


## Designing a Financial Statement Information Quality Model for Fraud Prevention in the Palangka Raya City Government

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Article Info	ABSTRACT
<p><b>Keywords:</b> Financial reporting quality, Fraud prevention, Internal control system, Whistleblowing system.</p>	<p>The increase in fraud incidents in local government has prompted the need for a financial reporting quality model that supports fraud prevention at the government level, particularly in the Palangka Raya City Government. This study designs a conceptual model that links Quality of Financial Reporting (QFR) with the effectiveness of fraud prevention, as well as identifying important mediator and moderator roles. The methods used are a literature review and desk study of academic literature, regulations, and local government financial reporting documents. The synthesis results confirm five main dimensions of QFR: relevance, reliability (faithful representation), comparability, timeliness, and understandability. The proposed model places the Government Internal Control System (SPIP)/internal audit as a mediator between QFR and fraud prevention, while fraud analytics, whistleblowing systems, and a culture of integrity act as moderators that strengthen this relationship. Practical recommendations include strengthening SPIP, integrating analytical technology for early detection, and reporting and whistleblower protection mechanisms to close opportunities for fraud. Implementation of this model is expected to strengthen regional financial governance and reduce the risk of fraud through the synergy of preventive, detection, and response measures.</p>
<p>This is an open access article under the <a href="https://creativecommons.org/licenses/by-nc/4.0/">CC BY-NC</a> license</p> 	<p><b>Corresponding Author:</b> Pratiwi Hamzah Universitas Palangka Raya <a href="mailto:pratiwihamzah@feb.upr.ac.id">pratiwihamzah@feb.upr.ac.id</a></p>

### INTRODUCTION

Government agencies play a very important role in national development. However, cases of fraud involving government officials show an increasing trend from year to year. The increase in fraud practices within government agencies is generally caused by a complex and opaque bureaucratic system, weak internal control and monitoring mechanisms, abuse of authority, and high pressure in the performance of duties (Oleh & Widhiani, n.d., p. 1). Fraud is generally defined as an unlawful act committed by individuals within and/or outside an organization with the intention of obtaining personal and/or group gain that directly harms another party (Pramudita et al., n.d., p. 1). The city of Palangka Raya, as the capital of Central Kalimantan Province, plays a strategic role in regional governance and development. This position makes the quality of the Palangka Raya City Government's financial reports very important, not only as a form of accountability to the community and the central government, but also as an instrument in managing potential, resources, and the allocation of regional development

budgets. Therefore, improving the quality of financial report information is an urgent need that must be carried out systematically and continuously, especially in order to prevent the possibility of fraud that could harm the region and damage public trust. Local government financial reports are an important and strategic instrument in realizing transparency and accountability in state financial management. Financial reports not only serve as a medium for accountability for the use of public funds, but also as a means of providing relevant, reliable, and useful information to various interested parties, both internal and external. The potential for fraud in government exists because fraud can occur as a result of weak supervision and also as a result of rationalization in the management of village funds, so that village heads or village officials use village funds for personal gain (Rosidah et al., 2023, p. 2).

In preparing financial statements, local governments must be free from fraud, so it is important for local government agencies to ensure that there are no material misstatements in the preparation of financial statements. Fraud is an illegal act committed with the intention of obtaining personal gain or violating the law, as well as harming and damaging the reputation of the company (Sari, 2024, p. 2). The literature review in this study is based on four main interrelated theoretical foundations, namely Agency Theory, Fraud theories, the concept of Government Financial Statement Quality, and the Fraud Prevention approach in the public sector. Agency Theory (Jensen & Meckling, n.d., p. 2) explains the relationship between the principal (the public) and the agent (the government), which has the potential to cause conflicts of interest due to information asymmetry. In this context, financial reports serve as a means of government accountability to the public, so that high-quality reports can reduce information asymmetry, increase transparency, and minimize the opportunity for fraud. Fraud theories such as the Fraud Triangle (Cressey, 1953), Fraud Diamond (Wolfe & Hermanson, n.d., p. 2) and GONE Theory (Bologna, 1993) explain that fraud can occur due to pressure, opportunity, rationalization, and the perpetrator's ability. In the context of local government, opportunities for fraud often arise due to weak internal control systems, limited supervision, and poor quality of financial reporting information, making these theories relevant for analyzing the relationship between improving report quality and preventing fraud.

