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IMPLEMENTATION OF THE MONITORING CENTER FOR PREVENTION AS A MODERATING DETERMINANT OF FRAUD PREVENTION

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh Gaya Kepemimpinan, Budaya Manajemen Etis, dan Sistem Pengendalian Internal terhadap Pencegahan Fraud yang dimoderasi oleh Monitoring Center for Prevention (MCP) *pada Kabupaten/Kota di Pulau Lombok. Populasi dalam penelitian ini berjumlah sebanyak 2.124 pegawai. Sampel penelitian ini dipilih dengan teknik* non-probability purposive sampling*, sehingga diperoleh sebanyak 100 responden. Data penelitian ini kemudian dianalisis menggunakan metode* Partial Least Square-Structural Equation Modeling (PLS-SEM). *Hasil penelitian ini menunjukkan bahwa secara parsial, Budaya Manajemen Etis dan Sistem Pengendalian Internal berpengaruh positif terhadap Pencegahan Fraud, sedangkan Gaya Kepemimpinan justru berpengaruh negatif. Selain itu, hasil penelitian juga mengindikasikan bahwa implementasi* Monitoring Center for Prevention (MCP) *belum mampu memoderasi hubungan antara variabel-variabel determinan terhadap Pencegahan Fraud pada Pemerintah Daerah Kabupaten dan Kota di Pulau Lombok. Pemerintah daerah kabupaten/kota di seluruh Pulau Lombok perlu meningkatkan upaya evaluasi dan pengawasan agar tindakan kecurangan (fraud) dapat dicegah dan diminimalisir, sehingga tidak menimbulkan kerugian yang pada akhirnya berdampak pada penurunan kualitas pelayanan kepada masyarakat.*

*Kata kunci**:** gaya kepemimpinan, budaya etis manajemen, sistem pengendalian internal,* monitoring center for prevention (MCP)*, pencegahan fraud*

ABSTRACT

This study examines the effect of Leadership Style, Ethical Management Culture, and Internal Control System on Fraud Prevention, moderated by the Monitoring Center for Prevention (MCP) in each Regency/City across Lombok Island. The population of this study consists of two thousand one hundred twenty-four employees. Then, the sample was selected using a non-probability purposive sampling technique, resulting in 100 respondents. The research data were analyzed using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method. Therefore, this study resulted that, partially, Ethical Management Culture and Internal Control System positively affect Fraud Prevention. Whereas this study found that Leadership Style has a negative effect. Furthermore, its finding indicates that implementing the Monitoring Center for Prevention (MCP) has not been able to moderate the determinants of Fraud Prevention within local governments in the Regencies and Cities across Lombok Island. So, the local governments throughout Lombok Island need to enhance their evaluation and supervision efforts. The fraudulent acts can be prevented and minimized, thereby avoiding losses that could ultimately lead to a decline in the quality of public services.

Key words: leadership style, ethical culture of management, internal control system, monitoring center for prevention, fraud prevention.

INTRODUCTION

Corruption affects a country to its economic downturn. Instead, it has other impacts, such as: reducing investment, increasing income inequality, increasing state debt, hampering the development of public facilities, decreasing state revenue from taxes, and other problems (*Corruption Eradication Commission, 2022)*. Corruption Perception Index (IPK) in 2021 published by Transparency International Indonesia (TII), Indonesia is still one of the most corrupt countries among other G20 countries with a score of 38 which is ranked 96 out of 180 countries (*Transparency International, 2023*).

Based on a survey conducted by the Central Statistics Agency in 2021, Indonesia's Corruption Behavior Index (IPAK) is still low, which is in the range of 3.88%. This Corruption Behavior Index is an indicator to measure the level of public permissiveness towards anti-corruption behavior with a focus on the three main corruption phenomena: bribery, extortion, and nepotism. The Corruption Behavior Index score uses a scale of 0- 5, which indicates that the higher the score, the better, meaning that people have more anti-corruption behavior *(Central Statistics Agency, 2021*).

Indonesia Corruption Watch (ICW) stated that there were 553 corruption cases prosecuted by APH, namely the Corruption Eradication Commission, the Attorney General's Office, and the Police during 2021, with a potential State Loss of 29.438 trillion. The Corruption Eradication Commission has handled 1,194 corruption cases from 2004 to 2021. These corruption cases comprised 775 cases of bribery, 266 cases of procurement of goods and services, 50 cases of budget abuse, 41 cases of money laundering, 26 cases of extortion, 25 cases of licensing, and 11 cases of obstruction of investigations. In the last 10 years, data from the Corruption Eradication Commission portal shows that there are 46 regents/ mayors and 10 governors who have been caught in corruption, mostly in the budget management sector with the mode of bribery, followed by the procurement of goods/services and licensing sectors *(Transparency International, 2023)*.

