

## **Abstract**

*The purpose of this study is to test and obtain empirical evidence of the influence of environmental control, risk assessment, control activities, communication information, monitoring on the prevention of misuse of village funds as well as the influence of village apparatus competence and village community participation as moderation on the relationship of internal control to prevent misuse of village funds.*

*The population of this study is the village apparatus, which can be represented by the village head, village secretary, village treasurer, head of financial affairs, head of government affairs and head of people's welfare affairs. The sampling method uses a purposive sampling method. Data collection techniques in this study used survey methods. The number of research samples that can be used is 650 respondents from 1,001 respondents. Or about 65%. In this study, hypothesis testing was carried out with Structural Equation Modeling.*

*In this study, the first hypothesis was supported, hypothesis four was supported and hypothesis five was supported. The results found that the control environment, communication information and monitoring had a significant positive effect on preventing misuse of village funds. Meanwhile, risk assessment and control activities have no effect on preventing misuse of village funds, so hypotheses two and three are not supported.*

*Furthermore, for the moderation variable of village apparatus competence hypothesis six, hypothesis nine and ten are supported, this is based on the finding that the competence of village apparatus as a moderating variable is able to strengthen the relationship between masing-each element: control environment, information and communication and monitoring of prevention of misuse of village funds. For hypotheses seven and eight are not supported. This is based on the results of research which found that the competence of village officials weakens the relationship between risk assessment and control activities to prevent misuse of village funds.*

*On the second moderation variable, with the findings of the research results village community participation is able to strengthen the relationship between each element of the internal control system, namely: control environment, risk assessment, control activities, information and communication and monitoring of prevention of misuse of village funds. So that the results of the eleven, twelve, thirteen, fourteen and fifteen hypotheses are supported, this is based on the findings that village community participation as a moderating variable can strengthen the relationship between risk assessment and prevention of misuse of village funds.*

*Based on these findings, the researcher conveyed suggestions for future research, namely: First, future research needs to add other variables, such as culture in village government and the performance of village apparatus which has implications for preventing misuse of village funds with qualitative methods using other theories, including rational choice theory, and second, Future research can be carried out with samples and on different objects.*

**Keywords:** *Internal control, Misuse of Village Funds, Competence of village apparatus, Village apparatus participation.*