



## The Effect of Integrity and Effectiveness of Internal Control on Potential Accounting Fraud and Their Impact on Financial Accountability

Abi Hanipa Kamil<sup>1\*</sup>, Nurul Hidayah<sup>2</sup>

<sup>1</sup>)Master of Accounting Study Program, Faculty of Economics and Business, Mercubuana University, Jakarta, Indonesia, [55519120028@student.mercubuana.ac.id](mailto:55519120028@student.mercubuana.ac.id)

<sup>2</sup>)Master of Accounting Study Program, Faculty of Economics and Business, Mercubuana University, Jakarta, Indonesia, [nurul.hidayah@mercubuana.ac.id](mailto:nurul.hidayah@mercubuana.ac.id).

\*Corresponding Author: Nurul Hidayah<sup>1</sup>

**Abstract:** The public's doubts about several cases of abuse of authority by banking officials and employees have caused the public's trust to decrease in the banking sector, which should be a safe and reliable place to store funds for all Indonesian people. Public demands for accountability and transparency from the bank in disclosing the findings of fraud have forced banks to further improve their integrity and internal control. This study aims to examine the effect of integrity, effectiveness of internal control, on the potential for accounting fraud and its impact on financial accountability in Indonesian banks. This research uses Structural Equation Modeling (SEM) analysis. The population in this study is banking in Indonesia which is listed on the Indonesia Stock Exchange (IDX) in 2021, the total sample in this study is 54. The data are taken from questionnaires distributed to respondents. The results of this study indicate that the integrity and effectiveness of internal controls have a negative effect on the potential for accounting fraud, the integrity and effectiveness of internal controls have a positive effect on financial accountability, and the potential for accounting fraud has a negative effect on financial accountability.

**Keywords:** Integrity, Effectiveness of Internal Control, Potential for Accounting Fraud, Financial Accountability

### INTRODUCTION

Fraud is an unreasonable act and misrepresentation of facts on the intentional use of company resources for personal gain. Fraud occurs due to weak internal control. Accounting Information Systems at financial institutions are included in internal control (Husnurrosyidah, 2019). In 2014, based on a survey on fraud in various business sectors conducted by the Association of Certified Fraud Examiners (ACFE), the banking sector was actually the sector that experienced the most fraud cases compared to other sectors (Febrianto & Fitriana, 2020).

For example, accounting fraud that occurred in April 2021, there were acts of corruption carried out by three officials of Bank BJB Syariah Pekanbaru who manipulated using illegal or fictitious work orders against activities in the Riau Provincial DPRD and the Kuantan Singingi Regency Education Office. The use of fictitious letters resulted in bad loans because a number of companies had no source of refunds, and this case also cost the state Rp. 7.2 billion.

This accounting fraud can be caused by environmental factors in the workplace and the individual himself. Accounting fraud factors that come from within oneself can occur due to weak personal commitments that cause someone to commit fraud. One indication that measures the weakness of personal commitment is individual integrity. Integrity is “a firm personal commitment to ethical ideological principles and being part of the self-concept that is displayed through one's behavior. Integrity requires one to be honest and transparent, courageous, wise and responsible.” Many financial problems or accounting fraud that occur can indicate a form of failure of the integrity of financial statements to meet the information needs of financial statement users (Yogi Anggara & Bambang Suprasto, 2020). Research conducted (Yogi Anggara & Bambang Suprasto, 2020), integrity has a negative effect on accounting fraud through the internal control system, which means that the internal control system partially mediates the significant negative effect of integrity on accounting fraud. The higher the level of a person's integrity, the less fraudulent acts. The application of integrity and ethics will have a positive impact on creating a good control environment. Meanwhile, according to research (Lestari & Supadmi, 2017) Internal control has a negative and significant effect on accounting fraud. The existence of continuous monitoring and evaluation of operational activities within the agency can prevent accounting fraud. Integrity has a negative and significant effect on accounting fraud. If someone has a commitment to do everything in accordance with right and ethical principles, in accordance with values and norms, and there is consistency to keep that commitment, it will keep someone from committing accounting fraud. Therefore, the researcher wants to further prove that the integrity and effectiveness of internal control also has an effect on preventing fraud. The difference between this research and previous research lies in the variables to be studied. In this study, another variable is added, namely financial accountability to analyze whether the potential for accounting fraud has an effect on financial accountability.

