EFFECT OF INTERNAL CONTROL AND COMPETENCE OF BPD ON FRAUD PREVENTION IN BUMDES

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Abstract

Village-Owned Enterprises (BUMDes) are village businesses formed and established by the village government. The main purpose of establishing BUMDes is an effort to strengthen the village economy through meeting the needs and optimizing the potential of the village. BUMDes aims to improve services to the community while empowering the village through productive efforts so that the independence and capacity of the village in strengthening the economy has increased. In fact, often the establishment of BUMDes seems only a formality to answer the mandatory from the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration about the establishment of BUMDes.Also, the Government through the Minister of Home Affairs Regulation No. 110 of 2016 has provided BPD (Village Consultative Agency) with the aim of making BPD as a supervisory function on the implementation and performance of village government, including BUMDes performance. But still, BUMDes are followed by problems that must be overcome both from the operational and managerial sides. The amount ofBUMDes in Indonesia are increasing every year but not accompanied by the significance of increasing the Realization of Village Original Income (PADes). This study uses quantitative research that aims to test the influence of Internal Control and Supervisory Competence on fraud prevention in the management of BUMDes. The data collection method in this study is a survey method with questionnaire instruments which are then analyzed using statistical tests. From the result of this study, internal control and competence of BPD has a positive and significant effect on fraud prevention with a determinant coefficient of 68.9%. While the remaining 31.1% are explained by other factors outside this research model.

Keywords: BUMDes, Internal Control, Human Resources, Competency, Fraud

INTRODUCTION

Village-Owned Enterprises (BUMDes) are village businesses formed and established by the village government. The village government and the community become the main capital owners while the operational implementation is carried out by the manager of the business unit. The establishment of BUMDes is passed by village regulations, so the manager must refer to the mutually agreed rules and the principles of BUMDes governance. The main purpose of establishing BUMDes is an effort to strengthen the village economy through meeting the needs and optimizing the potential of the village. The increasing

economy of this village can be characterized by the ability of the village to finance its village and can also be characterized by an increase in the village's original revenue (PADes).

fact, often the establishment of BUMDes seems only a formality to answer the mandatory from the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration about the establishment of BUMDes. BUMDes were established without any preparation, planning, and orientation is still limited to administrative completeness (Misbah, 2019; Senjani, 2019; Aaron 2021). Research in Cokrokembang Village also found that BUMDes' income was only through government funds which were passed down annually. In addition to having problems with funding sources, BUMDes also have problems in managing human resources because there are still many BUMDes administrators who also serve as administrators of other organizations so they cannot focus on BUMDes activities (Rahmadanik, 2018). This is also supported by data on the development of BUMDes in Indonesia which increases every year but is not accompanied by the significance of increasing the Realization of Village Original Income (PADes) shown in Figure 1 and Figure 2.
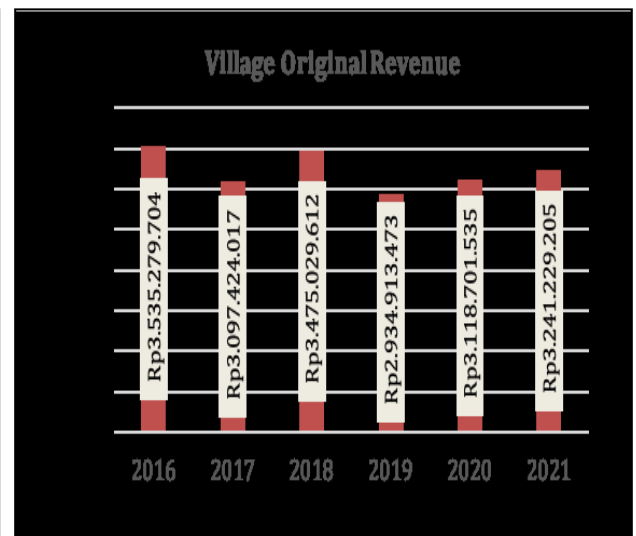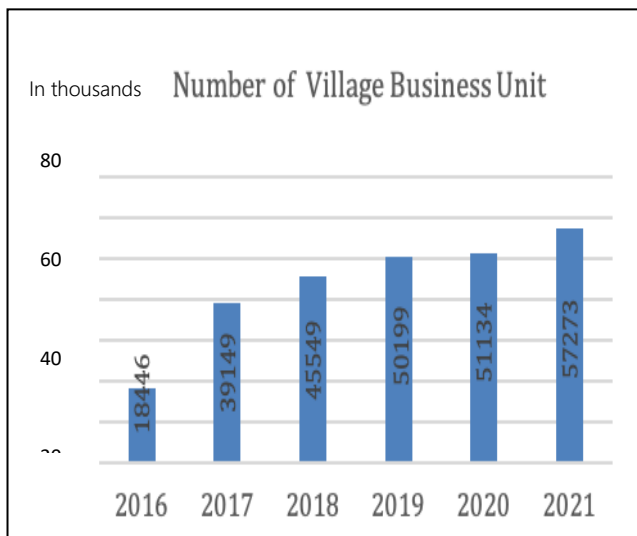

