

## **Determinants of accounting fraud with unethical behavior as an intervening variable in OPD Palembang city government**

**Selvita Meilansari<sup>1✉</sup>, Dian Ofasari<sup>2</sup> & Tiara Nurpratiwi<sup>3</sup>**

Politeknik Negeri Sriwijaya, Palembang, Indonesia

Address correspondence: Jl. Srijaya Negara, Bukit Besar, Palembang

email: [selvitameilansari@polsri.ac.id](mailto:selvitameilansari@polsri.ac.id)

### **ABSTRACT**

This study focuses to analyze the effect of internal control, conformity of compensation, information asymmetry and compliance to accounting standards on accounting fraud with unethical behavior as intervening variable in Palembang. This study uses 253 employees of government agencies in Palembang. Primary data is used and processed through structural equation model (SEM) using smartPLS. The result shows that internal control and conformity of compensation have negative and significant effect on unethical behavior, information asymmetry and compliance to accounting standard have positive effect on unethical behavior. However information asymmetry is found to be insignificant. Furthermore, conformity of compensation, information asymmetry and compliance to accounting shows negative and significant effect on accounting fraud meanwhile internal control have positive and insignificant effect. Unethical behavior is found to have positive and significant effect on accounting fraud. The result of sobel test shows that unethical behavior cannot mediate the relationship between internal control, conformity of compensation and compliance to accounting standards on accounting fraud while unethical behavior is also find cannot mediate the effect between information asymmetry on the accounting fraud.

**Keywords:** Asymmetry, Accounting Fraud, Conformity of Compensation, Internal Control, Unethical Behavior

### **1. Introduction**

The government plays an important role in realizing government goals. To achieve this, good behavior and actions are needed from its employees. However, in practice, there are still many cases of fraud that occur in the government environment. Fraud is a deviant act committed intentionally by individuals or groups to obtain personal or group benefits. Accounting fraud generally includes inappropriate actions in financial management, misuse of assets, or illegal actions that violate trust.

According to the [1], fraud is divided into three types based on its actions, namely asset misappropriation, fraudulent financial statements, and corruption. These actions certainly cause great losses to the company or related institutions. Fraud can occur both in the private sector and the public sector such as in government agencies. Cases of fraud are more common in complex organizational structures, complicated bureaucracy, low integrity of the work environment, ineffective control, and high pressure.

Indonesia is one of the countries also affected by corruption scandals, where in 2023 it stagnated from 2022 Indonesia's score was 34 in the Corruption Perception Index (CPI). Indonesia is now ranked 115 out of 180 countries measured. The increase in Indonesia's Corruption Perception Index (CPI) is influenced by increased public accountability and also corruption prevention which is considered quite effective.

The Palembang City Government obtained an unqualified opinion (WDP), which decreased from the previous year when it received an unqualified opinion (WTP). This predicate in 2022 decreased after 12 consecutive years of obtaining WTP opinion. This is based on the results of the examination of the 2022 Financial Statements.

There are a number of issues that need attention, as noted in the Notes to the Financial Statements. The Palembang City Government reported capital expenditure for networks, roads and irrigation, but the audit revealed irregularities and ineffectiveness in the internal control system. These included lack of verification of proposed activities, selection of unqualified suppliers, inadequate work bundling, lack of external supervision from consultants, and shortages of work volume in 211 activity packages [2].

In recent years, Palembang has become one of the cities involved in corruption cases in South Sumatra. Various cases have attracted public attention to the courts. The South Sumatra High Prosecutor's Office named three employees of the Palembang Primary Tax Office as suspects in alleged corruption cases in fulfilling tax obligations in several companies in 2019, 2020 and 2021. After collecting evidence and evidence, the Special Crimes Investigation Team of the South Sumatra Attorney General's Office named the three people as suspects on October 23, 2023. Then the management of the Palembang Indonesian Red Cross (PMI) grant funds for the 2021, 2022 and 2023 budget years is suspected of corruption. The use of these funds is considered not transparent and is suspected to be for the benefit of someone who has the potential to violate the rules and harm state finances.

Based on [3], the Palembang City Inspectorate is directed to become an internal supervisor of the Regional Government with integrity and excellence in supporting the implementation of good governance within the Palembang City Government. The Inspectorate acts as a driving force for OPDs or work units in Palembang City Government in implementing the principles of good governance, with a main focus on accountability, participation, and transparency.