## **LITERATURE REVIEW**

### **Agency Theory**

Agency theory is built to understand and solve problems that arise when there is incomplete information when entering into a contract (engagement). The contract in question is a contract between the principal (employer, such as a shareholder or company leader) and an agent (receiver of orders, such as management or subordinates) (Gudono, 2012).

### **Compliance Theory**

Compliance theory (compliance theory) is a theory that explains a condition in which a person obeys the orders or rules given. Compliance theory can encourage a person to comply more with applicable regulations, as well as companies that seek to submit financial reports in a timely manner because apart from being a company obligation to submit financial reports on time, it will also be very beneficial for users of financial statements.

### **Accounting Fraud**

Fraud is a form of fraud that is intentionally carried out by a person or group of people so that it can cause harm to certain parties (Yogi Anggara & Bambang Suprasto, 2020). Ambarwati et al, (2015) define fraud as an act of deliberate fraud that causes losses to other

parties and provides benefits to the perpetrators of fraud and their groups. The tendency to show indications to take actions that lead to fraud. Accounting fraud can be said to be a corrupt tendency in definition and terminology due to the involvement of several elements consisting of misleading facts, violation of rules or abuse of trust, and the omission of critical facts (Locatelli, 2017).

### **Integrity**

Mulyadi (2008) defines integrity as an impartial and honest moral principle, someone with high integrity views the facts as they are and presents the facts as they are. In the context of professionalism, self-integrity is defined as the qualities and moral principles in a person that are carried out consistently. In the context of professionalism is a worker's personality that puts forward moral values (honest), discipline and responsibility.

### **Internal Control Effectiveness**

Internal control is a method, procedure, or system designed by the company to improve efficiency, secure assets, maintain accuracy of accounting data, enforce discipline, and increase employee compliance with company policies (internal control). According to Bastian (2003) in (Eliza, 2015), internal control is a process carried out by executives, service agencies and all personnel designed to provide adequate assurance to achieve three objectives, namely the reliability of financial statements, compliance with applicable laws and regulations. applicable, the effectiveness and efficiency of operations.

### **Financial Accountability**

Accountability implies accountability, both by people and by elected bodies, for their choices and actions (Mulyana, 2006). Financial accountability is accountability regarding financial integrity, disclosure and compliance with laws and regulations. The target is a financial report that includes receipts, deposits and financial expenditures of government agencies. The components that make up financial accountability consist of financial integrity, disclosure, and compliance with laws and regulations.

### **Conceptual Framework**

Integrity requires one to be honest and transparent, courageous, wise and responsible. The phenomenon of financial scandals or accounting fraud that occurs can also indicate a form of failure of the integrity of financial statements to meet the information needs of financial statement users. In the research of Lestari and Supadmi (2017) Integrity has a negative and significant effect on accounting fraud. If someone has a commitment to do everything in accordance with right and ethical principles, in accordance with values and norms, and there is consistency to keep that commitment, it will keep someone from committing accounting fraud.

The existence of an effective internal control system plays an important role in preventing and detecting accounting fraud that often occurs in a company which is usually done for personal gain. The implementation of internal control must rely on strengthening the internal control system that has been built and implemented by all parties in the organization starting from the existence of policies, organizational formation, budget preparation, facilities and infrastructure, determination of personnel who carry out, and determination of procedures at all stages. In the research of Usmar & Adhitrya Nurfadillah (2016) the effectiveness of internal control has a negative and significant effect on accounting fraud. Even in theory, the relationship between the two variables, namely the effectiveness of internal controls on accounting fraud is acceptable. These results indicate that effective internal control can minimize accounting fraud.