Figure 1. Indonesia Number of Village Business Unit Figure 2. Village Original Revenue
Sources:www.kemendesa.go.idSources:www.bps.go.id

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Figure 2. Village Original Revenue
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The preceding description and data reveal that the establishment of BUMDes is still beset by issues that must be resolved on both an operational and administrative level. As a result, BUMDes is currently inefficient and has failed to contribute as expected to the village community (Amin & Astuti, 2021). According to research conducted at BUMDes Gampong Gunung Kleng, BUMDes have been running, although not to their full potential. BUMDes can already meet the demands of the village community, but they have a smaller impact since they are impeded by a lack of supportive human resources and people who are less enthusiastic about BUMDdes (Handayani et al., 2020). This is also backed by study conducted at BUMDes Harapan Jaya, which is thought to have followed the procedures outlined in the village ministerial rules, but the present human resources do not fully comprehend how technically complex BUMDes implementation is. (Hidayah et al., 2019)

The main problem that is most often encountered is related to organizational arrangements, especially in the management of Human Resources (Christy, 2020). Not a few BUMDes that in the end cannot run properly even though they already have an internal control system but because of incompetent human resources make the system not running and weak supervision(Widyawati et al., 2019). Therefore, the Government through the Minister of Home Affairs Regulation No. 110 of 2016 has provided BPD (Village Consultative Agency) with the aim of making BPD as a supervisory function on the implementation and performance of village government, including BUMDes performance. Supervisory activities are needed to ensure that the organization is carried out under planning and at the same time activities to evaluate and correct if irregularities are found that will interfere with the achievement of organizational goals.

However, a study in Bolangitang showed that the implementation of BPD functions in village government is still weak so BPD is not able to exert an influence on improving the performance of the village government(Masuara, 2014). This is supported by other research in Tegalwangi Village showing that there are 4 factors that cause weak BPD, one of which is the lack of human resource capacity in BPD(Romli & Nurlia, 2017). Thus, the BPD supervision function is considered less effective so that the internal supervision and control system on BUMDes does not run properly(Masuara, 2014).

Meanwhile, internal control has a very important role in the sustainability of banking (Gaol and Sihombing, 2020), Large companies, PT Pelindo I (Syarief, 2018), Government Sector, Cimahi City Local Government (Diana, 2012), Universities, at State Islamic Religious Universities in Indonesia (Rezky, 2021). Because internal control is a process that can provide guarantees to management or managers to be able to produce reliable financial statements, effective and efficient operational implementation, and compliance with applicable laws. By implementing internal controls, managers can ensure that the company's assets are used only for the benefit of the company and not for the benefit of individuals. The company can be protected from acts of misappropriation, theft, and abuse that are not under business interests.

