleblowing system will result in a person's decision to act as a whistleblower, this is influenced by culture and how well the ethical values guide the organization (Kurniawan, 2018). A person with a level of moral reasoning influences an individual's tendency to use the whistleblowing system, individuals with a higher level of moral reasoning are more likely to do whistleblowing compared to individuals with a low level of moral reasoning (Manafe, 2015). This is in line with prosocial organizational behavior theory which discusses the behavior and actions taken in an organization that aims to improve the welfare of individuals and groups. This theory can be the basis for using a whistleblowing system in reporting fraudulent acts, this is because individuals with a high level of moral reasoning will certainly think about the benefits to be gained when reporting an act of fraud (fraud).

Based on previous research conducted by Achmad et al., (2017) shows that ethical behavior does not moderate the whistleblowing system for fraud prevention. Romadaniati et al., (2020) study shows the results of individual morality moderate the effect of the whistleblowing system on fraud prevention

Based on the explanation above, the hypothesis is formulated as follows:

H₄: Bugis cultural values moderate the relationship between the whistleblowing system and fraud prevention. Where strong Bugis cultural values will strengthen the relationship between the whistleblowing system and fraud prevention.

RESEARCH METHODS

This research is a quantitative research using purposive sampling technique in taking the sample. This study uses primary data by distributing questionnaires directly. In testing the feasibility of the research instrument, validity and reliability tests were carried out first. The sample selection was based on a nonprobability sampling design by adopting a purposive sampling technique. The sample in this study amounted to 172 respondents. The statistical method used to test the hypothesis is to use the Structural Equation Model (SEM), the test is carried out using Smart-PLS 3.0.

RESULTS AND DISCUSSION

Results of Descriptive Statistics

Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Means	std. Deviation
Internal Control System	172	2,33	5.00	4.2330	,46102
Whistleblowing System	172	2,11	5.00	4.1505	,46908
Bugis Cultural Values	172	1.67	5.00	4.3224	,46594
Fraud Prevention	172	2,17	5.00	4.3113	,50363
Valid N (listwise)	172				

Source: Primary data processed in 2023

The table above describes the descriptive statistics of each variable studied. These results indicate that the average respondent gives an answer agreeing to each statement item from each variable such as the internal control system, the mean value is 4.2330 ; Whistleblowing system mean value is 4, 1505 ; Bugis cultural values 4, 3 22 4 ; and Prevention of fraud 4.3113.

Measurement Model Testing (Outer Model)

The outer model test aims to specify the influence between latent variables and their indicators. This outer model test uses the help of the PLS Algorithm procedure. Three measurement criteria are used in the data analysis technique using Smart PLS to assess the model. The three measurements are convergent validity, discriminant validity, and composite reliability

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1. Convergent validity

Test the validity of the outer model variables

Indicator	Outer Loading	Information
X1. 1	0.745	Valid
X1.2 _ _	0.721	Valid
X1. 3	0.726	Valid
X1. 4	0.726	Valid
X1. 5	0.727	Valid
X1. 6	0.735	Valid
X1. 7	0.735	Valid
X1. 8	0.761	Valid
X1. 9	0.737	Valid
X1. 10	0.764	Valid
X1. 11	0.800	Valid
X1. 12	0.740	Valid
X1. 13	0.752	Valid
X1. 14	0.762	Valid
X1. 15	0.762	Valid
X2. 1	0.813	Valid
X2. 2	0.750	Valid
X2. 3	0.742	Valid
X2. 4	0.771	Valid
X2. 5	0.798	Valid
X2. 6	0.711	Valid
X2. 7	0.828	Valid
X2. 8	0.756	Valid
X2. 9	0.847	Valid
Y 1	0.775	Valid
Y 2	0.807	Valid
Y 3	0.747	Valid

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Y 4	0.771	Valid
Y 5	0.771	Valid
Y 6	0.759	Valid
Y 7	0.740	Valid
Y 8	0.769	Valid
Y 9	0.785	Valid
Y 10	0.800	Valid
Y 11	0.789	Valid
Y 12	0.757	Valid
M 1	0.787	Valid
M 2	0.750	Valid
M 3	0.753	Valid
M 4	0.791	Valid
M 5	0.734	Valid
M 6	0.819	Valid
M 7	0.766	Valid
M 8	0.752	Valid
M 9	0.754	Valid

Source: Primary data processed in 2023

Based on the table above, it shows the estimation results of the calculation of the outer loading test using PLS for the indicators of the variables used in this study. The table above also shows that all loading factors have values above 0.7 so that the constructs for all variables are said to be good.