The integrity of the service company is a form of the company's commitment to provide excellent service to the community to realize good banking governance, clean and far from fraudulent fraud. In Research (Ardiani, 2019) Integrity has a significant effect on Financial Management Accountability. This shows that the better the integrity, the greater the accountability of financial management.

Weaknesses in internal control in an agency or company result in greater potential for accounting fraud. Cases of weakness in internal control are caused by the officer in charge of being weak in supervising and controlling activities, or because they do not fully understand the provisions and there is no coordination with related parties. Therefore, an agency or company must have an effective internal control system in which every activity carried out by employees in the agency or company is subject to strict supervision. With the existence of effective internal control, it is expected to minimize acts of accounting fraud in the agency or company that can harm the agency or company itself.

In the field of accounting, accountability is defined as accountability. An organization is said to be accountable if the organization has the ability to explain the conditions experienced, including the decisions taken and the various activities carried out. According to Mardiasmo (2004) in Purwanda and Harahap (2015) accountability is the obligation of the trustee (agent) to provide accountability, present, report, and disclose all activities and activities that are his responsibility to the principal who has the right and authority. to hold that responsibility. Therefore, to prevent accounting fraud, accountable people or organizations are needed.

The purpose of the study was to determine and analyze the effect of the independent variable on the dependent variable and its impact on the intervening variable. The independent variable used is the integrity and effectiveness of internal control, while the dependent variable is the potential for accounting fraud. The intervening variable used in this study is financial accountability. The theoretical framework that can be described from the relationship between these variables is as follows:

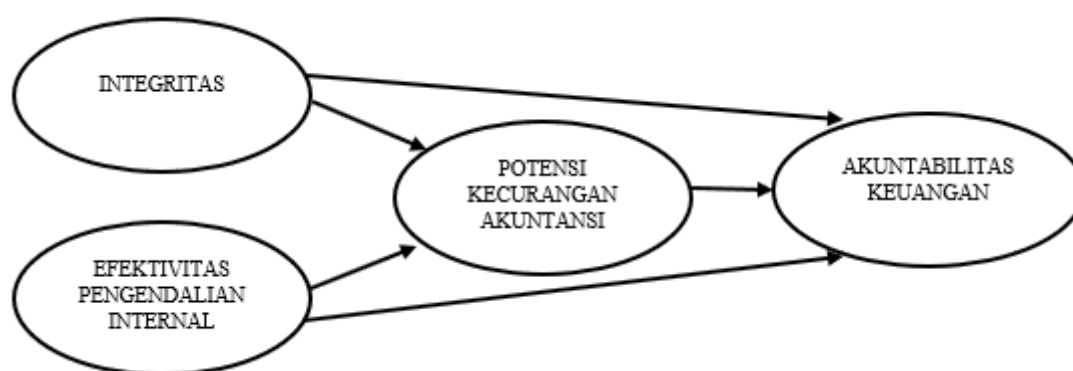


Figure 1. Conceptual Framework

## RESEARCH METHODS

This type of research is descriptive research with a quantitative approach, which is based on a survey of the research object. Descriptive research is research that describes a phenomenon related to the research population or estimates of the proportion of the population that has certain characteristics. Writing this thesis applies a quantitative approach. The definition of quantitative research according to Sugiyono (2015) is "research in the form of numbers and analyzes using statistics."

## Population and Research Sample

The population and sample in this study were banks listed on the Indonesia Stock Exchange (IDX) in 2021. The criteria for determining the sample used in this study were

companies listed on the Indonesian Stock Exchange banking sector, companies moving from or to banking sectors due to evaluation of classification- annual classification, companies experiencing delisting due to not having business continuity (going concern) and not in accordance with the stock exchange classification, and the minimum target of respondents in each bank is 10 respondents. Based on predetermined criteria, researchers obtained a population of 46 issuers that match the characteristics of the study with a total of 54 respondents. The data used in this study is primary data. The data collection technique uses a questionnaire or survey instrument that is poured through the google form. Survey technique is used to obtain individual opinion data through questionnaires. Questionnaire or questionnaire is a technique of collecting data through a form containing questions posed in writing to a person or group of people to get answers or responses and information needed by researchers (Mardalis, 2008).