The Palembang City Government is required to strength the internal control system in order to create clean governance and free from KKN practices. Internal control has an important role in organizations, especially in the government sector, in an effort to minimize the risk of fraud. The implementation of this control is regulated in [4]. However, the Palembang City Government Performance Report reveals that not all OPD heads have implemented the SPIP system. This is due to the limited number of human resources (HR) who are competent in evaluating the performance of all OPDs related to SPIP.

Government institutions are currently also required to improve employee performance in order to improve the quality of public services. Public service is one of the main functions in applying government duties which is the responsibility of government apparatus. Palembang City through [5] in order to improve employee welfare, stipulates the provision of additional employee income according to objective considerations aimed at improving the welfare of civil servants within the Palembang City Government.

Information asymmetry is another factor that can affect the occurrence of accounting fraud. This imbalance occurs when the trust holder (local government / executive) becomes an info provider or agent has more access to information than the trust giver (citizens, community representatives, and legislators) who are information users or principals. In this condition, the principal authorizes the agent to manage the agency he leads.

Palembang Mayor Regulation No. 91 of 2022 concerning the Municipal Government Accounting System (SAPK) [6] regulates government accounting regulations which are a series of mechanisms, devices, and other elements systematically to carry out accounting functions, from transaction analysis to financial reporting. Compliance with these accounting rules is an obligation in the preparation of financial statements. This financial report is a form of accountability of the city government in the implementation of the APBD, but the current Palembang City APBD allocation pattern still does not have a clear direction in supporting the city's priorities and strategic plans, and is less targeted at

strategic content to improve public services. The allocation pattern in the APBD is still largely influenced by changes in legislation.

Unethical behavior also influences the rise of irregularities in Indonesia, especially in Palembang City. In the [7], it is stated that the purpose of this Code of Ethics is to prevent unethical behavior and uphold higher principles compared to other civil servants. This Code of Ethics aims to ensure the principle of accountability and effective audit implementation, so as to form a credible supervisory apparatus with optimal performance in carrying out supervisory duties. Recently, Palembang City civil servants have been in the public spotlight due to increasing cases of code of ethics violations, such as corruption and indiscipline.

In the act of fraud, each individual or perpetrator has different reasons. The fraud triangle theory developed by [8] explains the factors that encourage someone to commit fraud, namely pressure, opportunity, and rationalization. In this theory, each element is represented through certain variables: pressure is represented by the compensation suitability variable, opportunity is associated with internal control variables, information asymmetry, and compliance with accounting rules, while rationalization is reflected in the unethical behavior variable.

Unethical behavior can be explained through various ethical behavior theories that emphasize how individuals make moral decisions in an organizational context. According to the [9] a person's tendency to act unethically is influenced by their attitude towards the behavior, subjective norms, and perceptions of the ease of performing the action. In other words, if an employee views cheating as normal and supported by the work environment, the tendency to behave unethically will be higher.

This research is a reflection of previous research. There are several differences in this study. The first difference is related to the variables used. In this study, the variable of unethical behavior is used as an intervening variable. This variable is an intermediate variable / between the independent variable and the dependent variable, so that the independent variable does not directly affect the change or occurrence of the dependent variable. The second difference lies in the research analysis tool. This study uses the SEM (Structural Equation Model) analysis tool because the model being analyzed is multilevel and relatively complicated, so it will be very difficult to solve with the path analysis method in linear regression and also the error (error) in each observation is not ignored but still analyzed, so SEM is more accurate for analyzing questionnaire data involving perception.

By considering the existing phenomena and limitations, the author seeks to conduct research with the title "Determinants of Accounting Fraud with Unethical Behavior as an Intervening Variable in OPD Palembang City Government".

## **2. Method**

### **Research Design**

The design of this research is the Regional Apparatus Organization (OPD) of the Palembang City Government. The respondents used were all ASN (State Civil Apparatus) staff who served in the Palembang City Government Office. The research implementation time was in September-October 2024

### **Data Collection Instruments**

The type of data used in this research is primary data which is asked through interviews and questionnaires to respondents. The data source is the opinion and perception of the State Civil Apparatus (ASN) in the Palembang City Government Office.