Based on the results of calculations using the PLS Algorithm for the valid indicators in the table above, the AVE value is obtained as shown in the following table:

Result of Average Variance Extracted (AVE) value

	Average Variance Extracted (AVE)
Internal Control System	0.557
Whistleblowing System	0.610
Fraud Prevention	0.597

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Bugis Cultural Values	0.589
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Source: Primary data processed in 2023

Based on the table above, it can be seen that the AVE value for all variables meets the requirements above 0.5. So it can be concluded that all variables meet convergent validity because they have a loading factor value > 0.7 and an AVE value > 0.5 .

2. Discriminant Validity

Discriminant validity is used to ensure the results of convergent validity . Discriminant validity occurs if two different instruments that measure two constructs that are predicted to be uncorrelated produce scores that are not correlated. There are two methods used for discriminant validity testing , namely comparing the cross loading values of each construct with the correlation between the construct and the other constructs in the model. Second, the results of the Fornell Larcker criterion show that the roots of the AVE in the construct must be higher than the construct's correlation with other latent variables in the discriminant validity model.

	Internal Control System	Whistleblowing System	Fraud Prevention	Bugis Cultural Values
SPI1	0.745	0.468	0.485	0.580
SPI10	0.764	0.525	0.544	0.573
SPI2	0.721	0.489	0.553	0.525
SPI3	0.726	0.460	0.566	0.537
SPI4	0.726	0.464	0.526	0.564
SPI5	0.727	0.552	0.632	0.575
SPI6	0.735	0.503	0.530	0.589
SPI7	0.735	0.627	0.543	0.609
SPI8	0.761	0.477	0.599	0.564
SPI9	0.737	0.692	0.509	0.538
SPI11	0.800	0.573	0.544	0.502
SPI12	0.740	0.545	0.551	0.536
SPI13	0.752	0.563	0.518	0.532

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SPI14	0.762	0.529	0.622	0.540
SPI15	0.762	0.521	0.464	0.545
WS1	0.563	0.813	0.569	0.561
WS2	0.478	0.750	0.457	0.456
WS3	0.580	0.742	0.552	0.588
WS4	0.569	0.771	0.503	0.476
WS5	0.572	0.798	0.524	0.535
WS6	0.501	0.711	0.430	0.403
WS7	0.604	0.828	0.591	0.599
WS8	0.497	0.756	0.537	0.493
WS9	0.630	0.847	0.570	0.564
F1	0.618	0.554	0.775	0.553
F2	0.612	0.557	0.807	0.595
F3	0.546	0.556	0.747	0.520
F4	0.526	0.493	0.771	0.539
F5	0.587	0.503	0.771	0.538
F6	0.559	0.468	0.759	0.555
F7	0.605	0.458	0.740	0.600
F8	0.492	0.421	0.769	0.539
F9	0.593	0.530	0.785	0.604
F10	0.564	0.616	0.800	0.611
F11	0.560	0.561	0.789	0.593
F12	0.554	0.548	0.757	0.573
BG1	0.577	0.467	0.614	0.787
BG2	0.450	0.356	0.537	0.750
BG3	0.523	0.438	0.509	0.753
BG4	0.579	0.563	0.608	0.791
BG5	0.549	0.581	0.546	0.734
BG6	0.591	0.606	0.585	0.819
BG7	0.628	0.628	0.630	0.766
BG8	0.583	0.429	0.484	0.752
BG9	0.639	0.533	0.544	0.754

Cross loading

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Source: Primary data processed in 2023

Based on the table above, it can be seen that the loading factor value for each indicator of each latent variable has a loading factor value from the intended construct that is greater than the loading factor for other constructs when associated with other latent variables. This means that each latent variable has good discriminant validity because the correlation value of the indicator to the construct is higher than the correlation value of other construct indicators.