Much previous research uses internal control frameworks developed by COSO. COSO (Committee of Sponsoring Organization of Treadway commission) is a committee that aims to conduct research on fraud in financial reporting and make recommendations related to it for public companies, independent auditors, the SEC, and educational institutions. BUMDes as a business entity whose purpose of the activity is to obtain profits should compile and implement an Internal Control system for its business activities. BUMDes must always evolve and be willing to move with the times, especially in their operational and managerial systems. This is so that BUMDes's main goal to improve the economy and welfare of the village can be achieved properly and truly develop into an independent business entity in its funding. Bpd with its legislative function as a supervisor

must be able to carry out its role to prevent fraud in the implementation of BUMDes. And in this case, competencies are needed in each supervisory apparatus. Based on the description above, the researcher intends to find out how the effect of the implementation of internal control and BPD competence as a supervisor in efforts to prevent fraud in the financial management of BUMDes.

LITERATURE REVIEW
Fraud theory

Fraud is an illegal act that is done intentionally and hidden, to obtain personal or other benefits, where the act causes harm to the other party (Sarpta, 2018). When in an organization does not have a precaution against fraud, then this fraud problem will occur continuously. Therefore, fraud theory is always evolving to find the causes of fraud, including the fraud triangle and fraud diamond. Cressey (1953) puts forward a fraud triangle theory that explains three factors supporting perpetrators to commit fraud, namely opportunity (opportunity), pressure (push), and rationalization (rationalization). Then Wolfe and Hermanson (2004) perfected it by including one qualitative element that is believed to have a significant influence on fraud, namely capability. The four driving factors for fraud are as follows:

a. Pressure
   Pressure can be defined as the motive of a person's behavior to commit abuse because it is triggered by the presence of a perceived impulse(Arles, 2014). Pressure on this is interpreted as motivation that leads the perpetrator to engage in unethical behavior. Cheating eventually occurs because the perpetrator has to face some kind of pressure or push.
b. Opportunity
   An opportunity element in relation to fraud is defined as a state that allows a person to be able to commit unjustified actions such as acts of abuse(Arles, 2014). Opportunities can occur because they are affected by weak internal control, poorly controlled supervision, or because of strategic positions. By utilizing a certain condition or position, one can freely manage the interests of many people.
c. Rationalization
   Rationalization allows fraudsters to view their illegal actions as acceptable. Reasons such as being tempted to commit fraud because they feel that their co-workers also do the same thing and do not accept sanctions for fraud can be a justification for the abuse that occurred(Zulaikha & Hadiprajitno, 2016).
d. Capability
   Capacity or capability is defined as a person's ability or advantage in utilizing the circumstances surrounding it, where this ability is more directed at the situation to trick the internal control system to legalize things that are prohibited in an organization(Arles, 2014).

Human resources in internal control

Internal control comes as a useful system to minimize opportunities, rationality, encouragement, and capabilities that can support fraud or fraud. The greater the internal

control, the easier it will be to detect asset misappropriation because the internal control system has a positive and significant influence on the detection and prevention of fraud(Putra & Purnamasari, 2021). Management is required to build and implement internal control in the entire set of organizational systems and information systems to ensure that organizational activities run as planned. Effective internal control in an organization will assure management in achieving organizational goals(Murtin, 2015)The elements of good internal control are the organizational structure to maintain authorization, procedures, and tools to protect the company's assets, the accuracy of accounting data, policies that encourage the efficiency of the company as well as competent executors of tasks(Mulyadi, 2008).

The composition of this control will determine how many systems and procedures provide management with sufficient certainty that a business unit will achieve its goals and objectives. Internal control as a system and procedure requires an executor to support the realization of fraud prevention. The internal control implementing officers within BUMDes is under the supervisory function, in this case, the Village Consultative Agency (BPD). It is this institution that carries out the supervisory function professionally and competently. BPD consists of representatives of the villagers based on regional representation and is democratically established (Law No. 6 of 2014 concerning Village Article (1). BPD has a strategic function in determining village policies, including BUMDes, as well as supervision of the running of village government.

