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INTERNAL CONTROL, ORGANIZATIONAL CULTURE, AND FRAUD PREVENTION IN FINANCIAL MANAGEMENT AT THE KIBIN COMMUNITY HEALTH CENTER UPT

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Abstract

Fraud prevention is an essential element in establishing accountable and transparent public financial governance. This study examined the relationship between internal control and organizational culture and fraud prevention in financial management at UPT Puskesmas Kibin, Serang Regency. A quantitative approach with an associative design was employed. The study involved all 40 employees responsible for financial management using a saturated sampling technique. Data were collected through a Likert-scale questionnaire and analyzed using validity and reliability tests, classical assumption tests, multiple linear regression, partial and simultaneous hypothesis testing, and the coefficient of determination. The findings indicate that organizational culture has a positive and significant relationship with fraud prevention, whereas internal control does not demonstrate a significant partial relationship. Simultaneously, both variables explain 39.6% of the variation in fraud prevention. These findings emphasize the importance of strengthening organizational culture to improve integrity in public financial management.

Keywords: organizational culture, internal control, fraud prevention, financial management.

INTRODUCTION

For the purpose of achieving accountable and transparent financial governance, the prevention of fraud is an essential component, particularly in organizations that are part of the public sector. Not only does the sufficiency of financial resources play a role in determining good financial management, but the efficiency of the control system and the organizational culture that is put into place should also be taken into consideration. When it comes to maintaining the continuity of public services, financial management is an extremely important factor in the health sector. As first-level health care facilities, community health centers (Puskesmas) are responsible for acquiring and managing a variety of funding sources. These funding sources include the Health Operational Assistance Fund (BOK), the capitation fund for National Health Insurance (JKN), and other funding sources. Due to the substantial amount of funds managed, each Puskesmas must have an adequate internal control system and an organizational culture that empowers all employees to maintain their integrity and comply with regulations.

Fraud cases in the public sector remain a concern for various parties because they can reduce the effectiveness of budget use and undermine public trust in government agencies. According to Occupational Fraud 2024: A Report to the Nations published by the Association of Certified Fraud Examiners (ACFE), 1,921 cases of occupational fraud originating from 138 countries resulted in losses of more than USD 3.1 billion. The ACFE also estimates that

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organizations lose approximately five percent of their revenue annually due to fraud. These findings indicate that fraud remains a serious threat to organizations, including healthcare institutions that manage significant amounts of public funds. Therefore, the implementation of strong internal controls and organizational culture is a crucial instrument in supporting fraud prevention efforts.

Internal control and organizational culture have been used as influencing variables in several studies conducted on the prevention of fraud. According to the findings of Anlilua and Rusmita (2023:45), the implementation of internal controls has a positive and significant impact on the prevention of fraud. Internal control and organizational culture have been shown to have a positive impact on the prevention of fraud, according to research conducted by Trysa Yulvarizal, Yuneita Anisma, and Mudrika Alamsyah Hasan (2025:361-363). Based on these findings, it can be deduced that the level of fraud prevention efforts within an organization is directly proportional to the degree to which the organization's culture and internal control are effectively implemented.

However, previous research still shows discrepancies. Some studies indicate that internal control has a significant impact on fraud prevention. In contrast, others find that internal control has not had a significant impact because its effectiveness is influenced by management commitment, employee compliance, and the organizational culture that develops within the organization. These differences in research findings indicate a research gap, so further research is needed in healthcare organizations, particularly community health centers (Puskesmas), which have different financial management characteristics than other business organizations and government agencies.

Kibin Community Health Center (UPT Puskesmas Kibin) was chosen as the research object because it is a government health care facility that manages operational funds from various sources with high accountability demands. Research on fraud prevention in financial management at Kibin Community Health Center (UPT Puskesmas Kibin) is still relatively limited, so this study is expected to provide empirical evidence regarding the role of internal control and organizational culture in supporting fraud prevention. The results of the study are expected to contribute to the development of public sector financial management science, particularly related to financial governance in health care facilities, as well as provide input for Puskesmas management in strengthening internal control systems and organizational culture as an effort to improve the integrity of financial management.