Based on Government Regulation No. 71 of 2010 concerning Government Accounting Standards, the quality of government financial statements is determined by four main characteristics, namely relevance, reliability, understandability, and comparability, which aim to support transparency and public accountability. A number of studies (Dechow et al., 2010, p. 3; Diamond & Verrecchia, 1991, p. 3) show that good financial statement quality can reduce information asymmetry and strengthen governance, thereby contributing to fraud prevention. Furthermore, recent studies (Alon & Hageman, 2013, p. 3) in the public sector show that fraud prevention depends not only on law enforcement, but also on governance, information systems, internal oversight, and the use of analytical technology (Nadirsyah et al., 2024, p. 3). Effective prevention strategies include increasing the transparency of financial reports, strengthening the Government Internal Control System (SPIP), optimizing the role of the Government Internal Supervisory Apparatus (APIP), and implementing a whistleblowing system to create a culture of integrity and strengthen supervisory mechanisms.

Although previous studies have examined the quality of financial statement information and fraud prevention in the public sector, most of them focus on testing direct relationships between variables using quantitative approaches or assessing compliance with government accounting standards. However, existing research has not comprehensively integrated the dimensions of financial information quality with the role of the Government Internal Control System (SPIP) as a mediating factor and anti-fraud mechanisms such as fraud analytics and whistleblowing systems as moderating variables within a single conceptual model. Moreover, many earlier studies overlook the unique context of local governments, which face varying levels of bureaucratic complexity, human resource capacity, and integrity-related challenges compared to the national level. These conditions indicate a clear *research gap* in understanding how financial information quality interacts with internal control systems and organizational integrity mechanisms to effectively prevent fraud.

This study fills that gap by designing a conceptual model of financial statement information quality for fraud prevention that simultaneously connects the five qualitative characteristics of financial information, the effectiveness of SPIP, and the strengthening of technology-based anti-fraud tools and organizational integrity culture. Unlike previous research, this study does not describe these factors in isolation; instead, it positions them within an integrated framework that explains how high-quality financial information can influence internal audit processes, enhance early detection, and support faster and more accurate fraud responses. This approach offers both theoretical and practical contributions, particularly for the Palangka Raya City Government, which faces an urgent need to improve fiscal transparency and reinforce fraud prevention through modern governance mechanisms. To address these issues, innovative efforts are needed in the form of designing a financial statement information quality model that is integrated with fraud prevention mechanisms. This model is expected to serve as a guideline for local governments in strengthening accountability and internal control systems, while also creating financial statements that are transparent, reliable, and useful for various parties. This study specifically focuses on designing a financial statement information quality model for fraud prevention in the Palangka Raya City Government, with the aim of identifying factors that affect the quality of financial statement information, discovering variables that play a role in preventing fraud, and formulating a model that can be used as a reference in strengthening regional financial management to be more effective, efficient, and free from fraudulent practices.

## METHODS

This study adopts a qualitative descriptive research design to construct a conceptual model that explains how financial statement information quality contributes to fraud prevention in the Palangka Raya City Government. This approach was selected because qualitative methods allow for a deeper exploration of the relationships between reporting quality, internal control mechanisms, and anti-fraud systems, particularly within the context of public sector governance. The design emphasizes understanding concepts, synthesizing evidence, and interpreting regulatory frameworks rather than testing statistical relationships. The research relies on a structured literature review as its primary data source. The review process involved

identifying academic publications, government regulations, internal control guidelines, audit frameworks, and policy documents relevant to financial reporting quality and fraud prevention. To ensure relevance and currency, the literature selection was limited to publications from 2013 to 2024 and focused on themes related to qualitative characteristics of financial information, internal control systems, and digital anti-fraud mechanisms. These criteria ensured that only credible and up-to-date sources were incorporated into the analysis.

A systematic search strategy was used to identify relevant studies. Databases such as Scopus, ScienceDirect, SpringerLink, and Google Scholar were utilized, along with Indonesian regulatory documents including PP 71/2010, Permendagri guidelines, and SPIP framework documents issued by BPKP. Keywords such as “financial reporting quality,” “fraud prevention,” “internal control,” “public sector governance,” and “anti-fraud systems” were applied to maintain consistency in the search process. Studies that did not address the public sector or lacked conceptual relevance were excluded. Document analysis was also conducted using official materials from the Palangka Raya City Government. These documents included audited financial statements, BPK evaluation results, SPIP maturity assessments, and internal audit reports. Incorporating real policy and governance documents strengthened the contextual accuracy of the conceptual model and linked the theoretical framework to actual practices within the local government environment.