### **Population and Sample**

The population in this study were all Regional Apparatus Organizations (OPD) of the Palembang city government, with a total of 870 OPD. The sampling technique used in this study was nonprobability sampling with purposive sampling method. With the following sample criteria:

1. Position as staff, to avoid bias because respondents in this study provide self-assessment.
2. A minimum working period of 3 years, it is hoped that it will better understand the conditions in the government related to accounting fraud.
3. The last education is at least a bachelor's degree, it is hoped that it is better able to understand the external and internal factors that influence accounting fraud.

From these criteria, the number of samples that met the criteria was 253 OPDs.

### **Procedure of Data Collectionn**

In this study, the data collection procedures used were questionnaire and interview methods. In this study using a questionnaire that contains statements where a number of alternative answers have been provided with a checklist mark. This research will use a Likert scale of 1-5. Interviews were conducted with the heads of OPDs who have authority over budget management and financial reporting, using face-to-face interviews conducted at the offices of each OPD in Palembang City.

### **Data Analysis**

In this study, data analysis used path analysis, using the Structural Equation Model (SEM). The test tool used is SmartPSL. In testing the hypothesis of this study, it was carried out using the following structural equation model path analysis:

$$Y_1 = \rho_{X_1Y_1}X_1 + \rho_{X_2Y_1}X_2 + \rho_{X_3Y_1}X_3 + \rho_{X_4Y_1}X_4 + \rho_{\varepsilon_1}Y_1$$

$$Y_2 = \rho_{X_1Y_2}X_1 + \rho_{X_2Y_2}X_2 + \rho_{X_3Y_2}X_3 + \rho_{X_4Y_2}X_4 + \rho_{Y_1Y_2}Y_1 + \rho_{\varepsilon_2}Y_2$$

Where:

$\rho_{X_1Y_1}$	: the path coefficient of the direct effect of X1 on Y1.
$\rho_{X_2Y_1}$	: the path coefficient of the direct effect of X2 on Y1.
$\rho_{X_3Y_1}$	: path coefficient of the direct effect of X3 on Y1
$\rho_{X_4Y_1}$	: path coefficient of the direct effect of X4 on Y1
$\rho_{X_1Y_2}$	: path coefficient of the direct effect of X1 on Y2.
$\rho_{X_2Y_2}$	: the path coefficient of the direct effect of X2 on Y2.
$\rho_{X_3Y_2}$	: the path coefficient of the direct effect of X3 on Y2.
$\rho_{X_4Y_2}$	: the path coefficient of the direct effect of X4 on Y2.
$\rho_{Y_1Y_2}$	: the path coefficient of the direct effect of Y1 on Y2.
$\varepsilon_1$ and $\varepsilon_2$	: error
X1	: Internal Control
X2	: Compensation Suitability
X3	: Information Asymmetry
X4	: Accounting Rule Adherence
Y1	: Unethical Behavior
Y2	: Accounting Fraud

### **Sobel Test**

The Sobel test is used to test unethical behavior which is an intervening variable between internal control, compensation suitability, information asymmetry and adherence to accounting rules on accounting fraud. This sobel test is carried out by testing the strength of the indirect effect of the independent variables, namely internal control (X1), compensation suitability (X2), information asymmetry (X3) and adherence to accounting rules (X4) to the dependent variable, namely accounting fraud (Y2) through the mediating variable (intervening) unethical behavior (Y1).

### 3. Results and Discussion

#### Description of Research Variables

From the questionnaire that has been filled in by the respondent, the respondent's identity data is obtained. Presentation of data regarding the identity of the respondents here, namely to provide an overview of the personal circumstances of the respondents.