### Characteristics of Respondents

Criteria			Percentage
Gender	Woman	28	51.9
	Man	26	48.1
	<b>Total</b>	<b>54</b>	<b>100</b>
Last Education	S2	5	9.3
	S1	38	70.3
	D3	5	9.3
	SMA / SMK	6	11.1
	<b>Total</b>	<b>54</b>	<b>100</b>
Position	Accounting	23	42.6
	Auditor	8	14.8
	Accounting Manager	4	7.4
	Spv. Accounting	4	7.4
	Teller	15	27.8
	<b>Total</b>	<b>54</b>	<b>100</b>
Work Experience	< 1 Year	6	11.1
	15 years	16	29.6
	6 – 10 Years	16	29.6
	> 10 Years	16	29.6
	<b>Total</b>	<b>54</b>	<b>100</b>

### Analysis Method

This study uses primary data with descriptive statistical analysis methods and uses a Structural Equation Modeling (SEM) approach. Descriptive statistics are statistics used to analyze data by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations (Sugiyono, 2015). This analysis is used to describe the research variables, without drawing generalizations. Descriptive statistical analysis in this study is intended to describe each of the variables studied, namely Integrity, Effectiveness of Internal Controls, Potential for Accounting Fraud, and Financial Accountability. The data that has been collected is then tabulated in a table and a descriptive discussion is carried out. This study uses a Structural Equation Model (SEM) approach with Partial Least Square (PLS) software, namely SmartPLS version 3.0. The reason this study uses SmartPLS version 3.0 is because the purpose of this study is to find predictive linear relationships between variables, this study aims for causal-predictive analysis in situations of high complexity and low theoretical support, and the number of samples is small.

**Table 1. Results of Variable Descriptive Statistics**

Variabel	Minimum	Maximum	Mean	Std. Deviation
Integritas	3,44	5,00	4,434	0,361
Efektivitas Pengendalian Internal	3,12	5,00	4,275	0,439
Potensi Kecurangan Akuntansi	3,00	5,00	4,303	0,494
Akuntabilitas Keuangan	2,83	5,00	4,390	0,465

*Sumber: Hasil olah data primer, 2022*

1. The results of the analysis using descriptive statistics illustrate that the integrity variable with 54 respondents has a standard deviation value for that variable of 0.361. The average value for the integrity variable is 4.434, which if categorized is included in the good category.
2. The results for the internal control effectiveness variable with 54 respondents have a standard deviation value for that variable of 0.439. While the average value for the internal control effectiveness variable is 4.275, which if categorized is included in the good category.
3. The results for the accounting fraud potential variable with 54 respondents have a standard deviation value for that variable of 0.494. While the average value for the variable potential for accounting fraud is 4.303, which if categorized is included in the good category.
4. The results for the financial accountability variable with 54 respondents have a standard deviation value for that variable of 0.465. While the average value for the financial accountability variable is 4.390, which if categorized is included in the good category.