Fraud can be done by every layer, whether in the management, employees, or even high-ranking officials of an organization. That is why the possibility of fraud in the organization is considered high(Putri, 2017). In this case, the competence of BPD as a supervisor is very reliable for the realization of the internal control system in BUMDes. Factors that affect the detection of fraud are the supervisors' competence.(Indrayani et al., 2019). Competence is the ability to carry out or perform a job or task based on skills and knowledge and supported by the work attitude demanded by the job(Wibowo, 2007). The indicators of Work Competence, namely:

1. Knowledge is any valuable information possessed by an employee to carry out tasks and responsibilities in accordance with the field or division he is working on.
2. Skills are the abilities that must be possessed by every employee to carry out the duties and responsibilities given by the company to maximum achievement.
3. Attitude is a pattern of employee behavior in carrying out duties and responsibilities in accordance with company regulations.

RESEARCH METHOD
Research Design
This study uses quantitative research that aims to test the influence of Internal Control and Supervisory Competence on fraud prevention in the management of BUMDes. Dependent Variables in this study are Fraud Prevention in the management of BUMDes and Independent Variables in this study are Internal Control and Supervisory Competence. The data collection method in this study is a survey method with questionnaire instruments which are then analyzed using statistical tests. Quantitative research is a research process that uses data in the form of numbers as a tool to analyze information about what we want to know(Djollong, 2014). This type of research data uses qualitative data measured by appropriate indicators. Data sources in the form of primary data are obtained through respondents' answers directly.

The population of this research is all village's headman located in Bojonegoro. The selection of this city is based on consideration of the efficiency of research time so that researchers choose affordable areas. The number of villages in Bojonegoro is 419 villages spread across 28 sub-districts. Researchers distributed questionnaires through the sub-district coordinator but only questionnaires returned with full filling were further processed. The number of response that can be processed are 191 datas from 209 datas.

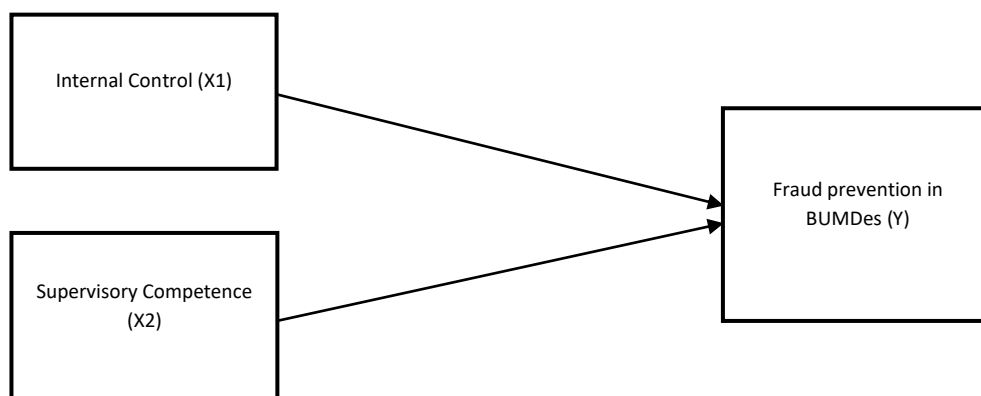The frame of thinking in this study is as follows:

Figure 3. Research Model

Operational Definition and Measurement Indicators

Variable	Operational Definitions	Measurement Indicators	Reference
Internal Control	Internal Control (X1) is a process and system developed by the board of directors and managers designed to provide adequate assurance about achieving an organization's objectives.	The organizational structure to maintain authorization, procedures, and tools to protect the company's assets, the accuracy of accounting data, and policies that encourage the efficiency of the company as well as competent executors	Mulyadi (2008)
Competence of BPD	Supervisory Competence (X2) is the knowledge, skills, and capabilities possessed by a supervisor in carrying out his duties.	Knowledge, Abilities, Attitude.	Wibowo (2007)
Fraud Prevention	Fraud Prevention (Y1) is all efforts to counteract potential behavior, reduce opportunities, and identify activities that are at high risk of fraud.	Diamond fraud : opportunity, pressure, rationalization, and capability.	Wolfe and Hermanson (2004)

Table 1. Operational Definition and Measurement Indicators

RESULTS AND DISCUSSION
Data Quality Analysis
Validity Test

Validity test is a test used to determine the validity of a questionnaire. A questionnaire will be said to be valid if the questions on the questionnaire are able to reveal something to be measured. The minimum requirement to be considered valid is the r count < r table which has a positive value. The author conducted a Validity Test using IBM SPSS data processing software, with Pearson's Bivariate testing technique. Then the results of the Validity Test are obtained as follows:

Internal Control (X1)

Internal Control (X1)	R-Count	R-Table	Information
X1.1	0.591	0.1413	Valid
X1.2	0.595	0.1413	Valid
X1.3	0.595	0.1413	Valid
X1.4	0.707	0.1413	Valid
X1.5	0.764	0.1413	Valid
X1.6	0.792	0.1413	Valid
X1.7	0.735	0.1413	Valid
X1.8	0.765	0.1413	Valid
X1.9	0.704	0.1413	Valid
X1.10	0.759	0.1413	Valid
X1.11	0.805	0.1413	Valid
X1.12	0.793	0.1413	Valid
X1.13	0.737	0.1413	Valid
X1.14	0.761	0.1413	Valid
X1.15	0.743	0.1413	Valid
X1.16	0.770	0.1413	Valid
X1.17	0.410	0.1413	Valid
X1.18	0.741	0.1413	Valid
X1.19	0.769	0.1413	Valid
X1.20	0.815	0.1413	Valid
X1.21	0.793	0.1413	Valid
X1.22	0.762	0.1413	Valid
X1.23	0.478	0.1413	Valid
X1.24	0.767	0.1413	Valid
X1.25	0.596	0.1413	Valid
X1.26	0.775	0.1413	Valid
X1.27	0.788	0.1413	Valid

Table 2.Internal Control (X1)

It is known that the R-Table at a significance of 0.05 with N = 191 is obtained at 0.1413 where N indicates the number of respondents in this study. From the table above, it can be seen that R-Calculate > R-Table which shows that the Bivariate Pearson correlation value of the Internal Control variable (X1) is greater than the R-Table, so it can be concluded that all questions on the Internal Control questionnaire (X1) declared Valid and passed the Validity Test.

BPD Competence (X2)

Competence (X2)	R-Count	R-Table	Information
X2.1	0.723	0.1413	Valid
X2.2	0.797	0.1413	Valid
X2.3	0.808	0.1413	Valid
X2.4	0.836	0.1413	Valid
X2.5	0.796	0.1413	Valid
X2.6	0.802	0.1413	Valid
X2.7	0.838	0.1413	Valid
X2.8	0.888	0.1413	Valid
X2.9	0.813	0.1413	Valid
X2.10	0.814	0.1413	Valid
X2.11	0.728	0.1413	Valid
X2.12	0.875	0.1413	Valid
X2.13	0.584	0.1413	Valid
X2.14	0.770	0.1413	Valid
X2.15	0.746	0.1413	Valid

Table 3. BPD Competence (X2)

It is known that the R-Table at a significance of 0.05 with N = 191 is obtained at 0.1413 where N indicates the number of respondents in this study. From the table above, it can be seen that R-Calculate > R-Table which shows that the Bivariate Pearson correlation value of the Competency variable (X2) is greater than the R-Table, so it can be concluded that all questions on the Internal Control questionnaire (X1) are stated Valid and pass the Validity Test.

