

ABSTRACT

This study aims to analyze the effect of the Internal Control System (ICS) and competence on the prevention of village fund fraud in Wonogiri Regency, as well as the role of community participation as a moderating variable. The research population consists of 251 villages in Wonogiri Regency, with a sample of 154 respondents selected using a stratified random sampling technique. Data analysis was conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The results show that the Internal Control System has a positive effect on the prevention of village fund fraud. Competence also has a positive effect on fraud prevention. In addition, community participation is proven to strengthen the effect of competence in preventing fraud. However, community participation is not able to moderate the effect of the Internal Control System on fraud prevention. These findings indicate that organizational competence reflected in the ability of village officials to understand regulations and manage finances professionally becomes more effective in preventing fraud when supported by community participation as a form of social control. This study provides implications for village governments to continuously strengthen internal control systems, enhance competence, and increase community involvement in village fund management, thereby promoting transparency, accountability, and compliance to prevent fraud.

Keywords: *Competence, Community Participation, Fraud Prevention, Internal Control System.*