Data from the selected literature and documents were analyzed using thematic synthesis. Each source was examined and coded according to recurring themes such as relevance, faithful representation, comparability, timeliness, understandability, internal control effectiveness, fraud risk indicators, and integrity systems. Coding results were grouped into categories to identify patterns, thematic relationships, and gaps in previous studies. This method provided a coherent structure for integrating conceptual and regulatory insights. To ensure analytical rigor, the synthesis process followed an iterative procedure. The researcher refined themes through repeated reviews, compared conceptual findings across multiple sources, and verified consistency with public sector governance frameworks. This iterative refinement helped eliminate inconsistencies, reduce interpretive bias, and strengthen the clarity of conceptual linkages among the model’s core components.

Validity of the research process was reinforced through triangulation. Insights from academic literature were cross-checked with government regulations and empirical conditions within the Palangka Raya City Government. This triangulation ensured that the conceptual model was not only theoretically grounded but also aligned with practical realities. Additionally, methodological transparency—such as criteria for selecting sources and explicit coding procedures—supports the replicability of the study. Overall, this methodological approach provides a strong foundation for developing a comprehensive model that links financial statement information quality, internal control effectiveness, and anti-fraud mechanisms. By integrating multiple data sources and applying systematic qualitative analysis, the study ensures conceptual robustness, clarity, and validity, reinforcing its contribution to public sector fraud prevention and financial governance.

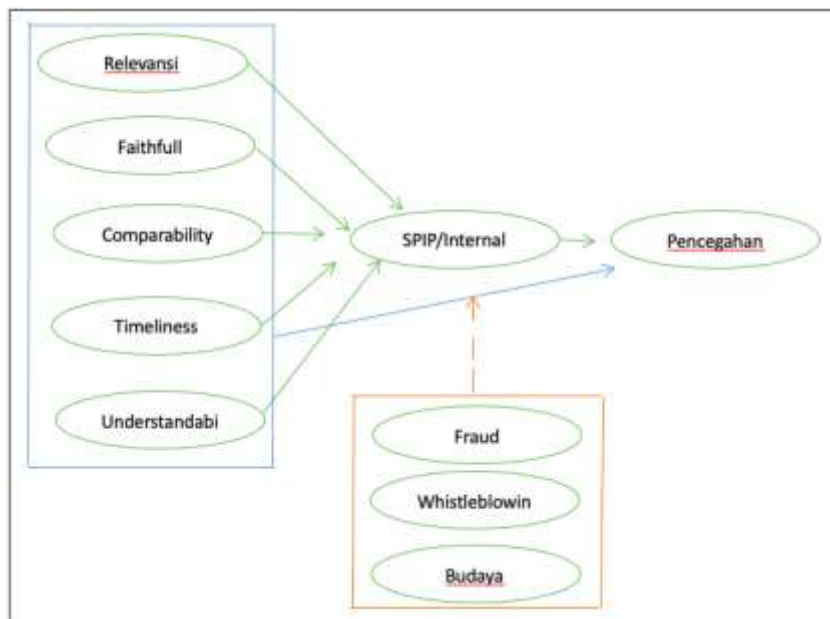
## RESULTS

### Findings on Factors Affecting the Quality of Financial Statement Information

The results of this study show that the quality of financial statement information in the Palangka Raya City Government is determined by five key qualitative characteristics of financial reporting, namely relevance, faithful representation, comparability, timeliness, and understandability. These characteristics, as mandated in Government Regulation No. 71/2010 on Government Accounting Standards (SAP), serve as the foundation for ensuring that financial information accurately reflects financial conditions and can be relied upon in governmental decision-making. The document review indicates that the degree to which these characteristics are met varies across reporting periods, particularly in aspects related to the completeness and clarity of disclosures, the consistency of accounting treatments, and the timeliness of financial report submission.