The government always prioritizes preventing and eradicating corruption, from preparing regulations to creating a series of systems to prevent corruption. One of the regulations established is Presidential Regulation of the Republic of Indonesia Number 54 of 2018 concerning the National Strategy for Corruption Prevention (Stranas PK, 2018). It aims to encourage corruption prevention efforts to be more effective and efficient. There is also a derivative of this Presidential Regulation in the form of a Joint Decree between the Chairman of the Corruption Eradication Commission, Minister of National Development Planning / Head of the National Development Planning Agency, Minister of Home Affairs, Minister of Administrative Reform and Bureaucratic Reform, and Presidential Chief of Staff regarding Corruption Prevention Action for 2021-2022.

The government has also created several applications to prevent fraud, such as procuring goods and services. Based on Presidential Regulation Number 54 of 2018 concerning the National Strategy for Corruption Prevention (Stranas PK), the Corruption Eradication Commission, as a corruption prevention agency, also makes applications to prevent fraud, one of which is the Monitoring Center for Prevention (MCP). The Monitoring Center for Prevention (MCP) is an integrated application developed by the Corruption Eradication Commission (KPK) to support the coordination, supervision, and monitoring of corruption prevention efforts within regional governments. Through the Monitoring Center for Prevention (MCP), the Corruption Eradication Commission can systematically monitor the implementation of corruption prevention programs across various government sectors, such as budget management, procurement of goods and services, licensing, civil service (ASN) management, and regional revenue optimization. From the various corruption cases in Indonesia, the Corruption Eradication

Commission has focused on 8 intervention areas, which are vulnerable points for fraud opportunities in the government.

Research gap (difference in research results) shows that the Internal Control System, Ethical Management Culture, and Leadership Style can affect or not affect efforts to prevent fraud. Desviana et al. (2020) states that Leadership Style does not influence fraud. The researchers are interested in examining the Internal Control System, Management Ethical Culture, and Leadership Style in fraud prevention efforts with the Monitoring Center for Prevention (MCP) as moderator. Regarding organizational culture, Suharto (2020) provides results that organizational culture has no significant effect on fraud prevention. However, leadership style, whistleblowing system, and employee knowledge significantly positively affect fraud prevention.

Furthermore, Pratiwi et al. (2020) provide evidence that the transformational leadership style positively affects fraud prevention, where the better the transformational leadership style, the better the fraud prevention is implemented. Meanwhile, the internal control system does not affect fraud prevention. It is due to the relatively low level of SPIP maturity that this tool cannot be used to detect fraud adequately.

The novelty in this study is to use the Monitoring Center for Prevention (MCP) as a moderating variable in efforts to prevent fraud in the NTB Provincial Government. Under Stranas PK 2018, maps eight areas that are potentially or prone to corruption. This research will be conducted in the Monitoring Center for Prevention (MCP) Intervention Area: Planning and Budgeting, Licensing, Procurement of Goods and Services, APIP Capability, ASN Management, Local Tax Optimization, Regional Asset Management, Village Fund Management (specifically for Governments in the Regency). Efforts to minimize the occurrence of Fraud in Government, especially in the Monitoring Center for Prevention (MCP) Intervention Area, are one way to realize good governance.

LITERATURE REVIEW AND HYPOTHESIS GENERATION

Leadership Style

According to Dale (1992), leadership style is how a leader carries out his leadership functions and how it is seen by the people he leads. Without good leadership, it will not be easy to achieve organizational goals. Therefore, leadership is the backbone of organizational development. Meanwhile, according to Gibson (1996), leadership styles are various patterns of behavior preferred by leaders in directing and influencing workers. The better a leader's leadership style, the less fraud his employees will commit. Research conducted by Desviana (2020) found a negative influence of the Government Sector on Leadership Style and Fraud.

Management Ethical Culture

Robbins (2008) stated that an ethical organizational culture tends to form high ethical standards among its members. If a culture is strong and supports high ethical standards, it will have a very powerful and positive influence on the behavior of its employees. When the organizational culture is good, employees will be encouraged to avoid fraud. Research conducted by Dhany et al. (2016) supports this. Organizational culture positively affects fraud. The better and more ethical the organizational culture, the less likely fraud will occur.