The formulation of the research problem is as follows: does the presence of internal control have an impact on the prevention of fraud in financial management at the Kibin Community Health Center (UPT), does the presence of organisational culture have an impact on the prevention of fraud in financial management at the Kibin Community Health Center (UPT), and does the presence of both internal control and organisational culture simultaneously have an impact on the prevention of fraud in financial management at the Kibin Community Health Center (UPT)? Through a combination of partial and simultaneous analysis, the purpose of this study is to investigate the impact that internal control and organizational culture have on the prevention of fraud. In addition to contributing to the advancement of management and accounting science in the public sector, the findings of this study are expected to be considered by the Community Health Center to strengthen financial governance that is accountable, transparent, and based on integrity.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

The Influence of Internal Control on Fraud Prevention

Internal control is a process that is designed and implemented by management and all personnel within an organization to provide reasonable assurance that the organization's goals are achieved. These goals include the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with applicable regulations. Internal control is comprised of five primary components, as stated by the Committee of Sponsoring Organizations of the Treadway Commission (2013:3–5). These components are the control environment, risk assessment, control activities, information and communication, and monitoring activities. These five components support the efficiency of the organization's control system; they are not only interrelated but also interdependent.

The implementation of effective internal controls can reduce the potential for fraud through segregation of duties, transaction authorization, adequate documentation, and continuous oversight. The better the internal control system is implemented, the lower the chance of fraud because every organizational activity is subject to adequate oversight mechanisms. Research by Anlilua and Rusmita (2023:45–57) shows that internal controls have a positive and significant effect on fraud prevention. These results are supported by Trysa Yulvarizal, Anisma, and Hasan (2025:361–363), who stated that effective internal controls can improve fraud prevention efforts in healthcare organizations.

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Based on the theoretical basis and results of previous research, the following hypothesis is formulated.

H_1: Internal control has a positive and significant effect on fraud prevention in financial management at the Kibin Community Health Center UPT.

The Influence of Organizational Culture on Fraud Prevention

Organizational culture is a system of values, beliefs, norms, and assumptions shared by members of an organization and serves as a guide for thinking and acting. According to Robbins and Judge (2017:355), organizational culture is a system of shared meanings held by members of an organization that distinguishes one organization from another. Meanwhile, Schein (2010:18) explains that organizational culture is a pattern of basic assumptions developed by a group to solve problems of external adaptation and internal integration, which are then taught to new members as the correct way to think and act.

An organizational culture that instills the values of integrity, honesty, responsibility, and compliance with regulations will shape employee behavior to avoid actions that are detrimental to the organization. Conversely, a weak organizational culture can increase the likelihood of fraud. Research by Trysa Yulvarizal, Anisma, and Hasan (2025:362–363) shows that organizational culture has a positive and significant effect on fraud prevention. These results indicate that organizations with a work culture oriented towards ethics and integrity tend to be able to minimize the occurrence of fraudulent acts.

Based on this description, the second hypothesis is formulated as follows.

H_2: Organizational culture has a positive and significant influence on fraud prevention in financial management at the Kibin Community Health Center UPT.

The Influence of Internal Control and Organizational Culture on Fraud Prevention

Internal control and organizational culture are two complementary factors in supporting fraud prevention. Internal control functions as a formal mechanism through policies, procedures, and monitoring systems, while organizational culture shapes individual behavior and awareness to act in accordance with organizational values. The combination of the two strengthens the organization's control system, thereby minimizing the potential for fraud.

Research by Trysa Yulvarizal, Anisma, and Hasan (2025:363) shows that internal control and organizational culture simultaneously have a significant influence on fraud prevention. These findings indicate that effective internal control supported by a strong organizational culture can increase an organization's success in preventing fraud.

Based on the theoretical basis and results of previous research, the following hypothesis is formulated.

H_3: Internal control and organizational culture simultaneously have a positive and significant effect on fraud prevention in financial management at the Kibin Community Health Center UPT.