Fraud Prevention (Y1)

Fraud Prevention (X1)	R-Count	R-Table	Information
Y1.1	0.668	0.1413	Valid
Y1.2	0.649	0.1413	Valid
Y1.3	0.630	0.1413	Valid
Y1.4	0.333	0.1413	Valid
Y1.5	0.739	0.1413	Valid
Y1.6	0.675	0.1413	Valid
Y1.7	0.701	0.1413	Valid
Y1.8	0.715	0.1413	Valid
Y1.9	0.609	0.1413	Valid
Y1.10	0.732	0.1413	Valid
Y1.11	0.741	0.1413	Valid
Y1.12	0.561	0.1413	Valid
Y1.13	0.777	0.1413	Valid
Y1.14	0.264	0.1413	Valid
Y1.15	0.591	0.1413	Valid
Y1.16	0.639	0.1413	Valid
Y1.17	0.731	0.1413	Valid
Y1.18	0.815	0.1413	Valid
Y1.19	0.614	0.1413	Valid
Y1.20	0.656	0.1413	Valid
Y1.21	0.508	0.1413	Valid

Table 4. Fraud Prevention (Y1)

It is known that the R-Table at a significance of 0.05 with N = 191 is obtained at 0.1413 where N indicates the number of respondents in this study. As can be seen from the table above, R-Count > R-Table indicates that the Bivariate Pearson correlation value of the Fraud Prevention variable (Y1) is more than the R-Table, implying that all questions on the Internal Control questionnaire (X1) were certified valid and passed the Validity Test.

Reliability Test

Reliability test is a test used to measure the reliability of a questionnaire to be used. If the answers to the questionnaire are consistent over time, the questionnaire is said to be reliable.(Ghozali, 2016) The author conducted a reliability test using IBM SPSS data processing software, with the Cronbach Alpha testing technique. Then the results of the reliability test are obtained as follows:

Reliability Test

Variable	Cronbach Alpha	Information
Internal Control (X1)	0.958	Reliable
Competence (X2)	0.950	Reliable
Fraud Prevention (Y1)	0.918	Reliable

Table 5. Reliability Test

According to Imam Ghozali, an instrument is said to be reliable if the Cronbach Alpha value is greater than 0.7. Where in the table above, it is found that the Cronbach Alpha on

the X1 variable = 0.958, the X2 variable = 0.950, and the Y1 variable = 0.918 where the overall Cronbach Alpha value is > 0.7. So that the Internal Control Variables (X1), Competence (X2), and Fraud Prevention (Y1) are declared reliable.

Classical Assumption Test
Normality Test
The Kolmogorov Smirnov Normality Test is part of the Classical Assumption Test which is a statistical requirement that must be met in regression analysis. A normality test is a test conducted to determine whether the data obtained in a study is normally distributed or not. A normality test is needed to determine the next test stage whether to use Parametric Test or Nonparametric Test. If the data is normally distributed, then after that it can be continued with Parametric Test. And vice versa, if it is not normally distributed, then the research must be continued with Nonparametric Test. This test uses the Kolmogorov-Smirnov technique with a significant number of 0.05.

<div align="center">Normality test</div>

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		191
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	5.21890591
Most Extreme Differences	Absolute	.085
	Positive	.075
	Negative	-.085
Kolmogorov-Smirnov Z		1.176
Asymp. Sig. (2-tailed)		.126

a. Test distribution is Normal.

Table 6. Normality Test

If the significance value is > 0.05, then the data in the residual study can be said to be normal. Based on the table above, it is found that the significance value (Asymp. Sig. 2-tailed) is 0.126. So it can be said that the size of the data in this study is normal.