Internal Control System

Internal control is an organizational plan and business methods. It is used to safeguard assets, provide accurate and reliable information, encourage and improve the efficiency of the organization's operations, and encourage conformity with established policies. Aviva (2022) explains that one of the factors for fraud is opportunity. Fraud that occurs due to opportunity arises from a weak and ineffective internal control system. It is in line with the results of previous research conducted by Pratiwi et al. (2020), where their research shows that internal control has a negative effect on fraud tendencies. It

shows that the tendency of employees to commit fraud can be reduced by internal control. The better the internal control, the lower the level of fraud that occurs in an organization or company.

Fraud

Fraud is a form of intentional deception, including lying, stealing, and embezzlement (improperly changing assets for one's benefit). This type of fraud cannot often be detected because the parties who work together enjoy the benefits (symbiotic mutualism). It includes abuse of authority or conflict of interest, bribery, illegal gratuities, and economic extortion. Fraud can be classified based on the type of fraud committed. The Association of Certified Fraud Examiners (ACFE) (2016) classifies fraud in 3 classifications which are often referred to as the fraud tree. The first is misappropriation of assets (Asset Missappropriation), as the misuse of assets of the company or other parties. This type is the easiest to detect because it is tangiable or can be measured or calculated (defined value). The second is Fraudulent Statement actions taken by officials or executives of a government agency to cover up the actual financial condition by conducting financial engineering in the presentation of its financial statements to obtain profits. Instead, it could be analogized to the term window dressing. The thid is corruption. This type of fraud is the most difficult to detect because it involves cooperation with other parties, such as bribery and corruption, which is the most common type in developing countries where law enforcement is weak. There is still a lack of awareness of good governance, so the integrity factor is still questionable.

Monitoring Center for Prevention

The Monitoring Center for Prevention (MCP) is an integrated application developed by the Corruption Eradication Commission (KPK) to support the coordination, supervision, and monitoring of corruption prevention efforts within regional governments. Through the Monitoring Center for Prevention (MCP), the KPK can systematically monitor the implementation of corruption prevention programs across various government sectors, such as budget management, procurement of goods and services, licensing, civil service (ASN) management, and regional revenue optimization. The primary goal of developing the Monitoring Center for Prevention (MCP) is to enhance transparency, accountability, and good governance while encouraging systemic improvements in corruption prevention at the regional level. Regional governments are expected to actively and continuously respond to and follow up on findings or recommendations in the Monitoring Center for Prevention (MCP) dashboard (Stranas PK, 2018).

The corruption prevention efforts of the Monitoring Center for Prevention (MCP) focus on improving Local Governance which includes eight Intervention Areas, namely APBD Planning and Budgeting, Procurement of Goods and Services, Licensing, APIP Capability, ASN Management, Local Tax Optimization, Regional Asset Management, and Village Fund Governance (specifically for Regional Governments in Districts)

HYPOTHESIS

H_1: Leadership style has a positive effect on Fraud prevention efforts

H_2: Organizational ethical culture significantly positively affects fraud prevention efforts.

H_3: Internal control has a significant positive effect on fraud prevention efforts

H_4: Monitoring Center for Prevention (MCP) moderates the influence of Leadership Style on fraud prevention efforts.

H_5: Monitoring Center for Prevention (MCP) moderates the influence of Organizational Ethical Culture on fraud prevention efforts.

H_6: Monitoring Center for Prevention (MCP) moderates the effect of the Internal Control System on fraud prevention efforts.