### Convergent Validity Test

The calculation of convergent validity aims to determine instrument items that can be used as indicators of all latent variables. The results of the convergent validity test are measured based on the magnitude of the loading factor (outer loading) value of the construct indicator. Convergent Validity of the measurement model with the item reflexive indicator model is assessed based on the correlation between the estimated item scores with PLS software. This study uses a questionnaire item loading ( $\geq 0.70$ ). The results of loading items on the outer model can be seen from the model image and table 2 as follows:

**Table 2. Convergent Validity Test Results**

No	Variable	Dimension	Indicator	Loading factor	Cut-off	Information
1	Integrity	Sincerity	1. Decision set	0.880	0.700	Valid
			2. Electronic data and information.	0.882		Valid
			3. It's true religion	0.896		Valid
		Consistency	4. Innovate at work	0.920		Valid
			5. Precision and attention to work	0.888		Valid
			6. Methods of completing work	0.832		Valid
		Determination	7. The process of procurement of goods and services	0.894		Valid
			8. Unusual practices	0.932		Valid
			9. Doesn't affect other people	0.931		Valid
2	Internal control effectiveness	Control Environment	1. Employees are placed according to their skills and education	0.786		Valid
			2. Internal control and responsibility	0.917		Valid
			3. Employee training	0.883		Valid

3	Potential for accounting fraud	Risk Assessment	4. Management company management	0.903	Valid
			5. Organizational structure of the company	0.898	Valid
			6. Does not provide education and training	0.832	Valid
			7. Strict selection of employee recruitment	0.848	Valid
			8. Action to reduce risk	0.762	Valid
		Control Activities	9. Good technology	0.892	Valid
			10. Socializing the chain	0.895	Valid
			11. Select control activities	0.915	Valid
			12. Develop control activities	0.887	Valid
			13. Implementing internal control	0.930	Valid
			14. Select control activities	0.910	Valid
			15. Develop control activities	0.907	Valid
		Information and Communication	16. Relevant information	0.939	Valid
			17. Communication regarding internal control	0.717	Valid
			18. Do not have documents and records	0.816	Valid
			19. The validity of the relevant information is guaranteed	0.912	Valid
			20. Internal communication internal control	0.880	Valid
		Internal Control Monitoring	21. Continuous evaluation	0.959	Valid
			22. Improvements based on suggestions	0.899	Valid
			23. Develop continuous evaluation	0.927	Valid
			24. Periodic monitoring	0.885	Valid
			25. Evaluation of internal control deficiencies	0.870	Valid
4	Financial Accountability	Pressure	1. Career development training	0.968	Valid
			2. Employee performance results	0.975	Valid
			3. Equal opportunity for all employees	0.986	Valid
		Opportunity	4. Form a team	0.937	Valid
			5. Imposing sanctions	0.963	Valid
			6. Enforce a code of ethics	0.964	Valid
		Rationalization	7. Not implementing an anti-fraud control program	0.881	Valid
			8. Creating a supportive environment	0.962	Valid
			9. Responsive attitude	0.944	Valid
		Financial Integrity	1. Effective financial management	0.974	Valid
			2. Shopping log	0.965	Valid
			3. Village financial reports	0.956	Valid
		Disclosure	4. Error-free financial reports	0.966	Valid
			5. Financial statements are presented honestly and fairly	0.947	Valid
			6. Responsible for program results	0.950	Valid
		Compliance with Laws and Regulations	7. Financial performance evaluation	0.954	Valid
			8. Financial analysis	0.945	Valid
			9. Evaluation of program results	0.939	Valid
			10. Behavioral ethics	0.970	Valid
			11. Strict sanctions for violations	0.972	Valid
			12. Internal audit published	0.963	Valid

Source: Results of primary data processing, 2022

Based on these results, it is known that the overall second order CFA loading factor indicates that the model has met the convergent validity requirements because the loading factor value is more than 0.70. This means that all indicators are valid as a measuring tool for

their respective variables on all research variables, namely integrity, effectiveness of internal control, potential for accounting fraud, and financial accountability.