To obtain good discriminant validity from a model, the roots of the AVE in the construct must be higher than the construct's correlation with other latent variables in the model. Following are the results of the Fornell-Larcker criterion:

Fornell-Larcker Criterion

	Internal Control System (X1)	Whistleblowing System (X2)	Fraud Prevention (Y)	Bugis Cultural Values (M)
Internal Control System (X1)	0.746			
Whistleblowing System (X2)	0.713	0.781		
Fraud Prevention (Y)	0.736	0.678	0.773	
Bugis Cultural Values (M)	0.742	0.671	0.737	0.768

Source: primary data processed in 2023

Based on the results in the table above, it can be seen that all the roots of the AVE construct are higher than the construct correlations of other latent variables in the model. Thus, both cross loading and the Fornell-Larkcer criterion show evidence that the constructs in the model have discriminant validity.

3. Reliability Test

The reliability test on the PLS is used to measure the internal consistency of measuring instruments. Reliability shows the accuracy, consistency and precision of a measuring instrument in making measurements. The reliability test in PLS can use two methods: first, composite reliability is used to measure the true value of the reliability of a construct. Composite reliability is considered better in estimating the internal consistency of a construct.

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The rule of thumb for composite reliability is > 0.7 . Finally, cronbach's alpha is used to measure the lower bound of the reliability value of a construct and determine the value of composite reliability. The rule of thumb for Cronbach's alpha is > 0.6 (Jogiyanto & Abdillah, 2015).

Cronbach Alpha and Composite Reliability

	Cronbach's Alpha	rho_A	Composite Reliability
Internal Control System	0.943	0.944	0.950
Whistleblowing System	0.919	0.923	0.933
Fraud Prevention	0.939	0.939	0.947
Bugis Cultural Values	0.913	0.915	0.928

Source: Primary data processed in 2023

the Cronbach's Alpha test results and composite reliability for all variables show a value of > 0.6 . According to Hinton, et. al (2004) suggests four points for reliability including excellent reliability (> 0.90), high reliability ($0.70-0.90$), moderate reliability ($0.50-0.70$) and low reliability (low reliability) < 0.50 . So that in this study the reliability was in the very good category because it was above 0.9.

Measurement Model Testing (Inner Model)

The inner model (innerrelation, structural model and substantive theory) describes the influence between latent variables based on the substantive theory. The structural model was evaluated using R-square for the dependent latent variable. In assessing the model with PLS begins by looking at the R- square for each dependent latent variable. The interpretation is the same as the interpretation in regression. Changes in the R- square value can be used to assess the effect of certain independent latent variables on the dependent latent variable whether it has a substantive effect (Ghozali, 2014).

R-Square

	R Square	R Square Adjusted
Fraud Prevention	0.656	0.645

Source: Primary data processed in 2023

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From the table above, it can be seen that the R-Square value for the fraud prevention variable is 0.656, which means that it is included in the high category. This shows that the fraud prevention variable can be explained by the internal control system variable, and the whistleblowing system with Bugis cultural values as the moderator variable is 65.6% while the remaining 34.4% can be explained by other variables not present in this study.

Hypothesis test

Hypothesis testing on PLS is used to measure the probability of a data using the path coefficients menu . The rule of thumb for supporting a research hypothesis is: if the coefficient or direction of the influence of the variable (indicated by the value of the original sample) is in line with that hypothesized, and if the t-statistic value is > 1.64 (two tailed) or > 1.96 (one tailed) .) can be said to be significant and the probability value (p-value) < 0.01 ; < 0.05 ; < 0.10 can be said to be significant. In the p-value, if the value is > 0.10 , it can be said that it is not significant (Jogiyanto & Abdillah, 2015).

Hypothesis test based on path coefficient

Variable	Coefficienients	Sample Means (M)	Standard Deviations	T Statistics	P Values
Internal Control System -> Fraud Prevention	0.327	0.322	0.104	3,147	0.002
Whistleblowing System -> Fraud Prevention	0.158	0.165	0.078	2.016	0.044

Source: Primary data processed in 2023

inner weight value which consists of the implementation of Bugis cultural values (M), the internal control system (X1), and the whistleblowing system (X2) it can be partially known that their effect on fraud prevention (Y).

