

## **ABSTRACT**

*This study was conducted to analyze the influence of the Fraud Triangle and Fraud Diamond Theories on asset misappropriation within the local government of XYZ Regency, with the internal control system as a moderating variable and also an independent variable to directly examine its influence. The variables used were asset misappropriation as the dependent variable, the Fraud Diamond elements as the independent variables, and the internal control system as the moderating variable. The Fraud Diamond elements in question include pressure, opportunity, rationalization, and capability.*

*The research method used was a quantitative approach. Primary data were obtained through questionnaires distributed to 375 civil servant respondents in XYZ Regency using a purposive sampling technique. This research method employed multiple linear regression analysis and absolute difference test using IBM SPSS 26 software.*

*The results showed that pressure, opportunity, and rationalization had a positive and significant influence on asset misappropriation. Meanwhile, capability and the internal control system were shown to have a negative and significant influence on asset misappropriation. Regarding moderating variables, the internal control system was unable to moderate the relationship between pressure, opportunity, rationalization, and capability and asset misappropriation.*

*Keywords: Asset Misappropriation, Fraud Triangle Theory, Fraud Diamond Theory, Internal Control Systems, and Public Sector Organizations*