### Reliability Test

Reliability testing aims to test the reliability of the instrument in a research model. Reliability criteria can also be seen from the value of Composite Reliability and Cronbach's alpha a variable of each variable. Composite Reliability and Cronbach's alpha items that measure the internal consistency of the items forming the variable. The limit value for the level of reliability above 0.70 has high reliability, the results of the reliability test are presented in Table 4 as follows:

**Table 3. Reliability Test Results**

NO	Dimension –Variable	Cronbach's Alpha	Composite Reliability	Cut-off	Information
1	Sincerity	0.785	0.916	0.700	Valid
2	Consistency	0.776	0.912		Valid
3	Determination	0.845	0.942		Valid
4	Integrity	0.738	0.962		Valid
5	Control Environment	0.772	0.944		Valid
6	Risk Assessment	0.717	0.927		Valid
7	Control Activities	0.828	0.960		Valid
8	Information and Communication	0.734	0.932		Valid
9	Internal Control Monitoring	0.826	0.959		Valid
10	Internal control effectiveness	0.707	0.984		Valid
11	Pressure	0.954	0.984		Valid
12	Opportunity	0.911	0.972		Valid
13	Rationalization	0.865	0.978		Valid
14	Potential for accounting fraud	0.875	0.991		Valid
15	Financial Integrity	0.925	0.984		Valid
16	Disclosure	0.897	0.969		Valid
17	Compliance with Laws and Regulations	0.937	0.950		Valid
18	Financial Accountability	0.900	0.984		Valid

Source: Results of primary data processing, 2022

Based on Table 4, it can be explained that the results of reliability testing as measured by the value of composite reliability and Cronbach's alpha show a high value from the limit, that is, all latent variables are reliable because all values of latent variables have composite reliability values and Cronbach's alpha 0.70. It means that the questionnaire used as a tool in the research has been reliable or consistent. So it can be concluded that all indicators are measuring their respective constructs.

### Structural Model Evaluation (inner model)

Hypothesis testing seen from the results of the inner model or structural model was carried out to see the relationship between variables, t-statistical values and the coefficient of determination as measured by the R-square of the research model. The data analysis method used for testing the model in this study is Partial Least Square (PLS) using the smart PLS 3.0 program. The results of the path analysis can be seen from table 5 as follows:

**Table 4. Structural Model Evaluation Results (inner model)**

Variable	R Square	Description
Potential for accounting fraud	0.778	Strong
Financial Accountability	0.919	Very strong

The test results shown in table 5 show the potential value of accounting fraud of 0.778, the value is more than 0.75, this result is quite strong, these results explain that 77.8% of the potential for accounting fraud is influenced by integrity, effectiveness of internal control, and financial accountability. , while the remaining 22.2% is influenced by other factors not examined in this study. While the second R2 value of 0.919 is above 0.75, which is quite strong, these results explain that 91.9% of financial accountability is influenced by integrity, effectiveness of internal control and potential for accounting fraud, while the remaining 8.1% is influenced by factors others that were not investigated in this study.

**Table 5. Direct Effect Hypothesis Testing (Direct Effect)**

Hip	Variable	Prediction Direction	Original sample	t statistic	p value	Information
H1	Integrity --> Potential for accounting fraud	Negative	-0.746	12,098	0.000	Significant Influence
H2	Effectiveness of internal control --> Potential for accounting fraud	Negative	-0.442	3,716	0.000	Significant Influence
H3	Integrity --> Financial Accountability	Positive	0.689	10,731	0.000	Significant Influence
H4	Effectiveness of internal control --> Financial accountability	Negative	-0.160	2,843	0.005	Significant Influence
H5	Potential accounting fraud --> Financial accountability	Negative	-0.343	4,565	0.000	Significant Influence

Hypothesis 1, The test results shown in table 20 show a significant path coefficient value of -0.746, at t-statistic 12.098 > t-table 1.658 and at p-value 0.000 < 0.05 significance level. The results of the path coefficient with a negative sign can be concluded that the influence of the two is opposite, meaning that the higher the integrity, the lower the potential for accounting fraud. These results indicate that t arithmetic > t table, this supports H1 namely integrity has a negative effect on the potential for accounting fraud.