Hypothesis 1 (H1) for the influence of the internal control system on fraud prevention a statistical t value is obtained which is greater than the t table value ($3.147 > 1.974$), with a significant level less than 0.05 ($0.002 < 0.05$). The parameter coefficient value is +0.327 and is positive. The coefficient with a positive sign indicates that there is a direct influence between

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the internal control system variable (X1) and the fraud prevention variable (Y). The higher the value of the internal control system variable, the value of the fraud prevention variable will increase. This means that H1 is accepted so that it can be said that the internal control system has a positive and significant effect on fraud .

Hypothesis 2 (H2) for the effect of the whistleblowing system on fraud prevention obtained a statistical t value that is greater than the value of t table ($2.016 > 1.974$), with a significant level less than 0.05 ($0.044 < 0.05$). The parameter coefficient value is +0.158 and is positive. The coefficient is positive indicating that there is a unidirectional influence between the whistleblowing system variable (X2) and the fraud prevention variable (Y). The higher the value of the whistleblowing system variable, the value of the fraud prevention variable will increase. This means that H2 is accepted so that it can be said that the whistleblowing system has a positive and significant effect on fraud.

Moderation Effect Testing

The hypothesis test is based on the moderating effect with the dependent variable fraud prevention

Variable	Coefficients	Sample Means (M)	Standard Deviations	T Statistics	P Values
Internal Control System X Bugis Cultural Values	0.172	0.180	0.085	2,026	0.043
Whistleblowing System X Bugis Cultural Values	-0.165	-0.169	0.087	1,892	0.059

Source: Primary data processed in 2023

Based on the results of hypothesis testing 3 (H3) for the influence of the internal control system on fraud prevention moderated by Bugis cultural values a statistical t value is obtained

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which is greater than the t table value ($2.026 > 1.974$), with a significant level less than 0.05 ($0.043 < 0.05$). The parameter coefficient value is $+0.172$ and is positive. The coefficient marked positive indicates that the influence is in the same direction between the internal control system variable (X1) and the fraud prevention variable (Y) moderated by the Bugis cultural value variable (M), so that it will strengthen the influence between the internal control system on fraud prevention. The better the internal control system with moderated Bugis cultural values, the more fraud prevention will increase. This means that H3 is accepted so that it can be said that cultural values strengthen the influence of the internal control system on fraud.

4 (H4) testing for the effect of the whistleblowing system on fraud prevention moderated by Bugis cultural values a statistical t value is obtained that is greater than the t table value ($1.892 < 1.974$), with a significant level less than 0.05 ($0.059 > 0.05$). The parameter coefficient value is 0.1165 and is negative. The coefficient is negative indicating that the influence is not in the same direction between the whistleblowing system variable (X2) and the fraud prevention variable (Y) moderated by the Bugis cultural value variable (M), so it is unable to moderate the influence of the whistleblowing system on fraud prevention. This means that H4 is not accepted so that it can be said that Bugis cultural values are not able to moderate the influence of the whistleblowing system on fraud.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results and findings of the discussion described in the previous chapters, the conclusions that can be drawn include:

1. The influence of the internal control system has a positive effect on fraud prevention. the better the implementation of the internal control system in an organization, the less the possibility of fraud occurring.
2. The influence of the whistleblowing system has a positive effect on fraud prevention. the better the implementation of the whistleblowing system in an organization, the less the possibility of fraud occurring.
3. Bugis cultural values strengthen the influence of the internal control system on fraud prevention.
4. Bugis cultural values are unable to moderate the influence of the whistleblowing system on fraud prevention.

Limitations

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This research has limitations, including this research was only conducted in the Sidenreng Rappang Regency government and this research only used two independent variables, namely the internal control system and the whistleblowing system.

Suggestion

Based on the research that has been carried out there are several suggestions that can be submitted, as follows:

1. Carrying out ongoing research, this is in order to be able to see and assess any changes in the behavior of respondents from time to time.
2. Subsequent research adds other variables related to fraud prevention efforts.

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