The analysis of local government documentation further reveals that several technical and administrative factors influence these qualitative characteristics. These include the accuracy of transaction recording, the adequacy of supporting documents, the capacity of financial officers, and the implementation of standardized accounting procedures across regional work units (OPD). Audit reports and SPIP assessments referenced in the manuscript also highlight recurring issues such as delayed reconciliation, uneven application of accounting standards, and limitations in understanding disclosure requirements. These conditions have implications for reporting reliability and may weaken the credibility of financial statements if not addressed systematically. Overall, the findings confirm that ensuring high-quality financial information requires not only adherence to SAP principles but also operational consistency, adequate human resource competence, and effective internal monitoring. These five qualitative characteristics therefore serve as the primary factors shaping the strength, transparency, and accountability of financial reporting within the Palangka Raya City Government. The conceptual model produced from this research is as follows:

QFR (Relevance, Faithfull Representation, Comparability, Timeliness, Understandability) → SPIP/Internal Audit (Mediator) → Fraud Prevention (Outcome). Moderator: Fraud Analytics (GAS), Whistleblowing System, Culture of Integrity.



**Figure 1.** Framework for Financial Statement Information Quality to Prevent Fraud

The analysis shows that the quality of government financial reporting can be measured using five key indicators, namely relevance, reliability (faithful representation), comparability, timeliness, and understandability. These five indicators reflect the extent to which financial statements are able to provide useful information for decision-making, describe the actual financial condition, are presented consistently between periods, are published in a timely manner to support oversight, and are easily understood by various stakeholders, including non-accounting communities.

Based on a synthesis of academic literature, regulations, and relevant policy documents, this study confirms that the quality of financial reporting (QFR) plays a strategic role in supporting fraud prevention efforts in the public sector, particularly within the scope of the Palangka Raya City Government. The analysis shows that Government Regulation No. 71 of 2010 serves as an important normative basis for the development of an accrual-based financial reporting system, with the main objectives of improving transparency, accountability, and the reliability of government financial information. Although the regulatory framework is adequate, its implementation still faces various institutional and technical obstacles, particularly those related to human resource capacity, limited information infrastructure, and organizational cultural resistance to changes in financial management systems. The literature review identified five key indicators that determine the quality of government financial reports, namely relevance, faithful representation, comparability, timeliness, and understandability. These five indicators form the main construct in assessing the effectiveness of QFR in the public sector, but their application at the local government level is still not optimal, so that financial reports are not yet fully capable of functioning as instruments for detecting and preventing fraud.

Furthermore, a synthesis of literature on fraud prevention strategies shows that effective prevention requires an integrated approach based on three main pillars, namely

prevent, detect, and respond. Strategies that support these three pillars include strengthening the Government Internal Control System (SPIP) and internal audits as the main control mechanisms to close opportunities for irregularities; increasing transparency and publication of Local Government Financial Reports (LKPD) to strengthen public accountability and reduce room for manipulation; utilizing information technology and fraud analytics as tools for early detection of financial transaction anomalies; and developing a whistleblowing system and fostering a culture of integrity that guarantees protection for whistleblowers and strengthens organizational ethical values. In this context, the Government Internal Supervisory Agency (APIP) plays a central role as a liaison between the reporting system and the supervisory function. However, variations in the capabilities and level of independence of APIP in each region, including in the Palangka Raya City Government, have led to differences in the level of effectiveness in fraud prevention.

Therefore, improving the technical capacity, professionalism, and integrity of APIP is a fundamental prerequisite for strengthening the effectiveness of local government internal control. Based on the results of conceptual synthesis, this study concludes that high-quality financial reporting contributes directly to the effectiveness of fraud prevention through three main mechanisms, namely reducing information asymmetry between implementers and supervisors, which reduces the opportunity for manipulation; improving the effectiveness of the supervisory function through strengthening internal control systems and implementing risk-based audits; and optimizing early detection of potential fraud through the use of technologies such as fraud analytics and whistleblowing systems that expand the channels for reporting irregularities. Thus, the results of this study confirm that the quality of financial statement information not only serves as an administrative reporting instrument, but also as a strategic tool in the internal control system of local governments that is oriented towards fraud prevention and improving transparent, accountable, and integrity-based governance.