**Table 1.** Respondent Characteristics

No	Description		Total	Percentage
1.	Age	20-29 year	0	0%
		30-39 year	52	38,51%
		40-49 year	40	29,63%
		≥50 year	43	31,85%
		Total	135	100%
2.	Gender	Perempuan	55	40,74%
		Laki-laki	80	59,26%
		Total	135	100%
3.	Duration of Employment	1-5 year	110	81,48%
		5-10 year	19	14,07%
		10-15 year	6	4,45%
		≥15 year	0	0%
		Total	135	100%

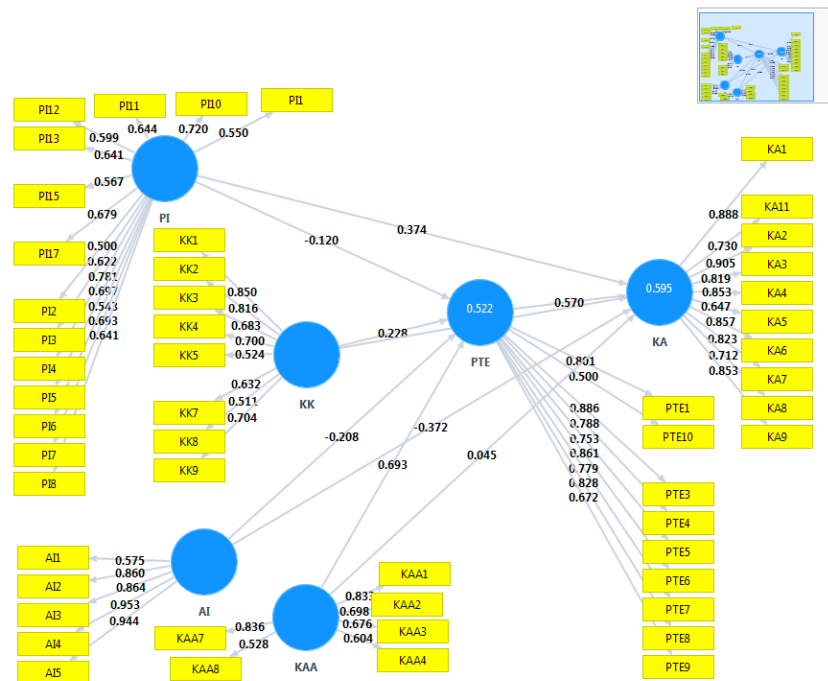
Source: Processed Data, 2025

The number of questionnaires used as a reference for data processing amounted to 253 which had been submitted to the Departments in Palembang City. However, out of 253, only 135 questionnaires could be processed because they met the research requirements because 95 questionnaires were not returned and 23 were incomplete.

**Tabel 2.** Descriptive Statistics

	N	Minimum	Maksimum	Mean	Modus	Sum	Std. Deviation
KA	135	11	50	39,31	40	5258	8,903
PTE	135	9	45	32,02	36	4282	9,890
PI	135	30	70	54,84	56	7349	7,413
KK	135	20	40	30,26	32	4056	4,511
AI	135	10	25	18,86	20	2528	2,995
KAA	135	12	30	23,97	24	3212	2,867

Source: Processed Data, 2025



Source: Data Diolah

**Figure 1.** Structural Equation Model (SEM) Test Results

### Uji Partial Least Square (PLS) Evaluation Outer Model (Measurement Model)

#### Uji Convergent Validity Outer Model (Measurement Model) Internal Controls

The internal control variable has 18 indicators consisting of PI1 to PI18. Based on the outer loading assessment of the internal control variable, indicators PI9, PI14, PI16, and PI18 must be removed from the model because they have an outer loading of less than 0.50. The model will be re-estimated by removing indicators with an outer loading of less than 0.5. After re-estimation, all indicators have outer loadings greater than 0.5. The outer loading values are satisfied, so the internal control variable meets the requirements of convergent validity and reliability.

#### Outer Model (Measurement Model) Compensation Suitability

The compensation suitability variable has 9 indicators consisting of KK1 to KK9. Based on the outer loading assessment of the compensation suitability variable, indicator KK6 must be removed from the model because it has an outer loading of less than 0.50. After re-estimation, all indicators have an outer loading of more than 0.5. The outer loading value is fulfilled so that the compensation suitability variable meets the requirements of convergent validity and reliability.

#### Outer Model (Measurement Model) Information Asymmetry

The information asymmetry variable has six indicators, consisting of AI1 to AI6. Based on the outer loading assessment of the information asymmetry variable,



indicator AI6 must be removed from the model because it has an outer loading of less than 0.50. After re-estimation, all indicators have an outer loading of more than 0.5. The outer loading value is satisfied, so the information asymmetry variable meets the requirements of convergent validity and reliability.

