

ABSTRACT

This study aims to test the effect of internal control systems and human resource competencies on the prevention of fraud in village fund management and to test the effect of good governance as a mediator of each variable. The type of research is quantitative. The population of the study was village officials and the community involved in village institutions in five provinces with the most fraud cases, namely East Java, Central Java, West Java, Aceh and North Sumatra. The sampling technique used convenience sampling technique. Data analysis used SEM Amos. The results of this study indicate that the internal control system has no effect on fraud prevention. Human resource competency has a significant effect on fraud prevention. The internal control system has a significant effect on the implementation of good governance. Human resource competency has no effect on the implementation of good governance. The implementation of good governance has no effect on fraud prevention. Other results show that the implementation of good governance does not act as a mediator in the relationship between internal control system variables and fraud prevention and the implementation of good governance does not act as a mediator in the relationship between human resource competency variables and fraud prevention. The implications of the results of this study can provide considerations for village governments that there needs to be innovation in village apparatus development programs in the context of good village financial management and to continue to make efforts to improve the capabilities and competencies of village apparatus and to continue to strengthen the internal control system.

Keywords: *Internal control system; human resource competence; good governance; fraud; village funds.*