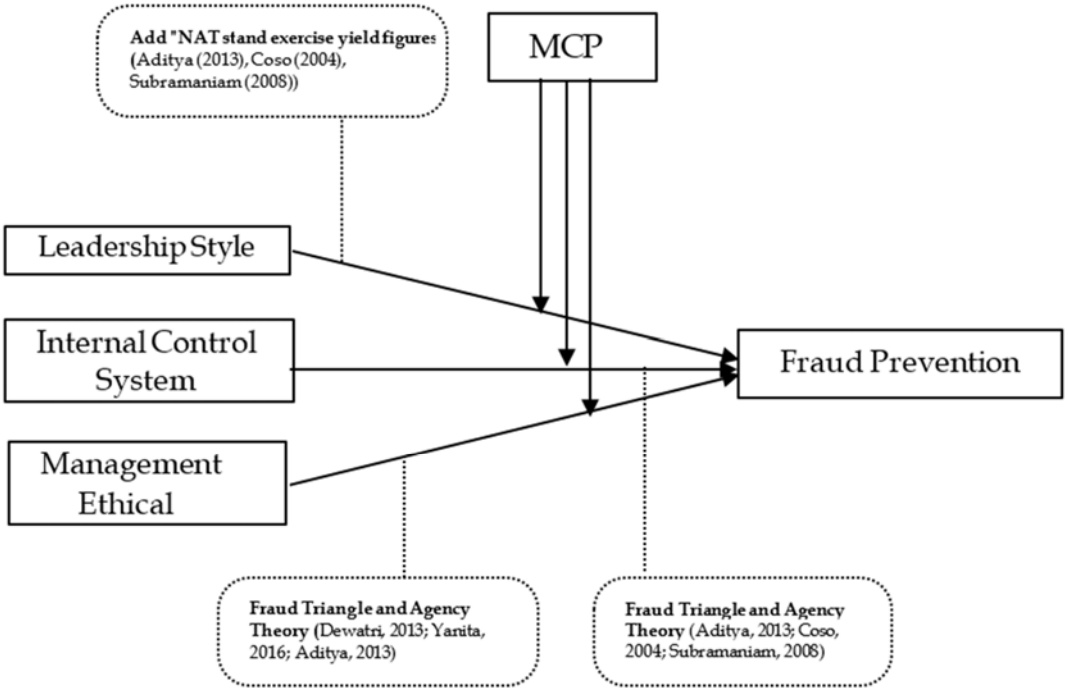

Figure 1
Conceptual Framework of Research
Source: Research model Endar et al, 2025

RESEARCH METHODS

This quantitative research is analyzed using quantitative analysis (inference), systematic, planned, and structured from the beginning to the creation of its research design (Ibrahim et al., 2018). The relationship used in this study is causal, namely a causal relationship between two or more variables where there are variables that are influencing (exogenous), such as: the variables of Leadership Style (GP), Ethical Management Culture (BEM), and Internal Control System (SPI). In addition, some variables are influenced (Endogenous), namely fraud prevention and moderating variables, namely the Monitoring Center for Prevention (MCP).

The population of this study was employees of several OPDs who were directly involved with the Monitoring Center for Prevention (MCP). They are the Regional Research and Development Planning Agency (BAPPEDA), the Regional Financial and Asset. Management Agency (BPKAD), the One-Stop Investment and Integrated Services Office (DPMPTSP), the UKPB ULP, the Regional Personnel Agency (BKD), the Inspectorate, the Regional Revenue Management Agency (BPPD), and Community and Village Empowerment (DPMD) in each district/city on the island of Lombok. The sample of this study was selected using purposive sampling method. The number of samples in this study were 3 (three) respondents multiplied by 8 OPDs for each district, so the number was 3x8 = 24 samples. While the Mataram City Government was only 7 (seven) OPDs so the number was 7x3 = 21 samples.

In this study, the variables involve 3 exogenous variables. They are Leadership Style (GP) and Organizational Commitment (KO); 1 endogenous variable that is fraud prevention; and 1 moderating variable that is the Monitoring Center for Prevention (MCP).

Table 1
Operational Definition of Variables and Indicators

No.	Variables	Indicator	Source	Grain Question
1	Leadership Style	1. Decision-making ability 2. Ability to motivate 3. Ability to control subordinates 4. Responsibility, and 5. Ability to control emotions.	Kartono (2008)	1-5
2.	Organizational Ethical Culture	1. Visible role models 2. Communication of ethical expectations 3. Ethical training 4. Punishment for ethical actions 5. Ethics protection mechanism	Robbins (2008)	6-10
3	Internal Control System	1. Control Environment 2. Risk assessment 3. Control Activities 4. Information and communication 5. Monitoring	COSO (2013)	11-15
4	Fraud Prevention Efforts	1. Pressure 2. Opportunity 3. Rationalization	Cressey (1973)	16-18
5	*Monitoring Center for Prevention (MCP)*	1. The existence of regulations governing fraud prevention. 2. There is an integrated system to prevent fraud. 3. There is oversight in the area of fraud.	*Corruption Eradication Commission, (2022)*	19-21

Source: Questionnaire indicators adopted from Kartono 2018, Robbins 2013, COSO 2013, Cressey 1973, and Corruption Eradication Commission, 2022