### **Findings on Variables Related to Fraud Prevention**

The results of this study identify several variables that play a critical role in fraud prevention within the Palangka Raya City Government. Analysis of SPIP evaluation documents, internal audit reports, and financial governance assessments shows that the effectiveness of the Government Internal Control System (SPIP) remains a central component in preventing irregularities. Key SPIP elements—such as risk identification, control activities, supervision mechanisms, and documentation quality—directly influence the extent to which fraud risks can be detected and mitigated. The results indicate that variations in SPIP maturity across organizational units contribute to differences in fraud vulnerability, particularly in areas related to asset management, procurement, and expenditure verification. In addition to internal control effectiveness, the findings highlight the importance of the internal audit function. Audit documentation from the Inspectorate shows that the capacity and independence of internal auditors influence the consistency of fraud detection and the follow-up of audit recommendations. Units with stronger audit oversight demonstrate better compliance with financial procedures, fewer material errors, and lower risk exposure. Meanwhile, areas with limited auditor competence or incomplete audit coverage exhibit higher susceptibility to reporting inaccuracies and procedural deviations.

The results also show that organizational integrity culture and fraud awareness significantly contribute to fraud prevention. Observations from governance reports indicate that employees' understanding of fraud risks, ethical behavior, and compliance attitudes vary across departments. Limited fraud awareness, especially at operational levels, reduces the effectiveness of control mechanisms and increases opportunities for misconduct. Conversely, departments with stronger ethical orientation demonstrate better adherence to internal controls and reporting procedures. Furthermore, two technological and reporting mechanisms are identified as influential variables in fraud prevention: the whistleblowing system and fraud analytics. The whistleblowing mechanism provides a formal channel for reporting irregularities, although the results show that its utilization remains low due to limited socialization and concerns about confidentiality. Fraud analytics, while mandated in several national-level guidelines, has not been fully operationalized within the local government environment, resulting in missed opportunities for early anomaly detection. These gaps indicate the need for strengthening digital monitoring tools to enhance fraud-prevention capacity. Overall, the findings confirm that fraud prevention in the Palangka Raya City Government is determined by a combination of internal control maturity, internal audit effectiveness, ethical culture, fraud awareness, whistleblowing utilization, and the implementation of technological monitoring systems. These variables collectively serve as structural safeguards that reduce fraud risks and support more accountable and transparent financial management.

#### **Formulation of the Conceptual Model**

The results of this study lead to the formulation of a conceptual model that integrates the key factors influencing financial statement information quality with the main variables that contribute to fraud prevention in the Palangka Raya City Government. Based on the synthesis of qualitative characteristics, internal control evaluations, audit findings, and governance documents, the model positions the five dimensions of financial information quality—relevance, faithful representation, comparability, timeliness, and understandability—as the foundational elements shaping the accuracy and transparency of government financial reporting. These elements serve as the initial drivers that influence the reliability of financial information and its ability to support fraud-resistant financial management. The model identifies the Government Internal Control System (SPIP) as a mediating factor that connects financial information quality to fraud prevention outcomes. The results show that the maturity level of SPIP determines the extent to which high-quality financial information can be transformed into effective monitoring, risk mitigation, and early detection mechanisms. Variations in SPIP implementation across organizational units demonstrate that internal controls function as the structural link between accurate financial reporting and reduced fraud vulnerability. Thus, SPIP maturity acts as the central pathway through which financial information contributes to integrity and accountability.

In addition to the mediating role of SPIP, the model incorporates several moderating variables that strengthen the effectiveness of internal controls. These include fraud analytics, whistleblowing mechanisms, internal audit capacity, fraud awareness, and organizational integrity culture. The results show that when these moderating mechanisms are strong,

internal controls become more responsive, anomaly detection becomes more accurate, and fraud-prevention mechanisms operate more effectively. Conversely, weak moderation—such as limited whistleblowing usage or insufficient digital monitoring—reduces the preventive impact of internal control systems. Overall, the conceptual model developed in this study illustrates a comprehensive framework in which financial reporting quality functions as the primary input, SPIP serves as the mediating structure, and technological as well as behavioral governance mechanisms act as moderators that reinforce fraud prevention. This model is intended to be used as a strategic reference for strengthening local government financial governance, enabling more effective, efficient, transparent, and fraud-resistant management practices in the Palangka Raya City Government.