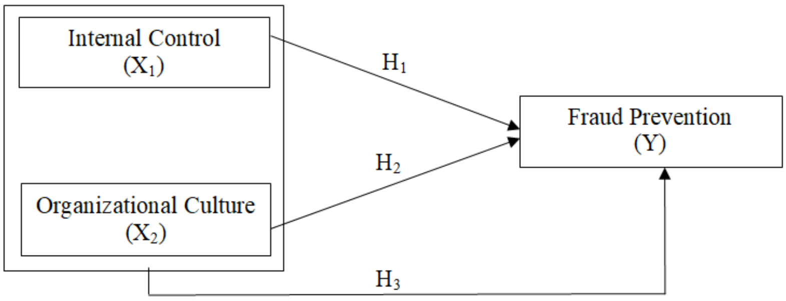

Figure 1 Conceptual Framework

METHOD

To investigate the impact of internal control and organizational culture on fraud prevention in financial management at the Kibin Community Health Center (UPT Puskesmas Kibin), located in Serang Regency, this study employs a quantitative methodology and an associative research design. Because the purpose of the study is to investigate the relationship between variables using numerical data obtained from questionnaires distributed to respondents, the quantitative approach was selected as the method of investigation. All forty employees of the Kibin Community Health Center UPT who were involved in financial management were included in this study's population. Due to the relatively small size of the population, the research project utilized a saturated sampling method, also known as a census, to ensure that every single member of the population participated in the research.

Data analysis was conducted using IBM SPSS Statistics version 27 through descriptive statistical analysis, instrument quality testing including validity and reliability tests, and classical assumption tests consisting of normality, multicollinearity, and heteroscedasticity tests. Multiple linear regression analysis was then performed to examine the relationship between variables. Hypothesis testing was conducted using the t-test to determine partial effects, the F-test to determine simultaneous effects, and the coefficient of determination (R^2) to determine the ability of independent variables to explain variations in fraud prevention.

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RESULTS AND DISCUSSION

Descriptive Statistical Test

Tabel 1. Descriptive Statistical Test

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean	Std. Deviation	Variance
X1	40	19.00	31.00	50.00	1618.00	40.4500	5.24258	27.485
X2	40	16.00	34.00	50.00	1554.00	38.8500	3.46817	12.028
Y	40	17.00	33.00	50.00	1712.00	42.8000	4.54719	20.677
Valid N (listwise)	40							

Based on the results of descriptive statistical analysis, this study used 40 respondents. The internal control variable (X_1) has an average value (mean) of 40.45 with a standard deviation of 5.24, indicating that respondents' perceptions of the implementation of internal control are in the good category with a relatively low level of variation in answers. The organizational culture variable (X_2) has an average value of 38.85 and a standard deviation of 3.47, indicating that the organizational culture at the Kibin Community Health Center UPT is considered quite good and has a relatively homogeneous data distribution. Meanwhile, the fraud prevention variable (Y) obtained an average value of 42.80 with a standard deviation of 4.55, indicating that fraud prevention efforts have been implemented well by respondents.

Multiple Linear Regression Analysis Test

Tabel 2. Multiple Linear Regression Analysis Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	12.118	6.539		1.853	.072		
	X1	.237	.148	.273	1.605	.117	.563	1.776
	X2	.543	.223	.414	2.432	.020	.563	1.776

a. Dependent Variable: Y

Based on the results of the multiple linear regression analysis in Table 2, the following regression equation was obtained:

$$Y = 12{,}118 + 0{,}237X_1 + 0{,}543X_2$$

The equation shows a constant value of 12.118, indicating that if the internal control and organizational culture variables are held constant, the fraud prevention value is 12.118. The internal control regression coefficient of 0.237 indicates a positive relationship to fraud prevention. Meanwhile, the organizational culture regression coefficient of 0.543 indicates that organizational culture has a positive relationship to fraud prevention. Thus, improvements in internal control and organizational culture tend to be followed by increased fraud prevention, although the significance of each variable needs to be proven through partial tests.

t-test (Partial)

Tabel 3. t-test (Partial)

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	12.118	6.539		1.853	.072
	X1	.237	.148	.273	1.605	.117
	X2	.543	.223	.414	2.432	.020

a. Dependent Variable: Y

Based on the partial test results in Table 2, the internal control variable obtained a t-value of 1.605 with a significance value of 0.117. The significance value is greater than 0.05, so H_1 is rejected. Thus, internal control does not have a significant effect on fraud prevention in financial management at the Kibin Community Health Center UPT.