RESEARCH RESULT

The measurement model is evaluated for convergent validity, discriminant validity, and construct reliability. They look at the outer loading value, outer weight, outer weight significance, Fornell Larcker criterion, crossloading, HTMT, Cronbach Alpha, composite reliability, and AVE. The validity and reliability test results show that all question items are valid and reliable as measuring instruments. This study's structural model was evaluated by analyzing the Variance Inflated Factor (VIF) value, R-Square (R^2), t-statistic value, and p-value for hypothesis testing and PLS Predict. Inner VIF used to see multicollinearity between variables is shown in Table 2 below:

Table 2
CollinearityStatistic (Inner VIF)

	Fraud Prevention
Management Ethical Culture (X2) -> Fraud Prevention (Y)	2.949
Leadership Style (X1) -> Fraud	2.018

	Fraud Prevention
Prevention (Y)	
MCP (Z) -> Fraud Prevention (Y)	2.627
Internal Control System (X3) -> Fraud Prevention (Y)	2.384
MCP (Z) x Leadership Style (X1) -> Fraud Prevention (Y)	2.069
MCP (Z) x Management Ethical Culture (X2) -> Fraud Prevention (Y)	1.758
MCP (Z) x Internal Control System (X3) -> Fraud Prevention (Y)	1.945

Source: Smart PLS 4, 2025

The inner VIF value of all interacting variable relationships in this study has been lower than 5. It is concluded that the level of multicollinearity between variables is in the low category. It indicates that the parameter estimates in the model are unbiased or robust, 03ons normally ended.

Table 3
R-Square

	R-squared	Adjusted R-square
Fraud Prevention (Y)	0.586	0.554

Source: Smart PLS 4, 2025

The R^2 value of the structural model reaches 0.586. This value shows how substantive the influence of variable X is on Y. These results indicate the amount of endogenous variation that can be explained by exogenous variables as a moderate influence. The R^2 has been greater than 0.33 but smaller than 0.75. About 58.6% of fraud prevention can be influenced by leadership style and ethical management.

Culture and internal control system, while other variables outside this research model influence the remaining 41.4%. Furthermore, hypothesis testing is shown in Table 4 below:

Table 4
Hypothesis Testing

Hypothesis	Hypothesis Statement	Path Coefficients	P-Value	T Statistics	F-Square
H_1	Leadership Style (X1) -> Fraud Prevention (Y)	-0.156	0.044	1.708	0.029
H_2	Management Ethical Culture (X2) -> Fraud Prevention (Y)	0.497	0.000	3.924	0.203
H_3	Internal Control System (X3) -> Fraud Prevention (Y)	0.370	0.000	3.740	0.139
H_4	MCP (Z) x Leadership Style (X1) -> Fraud Prevention (Y)	-0.088	0.251	0.671	0.007
H_5	MCP (Z) x Management Ethical Culture (X2) -> Fraud Prevention (Y)	0.182	0.051	1.632	0.055
H_6	MCP (Z) x Internal Control System (X3) -> Fraud Prevention (Y)	-0.101	0.201	0.839	0.012

Source: Smart PLS 4, 2025

Based on Table 4 above, the t-statistic value H_1 1.708> 1.65 and p-value 0.044<0.05 with a path coefficient of -0.156. It indicates a significant negative effect of leadership style

as reflected by five indicators. They are the ability to make decisions (X1.1), the ability to motivate (X1.2), the ability to control subordinates (X1.3), responsibility (X1.4), and the ability to control emotions (X1.5) on fraud prevention as measured by pressure (Y.1), opportunity (Y.2) and rationalization (Y.3).), opportunity (Y.2) and rationalization (Y.3). It means that H_1 is rejected because the causal relationship between leadership style and fraud prevention is significant, but not positive as the perceived hypothesis development.

Table 4 above also shows the t-statistic value H_2 3.924 > 1.65 and p-value 0.000 < 0.05 with a path coefficient of 0.497, so the second hypothesis is accepted. It shows a significant positive effect of ethical management culture as reflected by five indicators, namely visible role models (X2.1), communication of ethical expectations (X2.2), ethical training (X2.3), punishment for ethical actions (X2.4), and ethical protection mechanisms (X2.5) on fraud prevention as measured by pressure (Y.1), opportunity (Y.2) and rationalization (Y.3).