#### **Outer Model (Measurement Model) Accounting Rule Adherence**

The accounting rule adherence variable has 9 indicators consisting of KAA1 to KAA9. Based on the outer loading assessment of the accounting rule adherence variable, indicators KAA5, KAA6, and KAA9 must be removed from the model because they have an outer loading of less than 0.50. After re-estimation, all indicators have outer loadings greater than 0.5. The outer loading values are satisfied, so the accounting rule compliance variable meets the requirements of convergent validity and reliability.

#### **Outer Model (Measurement Model) Unethical Behavior**

The unethical behavior variable has 10 indicators consisting of PTE1 to PTE10. Based on the outer loading assessment of the unethical behavior variable, PTE2 must be removed from the model because it has an outer loading of less than 0.50. After re-estimation, all indicators have an outer loading of more than 0.5. The outer loading value is satisfied, so the unethical behavior variable meets the requirements of convergent validity and reliability.

#### **Outer Model (Measurement Model) Accounting Fraud**

The accounting fraud variable has 11 indicators consisting of KA1 to KA11. Based on the outer loading assessment, the accounting fraud variable KA10 must be removed from the model because it has an outer loading of less than 0.50. After re-estimation, all indicators have an outer loading of more than 0.50. The outer loading value is fulfilled so that the accounting fraud variable meets the requirements of convergent validity and reliability.

#### **Uji Composite Reliability**

The reliability of the research instruments in this study was tested using composite reliability and Cronbach's alpha coefficient. Constructs were declared reliable if the composite reliability and Cronbach's alpha values were above 0.70.

**Table 3.** Test Results *Composite Reliability dan Cronbachs Alpha*

Variable	<i>Composite Reliability</i>	<i>Cronbachs Alpha</i>
Internal Control	0,905	0,892
Compensation Alignment	0,874	0,859
Information Asymmetry	0,927	0,899
Accounting Rule Compliance	0,853	0,795
Unethical Behavior	0,928	0.912
Accounting Fraud	0,951	0,941

Source: Processed Data, 2025

The test results in Table 3 show that the composite reliability and Cronbach's alpha results indicate satisfactory values, with each variable above the minimum value of 0.70. This indicates a high level of consistency and stability in the instruments used. In other words, all constructs or variables in this study have become suitable measurement tools, and all statements used to measure each construct have good reliability.

### Hypothesis Test

To test the proposed hypothesis, the t-statistic value can be seen after data processing. The threshold for rejecting and accepting the proposed hypothesis is when the t-statistic result > t-table 1.96 (Sig=5%) and the suitability of the hypothesis effect (negative or positive), then the hypothesis will be accepted or rejected. The t-statistic results for each variable can be seen in Table 4 as follows:

**Table 4.** Hypothesis Test Results

Variable	Original Sample	Sample Mean	Standar Error	t-statistics	Hipotesis	Terima/Tolak
PI -> PTE	-0.2281	-0.2038	0.0300	7.6064	H1	Terima
PI -> KA	0.0285	0.0720	0.0314	0.9074	H2	Tolak
KK -> PTE	-0.1999	-0.1961	0.0425	4.7010	H3	Terima
KK -> KA	-0.1098	-0.1273	0.0393	2.7959	H4	Terima
AI -> PTE	0.0033	-0.0207	0.0722	0.0460	H5	Tolak
AI -> KA	-0.1638	-0.1921	0.0264	6.2082	H6	Tolak
KAA -> PTE	0.2578	0.3056	0.0668	3.8614	H7	Tolak
KAA -> KA	-0.0503	-0.0552	0.0112	4.4751	H8	Terima
PTE -> KA	0.5790	0.5764	0.0395	14.6563	H9	Terima

Source: Processed data, 2025

## Discussion of Research Results

### The Effect of Internal Control on Unethical Behavior

Based on the test results of the parameter coefficients between internal control and unethical behavior, a negative effect of 22.81% (with an original sample value of PI → PTE of -0.2281) is found which is significant, with a t-statistic of 7.6064, which is greater than the critical value of  $\pm 1.977$ . Therefore, the first hypothesis (H1) is accepted. From these results it can be concluded that internal control has a negative and significant effect on unethical behavior.

This means that the higher the level of effectiveness of internal control in government agencies, the less likely a person is to engage in unethical behavior. However, other factors, such as the environment within government agencies, can also play a significant role in influencing this behavior. This finding is supported by previous research conducted by [\[14\]](#).