Hypothesis 2, The test results shown in table 20 show a significant path coefficient value of -0.442, at t-statistic 3.716 > t-table 1.67 and at p-value 0.000 < 0.05 significance level. The results of the path coefficient with a negative sign can be concluded that the influence of the two is opposite, meaning that the higher the effectiveness of internal control, the lower the potential for accounting fraud. These results indicate that t count > t table, this supports H2, namely the effectiveness of internal control has a negative effect on the potential for accounting fraud.

Hypothesis 3, The test results shown in table 20 show a significant path coefficient value of 0.689, at t-statistic 10.731 > t-table 1.67 and at p-value 0.000 < 0.05 significance level. The results of the path coefficient with a positive sign can be concluded that the influence of both is unidirectional, meaning that the higher the effectiveness of internal control, the higher the financial accountability. These results indicate that t count > t table, this supports H3 which is integrity has a positive effect on financial accountability.

Hypothesis 4, The test results shown in table 20 show the path coefficient value of -0.160 significant, at t-statistic 2.843 > t-table 1.67 and p-value 0.000 < 0.05 significance level. The results of the path coefficient with a negative sign can be concluded that the influence of the two is opposite, meaning that the better the effectiveness of internal control, the lower the financial accountability. These results indicate that t count > t table, this supports H4 that is there is a significant influence between the effectiveness of internal control and a negative effect on financial accountability.

Hypothesis 5, The test results shown in table 20 show a significant path coefficient value of -0.343, at t-statistic  $4.565 > t\text{-table } 1.67$  and at p-value  $0.000 < 0.05$  significance level. The results of the path coefficient with a negative sign can be concluded that the influence of the two is opposite, meaning that the higher the potential for accounting fraud, the lower the financial accountability. These results indicate that  $t \text{ count} > t \text{ table}$ , this supports H5, namely the potential for accounting fraud to have a negative effect on financial accountability.

## **FINDINGS AND DISCUSSION**

This discussion will discuss the results of the research in accordance with the research objectives which consist of two main objectives, namely first, to determine and analyze the effect of integrity and effectiveness of internal control on the potential for accounting fraud. Second, to identify and analyze the effect of integrity, effectiveness of internal control, and potential accounting fraud on financial accountability. The results of the analysis in this study, each explanation of the research hypothesis is explained as follows.

### **Effect of Integrity on Potential Accounting Fraud**

The first hypothesis with the PLS approach produces a path coefficient of the influence of integrity on the potential for accounting fraud to have a negative influence. The coefficient value which has a negative direction means that the influence between the two is in the opposite direction, meaning that the higher the integrity, the lower the potential for accounting fraud. The higher the integrity in a company, the less the potential for accounting fraud will occur. The first hypothesis which states "Integrity has a negative effect on the potential for accounting fraud" is accepted.

The results of this study are in line with the results of previous research conducted by Lestari and Supadmi (2017) showing that integrity has a negative and significant influence on the potential for accounting fraud. If someone has a commitment to do everything in accordance with right and ethical principles, in accordance with values and norms, and there is consistency to keep that commitment, it will keep someone from committing accounting fraud.

### **The Effect of Internal Control Effectiveness on the Potential for Accounting Fraud**

The second hypothesis with the PLS approach produces a path coefficient of the effect of the effectiveness of internal control on the potential for accounting fraud to have a negative direction. The coefficient value which has a negative direction means that the influence between the two is opposite, meaning that the higher the effectiveness of internal control, the lower the potential for accounting fraud. The higher the effectiveness of internal control, it plays an important role in preventing and detecting the potential for accounting fraud that often occurs in a company which is usually done for personal gain. The second hypothesis which states "The effectiveness of internal control has a negative effect on the potential for accounting fraud" is accepted.

The results of this study are supported by the results of previous research conducted by Husnurrosyidah (2019) which states that internal control has a negative effect on the tendency of accounting fraud in BMTs in Kudus Regency. This means that the more effective internal control in BMT, the lower the tendency of accounting fraud. Research conducted by Amelia and Wahyuni (2020) states that the internal control system and Moral sensitivity will positively and significantly affect fraud prevention when managing finances at the village level in Banjar District.