Multicollinearity
Multicollinearity test is a test that aims to test and determine the existence of a high or perfect correlation between independent variables in a regression model. Tolerance value and Variance Inflation Factor (VIF) value are used to determine the presence or absence of multicollinearity in the regression model. An independent variable is said to be free from multicollinearity if the value of Tolerance is 0.01 and 1, and the value of VIF is 1 and 10.

Multicollinearity Classical Assumption Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.015	3.645		1.924	.056		
	Pengendalian_Internal	.378	.050	.477	7.615	.000	.417	2.398
	Kompetensi_Pengawas	.538	.082	.409	6.532	.000	.417	2.398

a. Dependent Variable: Pencegahan_Kecurangan

Table 7. Multicollinearity Classical Assumption Test

In the table above, it is known that the Tolerance value of the Internal Control variable (X1) = 0.417 and the Competence variable (X2) = 0.417. It is also known that the VIF value in the Internal Control variable (X1) = 0.417 and the Competence variable (X2) = 0.417. So it was found that all independent variables in this study were said to be free from multicollinearity

Heteroscedasticity

The Heteroscedasticity test is carried out on the regression model to test whether there is an inequality of variance from the residuals from one observation to another.(Juliandi A & S, 2014). The regression model is said to be good if it is homoscedastic or does not occur heteroscedasticity. If the residual variation from one observation to another is constant, then it is called homoscedasticity. Meanwhile, if the residual variation is different, it is called heteroscedasticity.

Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.996	2.520		.792	.429		
	Pengendalian_Internal	-.026	.034	-.084	-.746	.456	.417	2.398
	Kompetensi_Pengawas	.074	.057	.146	1.301	.195	.417	2.398

a. Dependent Variable: ABS_RESIDUAL

Table 8. Heteroscedasticity Test

The regression model is said to be not heteroscedastic if the significance value is > 0.05. In the table above, it is known that the significance value of Internal Control (X1) = 0.456 and the Competence variable (X2) = 0.195. So it was found that the regression model in this study could not be said to be heteroscedasticity.

Multiple Linear Regression Test

Multiple linear regression is a regression model that involves more than one independent variable. Multiple linear regression analysis was carried out to determine the direction and how much influence the independent variable had on the dependent variable(Ghozali, 2016). This test was conducted to determine the effect of Internal Control (X1) and Competence (X2) on Fraud Prevention (Y1).

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Coefficient of Determination Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.832ᵃ	.693	.689	5.24659

a. Predictors: (Constant), Kompetensi_Pengawas, Pengendalian_Internal

Table 9. Coefficient of Determination Test

Multiple Linear Regression Test

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.015	3.645		1.924	.056
	Pengendalian_Internal	.378	.050	.477	7.615	.000
	Kompetensi_Pengawas	.538	.082	.409	6.532	.000

a. Dependent Variable: Pencegahan_Kecurangan

Table 10. Multiple Linear Regression Test

Effect of Internal Control on Fraud Prevention

Based on the t-test in the table above, it can be seen that the value of t count > t table is $7.615 > 1.9724$ with a lower significance level of $0.00 < 0.05$. Based on this test, it can be said that the Internal Control variable (X1) has a significant influence on fraud prevention. So it can be concluded that the first hypothesis is accepted. So the Internal Control that runs on BUMDes has been running effectively and has a positive and significant impact on fraud prevention efforts within the organization.

BUMDes implements internal control components so that they have an influence in preventing fraud. The monitoring process on internal control has been implemented as there are clear and written rules and procedures regarding the accounting recording process. Access to information and communication is also limited according to their respective powers to prevent fraud. The BUMDes leadership also implements unannounced checks on accounting records and routinely carries out internal joint evaluations with managers. If weaknesses are found in the accounting recording system and procedures, managerial roles in carrying out follow-up and corrections are found.