### The Effect of Internal Control on Accounting Fraud

The second hypothesis suggests that internal control has a negative effect on accounting fraud. However, the test results of the parameters between internal control and accounting fraud show a positive effect of 25.7% (with an original sample value of PI → KA of 0.0257), but it is not significant because the t-statistic is 0.9074, which is smaller than the critical value of  $\pm 1.977$ . Therefore, the results of this study reject the second hypothesis (H2). The positive internal control coefficient indicates that the higher the level of internal control,



the higher the accounting fraud. The direction of this positive coefficient is contrary to the hypothesis proposed, so the second hypothesis (H2), which states that internal control has a negative effect on accounting fraud, is rejected.

The rejection of this hypothesis proves that effective and sound internal controls do not guarantee the absence of accounting fraud. The rejection of the formulated hypothesis may occur because management decisions may not take into account the possibility of adverse events due to insufficient information, time constraints, or procedures that are not carried out as they should be. The occurrence of collusion within an agency where individuals acting together can commit and cover up fraud so that it cannot be detected by internal controls, as well as a lack of competent human resources to evaluate the performance of all Palembang city OPDs related to internal controls.

### **The Effect of Compensation Suitability on Unethical Behavior**

The test results of the parameter coefficient between compensation suitability and unethical behavior show a negative effect of 19.99% (with an original sample  $KK \rightarrow PTE$  value of -0.1999), which is significant with a t-statistic of 4.7010, which is greater than the critical value of  $\pm 1.977$ . Thus, the third hypothesis (H3) is accepted. Based on these findings, it can be concluded that compensation suitability has a negative and significant effect on unethical behavior.

This shows that compensation suitability can reduce unethical behavior. When the compensation provided is in accordance with the expectations and satisfaction of managers, management tends to act in accordance with company goals and avoid deviant behavior in order to continue to receive appropriate compensation. This finding is supported by [11], which states that providing appropriate compensation can reduce unethical behavior, perhaps because government officials receive compensation in accordance with their obligations. However, the results of this study contradict the findings of [10], which states that the higher the suitability of the compensation provided, the more unethical behavior in government agencies tends to increase.

### **The Effect of Compensation Suitability on Accounting Fraud**

The results of this study support the fourth hypothesis (H4), which states that compensation suitability has a negative effect on accounting fraud. This finding is supported by the test results of the parameter coefficient between compensation suitability and accounting fraud, which shows a negative effect of 10.98% (with an original sample value of  $KK \rightarrow KA$  of -0.1098), which is significant with a t-statistic of 2.7959, which is greater than the critical value of  $\pm 1.977$ . Based on these results, it can be concluded that compensation suitability has a negative and significant effect on accounting fraud.

The results of this study indicate that the higher the suitability of compensation received by employees, the lower the possibility of accounting fraud. This is because providing appropriate compensation can provide satisfaction and motivation to employees in carrying out their work, thus encouraging them to provide the best results for the company. With fair and appropriate compensation, employees will feel valued, which in turn will reduce their tendency to commit accounting fraud, such as asset theft or other fraud. Employee welfare that is well cared for through appropriate compensation will minimize these negative actions. This finding is in line with the results of previous research conducted by [1].

### **The Effect of Information Asymmetry on Unethical Behavior**

Based on the test results of the parameter coefficient between information asymmetry and unethical behavior, a positive effect of 0.33% was found (with an original sample AI  $\rightarrow$  PTE value of 0.0033), but the effect was not significant because the t-statistic was 0.0460, which was smaller than the critical value of  $\pm 1.977$ . Therefore, the results of this study reject the fifth hypothesis (H5), which states that information asymmetry has a positive effect on unethical behavior. Thus, it can be concluded that information asymmetry has a positive, but insignificant effect on unethical behavior.

This shows that the existence of information asymmetry in the agency does not affect employees to behave unethically. Most employees at the Palembang City Office have complied with and implemented the guidelines listed in the Palembang City employee code of ethics as a reference to prevent unethical behavior. Thus, creating a supervisory apparatus that is credible and has optimal performance in carrying out its duties. For employees who violate the code of ethics, the agency will impose sanctions according to applicable regulations. In addition, the basic nature of a person who tends to avoid risk can also be a factor that encourages individuals not to take advantage of existing information asymmetry. However, this finding contradicts research conducted by [10], which states that the higher the level of information asymmetry that occurs, the unethical behavior of government employees will also increase.