1. Prevention Framework: Prevent-Detect-Respond
2. Key Strategies Based on Synthesis
3. The Role of APIP & Local Capacity
4. Conceptual Synthesis: Connecting QFR and Fraud Prevention

## Discussion

### The Strategic Role of Financial Information Quality in Supporting Fraud Prevention

The findings of this study highlight that the five qualitative characteristics of financial reporting—relevance, faithful representation, comparability, timeliness, and understandability—serve as the primary foundation for ensuring high-quality financial information in the public sector. High-quality financial reporting plays a strategic role in strengthening fraud prevention because credible and transparent information reduces information asymmetry and limits opportunities for manipulation. This aligns with Yasmin et al. (2021), who demonstrated that strong reporting quality, when combined with effective internal controls, significantly contributes to reducing fraud risks in local government financial management. Their findings support the idea that financial information quality serves not only as a technical reporting requirement but also as a governance mechanism to deter fraudulent behavior. Moreover, studies in the public sector emphasize that the determinants of reporting quality extend beyond compliance with accounting standards; they are also influenced by internal control systems, auditor competence, and organizational reporting culture. Putri et al. (2025) found that human resource competence, internal audit performance, and internal control over financial reporting substantially enhance financial reporting quality in government settings. This provides empirical support that the quality of financial information is shaped by both technical processes and institutional capacity, making it a critical component in building fraud-resistant public financial governance.

From a theoretical perspective, financial reporting quality has been widely recognized as a key determinant of transparency and accountability. Herath and Albarqi (2017) explain that high-quality reporting improves decision usefulness and reduces the likelihood of intentional misstatements, thereby reinforcing ethical financial practices. Their comprehensive review underscores that the qualitative characteristics mandated in government accounting standards are essential benchmarks for assessing the integrity of financial information. This aligns with the results of this study, which show that these characteristics are consistently reflected as central drivers of reporting credibility. Interestingly,

evidence from developing countries also shows that transparency alone is insufficient without institutional strength. Liu et al. (2021) revealed that high levels of financial reporting transparency may reduce corruption only when supported by strong governance structures; otherwise, transparency can have limited or even counterproductive effects. This reinforces the importance of ensuring that high-quality financial information is embedded within effective internal controls and institutional processes, as indicated in the results of this study.

Additionally, Omolorun and Abilogun (2017) emphasized that designing fraud-free financial reports requires both technical accuracy and organizational integrity. They argue that fraud-resistant reporting is achieved when financial information adheres strictly to qualitative characteristics and is supported by an environment that encourages ethical behavior and strong oversight. This supports the study's findings that quality reporting is a foundational determinant of fraud prevention, especially in government institutions where accountability mechanisms are vital. Taken together, the literature consistently affirms that financial reporting quality serves as a strategic cornerstone for fraud prevention. High-quality financial information enhances transparency, strengthens oversight, and minimizes opportunities for manipulation. These insights validate the study's results, showing that the five qualitative characteristics are central components in shaping fraud-resistant financial management practices within the Palangka Raya City Government.

### **The Mediating Role of Internal Control (SPIP) Between Reporting Quality and Fraud Prevention**

The results of this study indicate that the Government Internal Control System (SPIP) plays a central mediating role in strengthening the relationship between financial reporting quality and fraud prevention in the Palangka Raya City Government. Although high-quality financial information is essential for supporting transparent financial governance, the findings show that it cannot effectively prevent fraud without being translated into concrete control mechanisms implemented through SPIP. This is consistent with Kurniawan et al. (2024), who argue that internal control systems serve as the structural framework through which the accuracy, reliability, and completeness of financial information are safeguarded, thereby allowing organizations to detect irregularities more effectively.

Internal control systems also function as an intermediary that ensures financial reporting quality is operationalized into monitoring activities, authorization procedures, documentation standards, and reconciliation practices. Astuti et al. (2024) emphasize that effective internal control enhances the usefulness of financial reports by ensuring that information flows through properly designed procedures and is subjected to adequate oversight. Their findings highlight that weaknesses in internal control—such as insufficient documentation or inconsistent implementation across departments—reduce the capacity of organizations to prevent fraud even when financial information is of good quality.

The role of internal audit emerges as an essential component of the mediating process. According to Nadirsyah (2024), internal auditors strengthen public sector governance by evaluating control effectiveness, identifying weaknesses in reporting systems, and recommending corrective actions that enhance fraud prevention. This aligns with the results of this study, which show that variations in auditor competency and audit follow-up in the

Palangka Raya City Government influence the extent to which financial reporting quality contributes to fraud detection and mitigation.