Research in North Halmahera Regency and Buleleng Regency also states that internal control must be implemented as effectively as possible within an organization to prevent and avoid errors and fraud. Where the internal control system has a direct influence on Good Governance so it has implications for fraud prevention. A good internal control system is the single most effective tool in preventing and detecting fraud. So that an organization with a good internal control system can reduce the occurrence of fraud(Njonjie et al., 2019; Widyawati et al., 2019)

Fraud can occur due to several factors, so it is necessary to implement consistent and effective internal control so that it can have an impact on fraud prevention efforts. Every BUMDes apparatus has the opportunity, capability, pressure, and rationality that allows them to commit fraud. Therefore, a good internal control system is needed such as the right organizational structure and the appropriate division of tasks and authorities in the BUMDes internal to inhibit and prevent fraud that may occur.

Effect of BPD Competence on Fraud Prevention

Based on the t-test in the table above, it can be seen that the value of t count > t table is 6.532 > 1.9724 with a lower significance level of 0.00 < 0.05. Based on the test, it can be said that the BPD Competency variable (X2) has a significant effect on fraud prevention. So it can be concluded that the first hypothesis is accepted. So the competence of the BPD as a supervisor has given a positive and significant impact on fraud prevention efforts within the organization.

A study in Buleleng also stated that the competence of supervisors at BUMDes helps in detecting fraud(Indrayani et al., 2019). Competence is important because, with the competence possessed, the supervisor will have sufficient knowledge and ability to read and find potential fraud that may occur.

To assist the village government in managing village funds, the role of the BPD is needed, the main facilitators of assistant staff in the management of village funds and the information system must be involved so that they are able to play a role in the management of village funds. By looking at the importance of developing HR capabilities/competencies within the organization, it is necessary to have programs developed by organizations in improving HR competencies (Saputra et al., 2019).

Social responsibility and public desire in promoting transparency in reporting financial situations to village communities illustrate the significance of BPD monitoring in preventing fraud. In this case, the BPD as the external supervisor must be avoided from the intervention of the BUMDes apparatus. Because of the implementation of internal control in BUMDes there is still the potential for intervention and pressure by colleagues or officials within BUMDes. So that the BPD's role as an external party is needed to carry out an independent supervisory function. The BPD is also tasked with inviting and increasing community participation in efforts to prevent village fund fraud. BPD also has another monitoring role in the implementation of policies and procedures in BUMDes. The BPD is responsible for overseeing the policies that will be established and ensuring that they are implemented by the BUMDes apparatus. If weaknesses are found in the applicable policies, the BPD plays a role in taking corrective actions.

BUMDes will be more competent of attaining economic and social goals for the community if village financial management is backed by member professionalism and good supervision competencies. Every BUMDes apparatus has the opportunity, capability, pressure, and rationality that allows them to commit fraud. Therefore, the competence of the BPD as an independent supervisor is needed in order to inhibit and prevent fraud that can occur.

CONCLUSION

Based on the results of the study, the following conclusions can be drawn. First, internal control has a positive and substantial impact on fraud prevention in village-owned enterprises (BUMDes) in the Bojonegoro regency, as evidenced by a positive regression coefficient of 0.378 and a t-test significance value of 0.000 less than = 0.05. Second, supervisory competence has a positive and significant effect on fraud prevention in buleleng regency's village-owned companies (BUMDes), as evidenced by a positive regression coefficient of 0.538 and a t-test significance value of 0.000 less than = 0.05. This implies that the lower the effectiveness of internal control and the supervisory role's competence, the greater the risk of fraud in BUMDes.

Based on the results of this study, the suggestions that I can give are as follows. First, it is recommended for BUMDes to pay attention to control activities in their

implementation. BUMDes management is expected to be able to carry out independent supervision and be free from pressure. To achieve this, mutual awareness and regular evaluation are needed as well as making a clear organizational structure that is in accordance with the background, experience, and capabilities of each apparatus. Second, to improve the competence of officers and supervisors, especially BPD, BUMDes and village officials, they should routinely carry out training and competency development in order to increase their ability to identify and resolve problems that may arise.

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