Table 4 shows the t-statistic value H_3 3.740> 1.65 and p-value 0.000 <0.05 with a path coefficient of 0.370, so the third hypothesis is accepted. It shows a significant positive effect of the internal control system proxied by five indicators, namely the control environment (X3.1), risk assessment (X3.2), control activities (X3.3), information and communication (X3.4), and monitoring (X3.5) on fraud prevention as measured by pressure (Y.1), opportunity (Y.2) and rationalization (Y.3).

Table 4 above shows the t-statistic value of H_4, 0.671 < 1.65 and p-value 0.251 > 0.05 with a path coefficient of -0.088, so H_4 is rejected. These results indicate that the Monitoring Center for Prevention (MCP) application weakens the effect of leadership style on fraud prevention, but it is not significant. In other words, the interaction between MCP which is proxied by the existence of regulations governing fraud prevention (Z.1). The existence of an integrated system to prevent fraud (Z.2) and the existence of supervision in fraud areas (Z.3) cannot significantly moderate the effect of leadership style on fraud prevention. It cannot significantly moderate the causal relationship between leadership style reflected by five indicators: the ability to make decisions (X1.1), the ability to motivate (X1.2), the ability to control subordinates (X1.3), responsibility (X1.4), and the ability to control emotions (X1.5) on fraud prevention as measured by pressure (Y.1), opportunity (Y.2) and rationalization (Y.3).

Table 4 shows the t-statistic value of H_5 1.632 < 1.65 and p-value 0.051 > 0.05 with a path coefficient of 0.182, so H_5 is rejected. These results indicate that the Monitoring Center for Prevention (MCP) application strengthens the influence of management's ethical culture on fraud prevention, but it is not significant. In other words, the interaction between Monitoring Center for Prevention (MCP) proxied by the existence of regulations governing fraud prevention (Z.1), the existence of an integrated system to prevent fraud (Z.2) and the existence of supervision in fraud areas (Z.3) cannot moderate the causal relationship between the ethical cultures of management. These are as reflected by five indicators: visible role models (X2.1), communication of ethical expectations (X2.2), ethical training (X2.3), punishment for ethical actions (X2.4), and ethical protection mechanisms (X2.5) on fraud prevention as measured by pressure (Y.1), opportunity (Y.2) and rationalization (Y.3).

Hypothesis six is rejected because Table 4 above shows the t-statistic value H_6 0.839 < 1.65 and p-value 0.201 > 0.05 with a path coefficient of -0.101. It shows that the application of the Monitoring Center for Prevention (MCP) weakens the effect of the internal control system on fraud prevention, but it is not significant. In other words, the interaction between Monitoring Center for Prevention (MCP) which is proxied by the existence of regulations governing fraud prevention (Z.1), the existence of an integrated system to prevent fraud (Z.2) and the existence of

supervision in fraud areas (Z.3) cannot moderate the causal relationship between Monitoring Center for Prevention (MCP) and fraud prevention. It cannot moderate the causal relationship between the internal control system proxied by five indicators, namely the control environment (X3.1), risk assessment (X3.2), control activities (X3.3), information and communication (X3.4), and monitoring (X3.5) on fraud prevention as measured by pressure (Y.1), opportunity (Y.2) and rationalization (Y.3).

Table 4 shows a large and significant positive effect of ethical management culture on fraud prevention (H_2) with an f-square of 0.203> 0.15, and a moderate effect on H_3. The internal control system has a positive effect on fraud prevention with an f-square = 0.139 (0.02 < 0.139 < 0.15). The effect of leadership style on fraud prevention gets f-square = 0.029, which shows a moderate and significant effect, but the effect is negative. So the result does not follow H.$_1$

While the amount of moderation of the application of Monitoring Center for Prevention (MCP) on the effect of leadership style on fraud prevention (H_4) obtained f-square = 0.007 and the amount of moderation of the application of Monitoring Center for Prevention (MCP) on the effect of the internal control system (H_6) obtained f-square = 0.012 indicating no significant effect. For *the Monitoring Center for Prevention (MCP*), the moderation on the effect of management ethical culture on fraud prevention (H_5) obtained an f-square = 0.029, indicating a moderate but insignificant effect. Figure 2 shows the bootstraping output path diagram of this study.