F Test (Simultaneous)

Tabel 4. F Test (Simultaneous)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	319.179	2	159.590	12.119	<,001[b]
	Residual	487.221	37	13.168		
	Total	806.400	39			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Based on the simultaneous test results in Table 3, the calculated F value was 12.119 with a significance value <0.001. This significance value is smaller than 0.05, so H_3 is accepted. These results indicate that internal control and organizational culture simultaneously have a significant effect on fraud prevention in financial management at the Kibin Community Health Center UPT. Thus, the regression model used in this study is

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declared appropriate to explain the relationship between the independent variables and the dependent variable.

Coefficient of Determination (R2)

Tabel 4. Coefficient of Determination (R2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.629[a]	.396	.363	3.62879

a. Predictors: (Constant), X2, X1

Based on the analysis results in Table 4, the R Square value obtained was 0.396 or 39.6 percent. These results indicate that the internal control and organizational culture variables together can explain 39.6 percent of the variation in fraud prevention. Meanwhile, 60.4 percent is influenced by other variables outside the research model that were not analyzed in this study. The Adjusted R Square value of 0.363 indicates that after adjusting for the number of independent variables and the number of samples, the model's ability to explain the variation in fraud prevention is 36.3 percent.

Discussion

The Influence of Internal Control on Fraud Prevention

Based on the partial test results, the regression coefficient value was 0.237, the t-value was 1.605, and the significance level was 0.117 (>0.05). These results indicate that internal control does not have a significant effect on fraud prevention; thus, the first hypothesis (H_1) is rejected.

The results of this study are inconsistent with those of Anlilua and Rusmita (2023), who stated that internal control has a positive and significant impact on fraud prevention. This discrepancy in the results suggests that the implementation of internal control may not provide optimal results if it is not implemented consistently and supported by effective oversight. Therefore, the success of fraud prevention depends not only on the internal control system but also on the quality of its implementation and the compliance of all employees with applicable procedures.

The Influence of Organizational Culture on Fraud Prevention

Based on the partial test results, the regression coefficient value was 0.543, the t-value was 2.432, and the significance level was 0.020 (<0.05). These results indicate that organizational culture has a positive and significant effect on fraud prevention; thus, the second hypothesis (H_2) is accepted.

The results of this study align with those of Trysa Yulvarizal, Yuneita Anisma, and Mudrika Alamsyah Hasan (2025), which stated that organizational culture has a positive and significant influence on fraud prevention. These findings indicate that an organizational culture that prioritizes integrity, responsibility, and compliance with regulations can shape employee behavior that supports accountable financial management. Therefore, the better the organizational culture implemented, the greater the effectiveness of fraud prevention efforts.

The Influence of Internal Control and Organizational Culture on Fraud Prevention

Based on the results of the simultaneous test, the calculated F value was 12.119 with a significance level of 0.000 (<0.05). These results indicate that internal control and organizational culture simultaneously have a significant effect on fraud prevention; thus, the third hypothesis (H3) is accepted.

The results of this study align with those of Trysa Yulvarizal, Yuneita Anisma, and Mudrika Alamsyah Hasan (2025), which stated that internal control and organizational culture simultaneously have a positive and significant effect on fraud prevention. These results indicate that the implementation of internal control supported by a positive organizational culture can increase the effectiveness of fraud prevention in financial management. Although internal control does not have a significant partial effect, its presence still contributes when implemented in conjunction with organizational culture.

CONCLUSION

Based on the findings, it can be concluded that internal control does not have a significant effect on fraud prevention in financial management at the Kibin Community Health Center (UPT). This indicates that the existence of internal control mechanisms alone is not sufficient to prevent fraudulent practices effectively. In contrast, organizational culture has a positive and significant effect on fraud prevention. A strong organizational culture that emphasizes integrity, compliance, transparency, and accountability can encourage employees to act responsibly and reduce opportunities for fraudulent behavior. Furthermore, internal control and organizational culture simultaneously have a significant effect on fraud prevention.

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The coefficient of determination indicates that both variables explain 39.6% of the variation in fraud prevention, while the remaining 60.4% is influenced by other factors not examined in this study. Therefore, organizations need to strengthen internal control systems while simultaneously developing a positive organizational culture. Integrating effective control mechanisms with ethical values, employee responsibility, transparency, and accountability can create a stronger environment for preventing fraud in financial management. These findings emphasize that fraud prevention requires not only formal procedures but also consistent organizational commitment to ethical behavior and good financial governance.

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