### **Effect of Integrity on Financial Accountability**

Testing the third hypothesis with the PLS approach resulted in the path coefficient of the influence of integrity on financial accountability having a positive direction of influence. The coefficient value which has a positive direction means that the influence of both is unidirectional, meaning that the higher the integrity, the higher the financial accountability. Corporate integrity is a manifestation of the company's commitment to provide excellent service to the community to realize good banking governance, the higher the integrity of the company, the more financial accountability will be. The third hypothesis states "Integrity has a positive effect on financial accountability" is accepted.

The results of this study the results of empirical studies indicate that the relationship between financial integrity and accountability. According to Ardiani (2019), it also shows that Integrity has a significant effect on Financial Management Accountability. This shows that the better the integrity, the greater the accountability of financial management.

### **Effect of Internal Control Effectiveness on Financial Accountability**

The fourth hypothesis with the PLS approach produces a path coefficient of the effect of the effectiveness of internal control on financial accountability has a negative direction of influence. The coefficient value which has a negative direction means that the influence of the two is opposite, meaning that the higher the effectiveness of internal control, the lower the financial accountability. If the effectiveness of internal control is low in an agency or company, financial accountability will increase. The fourth hypothesis which states "The effectiveness of internal control has a negative effect on financial accountability" is rejected.

The results of this study are in line with the results of previous research conducted by Purbasari and Bawono (2017) whose empirical research results show that there is a strong relationship between the effectiveness of internal control and financial accountability. The test of the findings of the Internal Control System on Financial Statements Accountability has a significant negative effect, which states that the Internal Control System has an effect on Financial Statements Accountability, which means that the fewer SPI findings obtained, the better Financial Report Accountability.

### **The Effect of Potential Accounting Fraud on Financial Accountability**

The fifth hypothesis with the PLS approach produces a path coefficient of the effect of potential accounting fraud on financial accountability which has a negative direction. The coefficient value which has a negative direction means that the influence of the two is opposite, meaning that the higher the potential for accounting fraud, the lower the financial accountability. Fraud is an act that causes misreporting in financial statements, an unreasonable act that is done intentionally for personal gain, if there is an act of fraud, financial accountability will decrease. The fifth hypothesis states "Potential for Accounting Fraud has a negative effect on Financial Accountability" is accepted.

The results of this study have proven that the potential for accounting fraud has a negative effect on accounting accountability. The lower the potential for accounting fraud, the higher the accounting accountability.

## **CONCLUSION**

Based on the results of the analysis and discussion in the previous chapter, the following conclusions are obtained:

1. Integrity has a negative effect on the potential for accounting fraud, with a negative direction of influence. The higher the integrity in a company, the less the potential for accounting fraud will occur.

2. The effectiveness of internal control has a negative effect on the potential for accounting fraud, with a negative direction meaning that the higher the effectiveness of internal control, the lower the accounting fraud. The higher the effectiveness of internal control, the more important it is to prevent and detect accounting fraud that often occurs in a company which is usually done for personal gain.
3. Integrity has a positive effect on financial accountability, with a positive direction, meaning that the higher the integrity, the higher the financial accountability. Corporate integrity is a manifestation of the company's commitment to provide excellent service to the community to realize good banking governance, the higher the integrity of the company, the more financial accountability will be.
4. The effectiveness of internal control has a negative effect on financial accountability, with a negative direction meaning that the higher the effectiveness of internal control, the lower the financial accountability. If the effectiveness of internal control is low in an agency/company, the potential for accounting fraud will be greater and financial accountability will also increase.
5. The potential for accounting fraud has a negative effect on financial accountability, with a negative direction meaning that the higher the accounting fraud, the lower the financial accountability. If there is an act of fraud that causes misreporting in the financial statements, or an unreasonable act that is done intentionally for personal gain, financial accountability will decrease.

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