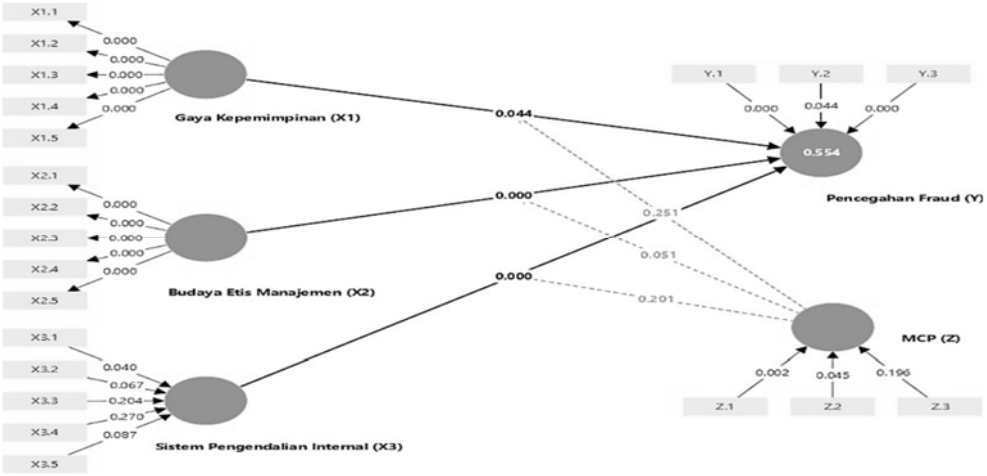

Figure 2
Research Path Diagram
Source: Smart PLS 4, 2025

DISCUSSION

The Effect of Leadership Style on Fraud Prevention

The bootstrap in Table 4 show the t-statistic value of H_1 1.708> 1.65 and p-value 0.044 < 0.05 with path coefficient -0.156. These results indicate a significant negative effect of leadership style on fraud prevention, but this contradicts H_1. The positive effect of leadership style on fraud prevention, so H_0 is accepted. It is suspected that the leadership style proxied by decision making in emergencies, the ability to motivate employees, control subordinates, being responsible, and control emotions are ineffective in managing conflicts of interest. Between principals and agents. The existence of pressure (economic and non-economic),

the opportunity to commit fraud, and the encouragement of the ineffectiveness of this leadership style in preventing fraud, even potentially causing fraud. The results align with those of Sumbayak et al. (2017) and Basri et al. (2022) that leadership style affects fraud.

The Effect of Management Ethical Culture on Fraud Prevention

The bootstrap results in Table 4 show the t-statistic value of H_2 3.924> 1.65 and p-value 0.000 < 0.05 with a path coefficient of 0.497. The results indicate a significant positive effect of management ethical culture on fraud prevention, so H_0 is rejected and H_2 is accepted. The existence of an ethical management culture can prevent individuals from justifying any means to meet the pressure in carrying out tasks, taking advantage of opportunities to commit fraud, and limiting their minds to consider fraud to be a natural thing to do. These findings support research of Dhany et al (2016), that organizational culture positively affects fraud.

Effect of Internal Control System on Fraud Prevention

The bootstrap results in Table 4 show the t-statistic value of H_3, 3.740> 1.65 and p-value 0.000 <0.05 with a path coefficient of 0.370. These indicate a significant positive effect of the internal control system on fraud prevention, so H_0 is rejected and H_3 is accepted. Effective SPI implementation can also encourage employees to perform more effectively and efficiently and to provide the best service to the community. Therefore, the efforts to rationalize fraud as a normal thing to do can be prevented. The results of this study align with previous research conducted by Agyemang (2020) that internal control has a positive effect on fraud tendencies.

The Effect of Leadership Style on Fraud Prevention moderated by the Monitoring Center for Prevention (MCP)

The bootstrap results in Table 4 show the t-statistic value of H_4, 0.671 < 1.65, and p-value 0.251 > 0.05 with a path coefficient of -0.088. These indicate that implementing the Monitoring Center for Prevention (MCP) weakens the influence of leadership style on fraud prevention, but is not significant. So, H_0 is accepted and H_4 is rejected. So the existence of regulations delegating authority over licensing, an integrated system, and a supervisory system can reduce the negative influence of leadership style on fraud prevention, but not significantly. Although the MCP can potentially reduce the negative effect of leadership style, its presence is not yet strong or effective enough to significantly alter this impact. Furthermore, the results provide an overview of factors such as regulations delegating authority over licensing, the presence of an integrated system, and a good supervisory system that contribute to reducing the negative impact of leadership style on fraud prevention. Despite these efforts, their influence on fraud prevention is still insignificant enough to prove that the MCP truly functions as a strong moderating factor in this context. Therefore, further evaluation of the effectiveness of MCP implementation is needed, along with additional measures to strengthen the supervisory system and improve coordination among relevant stakeholders in local governments for fraud prevention efforts.