Additionally, internal control mechanisms interact closely with the whistleblowing system and fraud reporting channels. Haryanto and Ardillah (2021) found that internal control, when combined with effective whistleblowing practices, significantly increases fraud detection rates by providing structured avenues for reporting irregularities. This reinforces the results of the current study, where the low utilization of whistleblowing channels limits the ability of internal controls to transform high-quality financial information into actionable prevention measures.

### **The Moderating Effect of Fraud Awareness, Technology, and Integrity Culture on Fraud Prevention**

The results of this study show that fraud awareness, technological monitoring mechanisms, and organizational integrity culture function as important moderating variables that strengthen the relationship between internal control effectiveness and fraud prevention in the Palangka Raya City Government. Fraud awareness, in particular, enhances the responsiveness of employees in recognizing irregularities and adhering to financial management procedures. Yuniarti and Ariandi (2017) demonstrated that anti-fraud awareness significantly increases the effectiveness of internal control systems, enabling institutions to detect inconsistencies in reporting and operational practices more quickly. This is consistent with the findings of this study, where variations in fraud awareness across departments influenced the reliability of internal oversight and fraud detection effectiveness. Furthermore, several empirical studies affirm that anti-fraud awareness serves as a behavioral driver that reinforces formal control systems. Jalil et al. (2018) found that organizations with higher levels of awareness among employees experience stronger compliance behaviors, reduced opportunities for manipulation, and increased transparency in financial processes. These insights support the present study's conclusion that fraud awareness should be positioned as a key moderating factor, ensuring that internal control mechanisms translate into practical actions that reduce fraud vulnerabilities in local governments.

In addition to awareness, technological mechanisms such as fraud analytics significantly strengthen fraud prevention capabilities. Novita and Anissa (2022) revealed that data analytics substantially improves fraud detection accuracy by identifying anomalies that are difficult to detect manually. This aligns with the results of the current study, which show that the absence of a fully developed fraud analytics system in the Palangka Raya City Government limits early detection and reduces the impact of internal control procedures. When effectively implemented, analytics-based monitoring enhances the predictive capacity of internal controls and supports more proactive governance. Organizational integrity culture also emerged as a critical moderating factor in this study. Integrity-based practices shape ethical behavior, strengthen accountability, and reinforce the credibility of financial reporting systems. Murtomo (2021) emphasized that leadership commitment and integrity culture significantly influence corruption risk levels and improve governance outcomes within government institutions. These findings correspond to this study's results, which show that

varying integrity culture across units affects how internal controls and reporting procedures are executed, ultimately influencing fraud prevention success.

Moreover, the interaction between integrity culture, fraud awareness, and technological tools forms a comprehensive moderating structure that amplifies fraud prevention efforts. As highlighted by Yuri and Sari (2022), strong awareness and robust detection methods jointly enhance fraud mitigation capabilities in both the private and public sectors. This provides additional theoretical support for positioning these variables as moderating elements that enhance the pathway from high-quality financial reporting, through internal control, to fraud resilience. Taken together, the literature and the results of this study demonstrate that fraud awareness, technology adoption, and integrity culture do not operate in isolation but collectively strengthen the effectiveness of internal control systems. These moderating variables amplify the preventive impact of accurate financial information and robust internal control structures, making them essential components of a comprehensive fraud prevention model for the Palangka Raya City Government.

## CONCLUSION

This study concludes that the quality of financial statement information—reflected in relevance, faithful representation, comparability, timeliness, and understandability—serves as a fundamental pillar for fraud prevention and accountable financial management in the Palangka Raya City Government, although challenges remain in the implementation of PP No. 71/2010 due to limited human resources, system readiness, data integration, and APIP capacity. Fraud prevention is most effective when supported by strong SPIP and internal audit functions, enhanced transparency, the use of fraud analytics, and active whistleblowing mechanisms within an integrity-based organizational culture. The conceptual model developed in this study demonstrates the roles of financial statement quality, SPIP as a mediator, and analytics and whistleblowing systems as moderators in strengthening fraud prevention. However, this study is limited by its literature-based approach and absence of empirical validation. Future research should empirically test the proposed model, compare SPIP maturity across regions, evaluate readiness for technology adoption, and examine whistleblowing effectiveness to strengthen theoretical development and provide practical guidance for improving public financial governance.

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