The Effect of Management Ethical Culture on Fraud Prevention Moderated by the Monitoring Center for Prevention (MCP)

The bootstrap results in Table 4 show the t-statistic value of H_5 1.632 < 1.65 and p-value 0.051 > 0.05 with a path coefficient of -0.088. These indicate that implementing the Monitoring Center for Prevention (MCP) strengthens the influence of management's ethical culture on fraud prevention but is not significant. So, H_0 is accepted and H_5 is rejected. It is suspected because the formation of MCP, which focuses on building an effective system to prevent fraud and improve supervision, does not directly moderate management's ethical culture on fraud. MCP can be an indicator to monitor the

ethical culture of management that can prevent fraud. However, internal local government factors are more responsible for changes in the ethical culture of management. In other words, the best system is formed if the internal organization cannot accept the essence of the system formation. It is unlikely that the objectives of the system formation can be achieved.

The Effect of Internal Control System (SPI) on Fraud Prevention moderated by the Monitoring Center for Prevention (MCP)

The bootstrap results in Table 4 show the t-statistic value of H_6, 0.839 < 1.65, and p-value 0.201 > 0.05 with a path coefficient of -0.088. These indicate that implementing the Monitoring Center for Prevention (MCP) weakens the effect of the internal control system on fraud prevention but is not significant. So H_0 is accepted and H_6 is rejected. The implementation of the MCP system still needs to be evaluated and improved to ensure its effectiveness. Thus, the results of this study show that MCP cannot moderate the positive effect of the internal control system on fraud prevention.

CONCLUSIONS

Leadership style has a negative effect on fraud prevention. The applied leadership style does not seem to have formed an effecttive leader to prevent fraud in OPDs in districts/cities throughout the island of Lombok. Thus, monitoring and evaluation are needed, especially in determining OPD leaders and OPD task force leaders who can realize an effective leadership style, to prevent fraud. Ethical management culture has a positive effect on fraud prevention. An ethical management culture can increase fraud prevention efforts in OPDs in districts/cities throughout the island of Lombok.

The internal control system has a positive effect on fraud prevention. Implementing the internal control system can increase fraud prevention efforts in district/city OPDs throughout the island of Lombok. The Monitoring Center for Prevention (MCP) weakens the negative effect of leadership style on fraud prevention, but it is not significant. This means that the application of MCP cannot moderate the negative effect of leadership style on fraud prevention in OPD districts/cities throughout the island of Lombok.

Monitoring Center for Prevention (MCP) strengthens the positive influence of ethical management culture on fraud prevention, but it is not significant. The application of MCP cannot moderate the positive effect of management's ethical culture on fraud prevention in OPD districts/cities throughout the island of Lombok. Moreover, the Monitoring Center for Prevention (MCP) strengthens the positive influence of the internal control system on fraud prevention. However, it is not significant. So, the application of MCP cannot moderate the positive effect of the internal control system on fraud prevention in OPD districts/cities throughout Lombok.

FUTURE RESEARCH SUGGESTIONS

District and city local government organizations across Lombok Island need to continuously strengthen their evaluation and monitoring mechanisms, particularly in areas related to fraud prevention. Enhancing internal control systems, improving human resource capacity, and optimizing the use of information technology should be prioritized to establish transparent and accountable governance. These efforts are crucial to minimize potential financial losses due to fraudulent acts, ultimately affecting the quality of public services provided to the community.

The future researchers are encouraged to explore other potential moderating variables that may have a stronger or more relevant influence on the relationship between leadership style, ethical management culture, and internal control systems with fraud prevention. Variables such as individual integrity, organizational culture, or employees' anti-corruption literacy may offer new insights as alternative moderators.

Furthermore, it is recommended that future studies adopt a mixed-methods approach, combining quantitative and qualitative research methods. This will enable researchers to gain a more comprehensive, contextual, and less biased understanding of the studied phenomena. Conducting in-depth interviews and direct observations related to implementing the Monitoring Center for Prevention (MCP) at the regional level can provide additional insights that may not be captured through quantitative surveys alone. These approaches will enrich the research findings and enhance the formulation of evidence-based policy recommendations for sustainable antifraud efforts in regional governments.

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