### **The Effect of Information Asymmetry on Accounting Fraud**

The sixth hypothesis states that information asymmetry has a positive effect on accounting fraud. However, the test results of the parameter coefficient between information asymmetry and accounting fraud show a negative effect of 16.38% (with an original sample AI  $\rightarrow$  KA value of -0.1638), which is significant with a t-statistic of 6.2082, which is greater than the critical value of  $\pm 1.977$ . Based on this finding, the sixth hypothesis (H6) is rejected.

The negative direction of the information asymmetry coefficient indicates that the asymmetry that occurs in the agency can actually reduce the possibility of accounting fraud by management. This is thought to be due to the regulation of the Palembang City government in its management governance, as well as the sense of responsibility that employees have for their work, which makes management reluctant to take risks by committing accounting fraud. This finding is consistent with the results of previous research by [5] and [12].

### **The Effect of Accounting Rule Adherence on Unethical Behavior**

Based on the test results of the parameter coefficient between accounting rule compliance and unethical behavior, a positive effect of 25.78% was found (with an original sample value of KAA  $\rightarrow$  PTE of 0.2578), which is significant with a t-statistic of 3.8614, which is greater than the critical value of  $\pm 1.977$ . The positive direction of the accounting rule compliance coefficient contradicts the formulated hypothesis. Therefore, the seventh hypothesis (H7), which states that adherence to accounting rules has a negative effect on unethical behavior, is rejected. The positive direction of the coefficient indicates that adherence to accounting rules in this institution cannot reduce unethical behavior that occurs.

This is in line with research conducted by [16], which states that the absence of a relationship between ethical behavior and adherence to accounting rules in the tendency of accounting fraud is due to the pressure faced by employees in the finance, planning and reporting departments. This pressure can come from superiors and the surrounding environment, which in these conditions makes employees tend to ignore ethical behavior.

Conversely, the results of this study contradict [11] research, which found that employees' adherence to good accounting rules can actually influence them not to engage in unethical behavior.

### **The Effect of Accounting Rule Adherence on Accounting Fraud**

The test results of the parameter coefficient between accounting rule compliance and accounting fraud show a negative effect of 5.03% (with the original sample KAA → KA value of -0.0503), which is significant with a t-statistic of 4.4751, which is greater than the critical value of  $\pm 1.977$ . Based on these results, the eighth hypothesis (H8) is accepted. Thus, it can be concluded that adherence to accounting rules has a negative and significant effect on accounting fraud.

This shows that the higher the level of company compliance with accounting rules, the tendency for accounting fraud to occur can be minimized. This research is in line with the findings of [13], which state that an agency or institution can be involved in fraudulent acts if it does not follow applicable accounting rules. Conversely, if the agency or institution complies with accounting rules, the tendency of accounting fraud can be reduced. However, the results of this study contradict the findings of [15], which states that the higher the level of compliance with accounting rules, the higher the tendency for accounting fraud. This shows that even though someone complies with the rules applied in an agency, they still look for loopholes to commit fraud for personal gain.

### **The Effect of Unethical Behavior on Accounting Fraud**

The test results of the parameters between unethical behavior and accounting fraud show a positive influence of 57.90% (based on the original sample value of PTE → KA with a value of 0.5790) which is significant, with a t-statistic value of 14.6563, which is greater than the critical value of  $\pm 1.977$ . Based on these results, the ninth hypothesis (H9) is accepted, which means that unethical behavior has a positive and significant effect on accounting fraud. This finding is in line with ethical theory which states that individual ethical standards can vary from one person to another. These differences in principles and views affect a person's behavior, so that when some people consider fraud as something unnatural, others see it as something that is normal to do.

The results of this study are in line with the findings of [10] which show that unethical behavior has a positive and significant effect on fraud. In other words, the higher the unethical behavior shown by employees, the more likely the employee is to commit fraud.

### **Sobel Test Results**

The results of this study indicate that unethical behavior functions as an intervening variable between internal control, compensation suitability, and adherence to accounting rules on accounting fraud. Based on the results of the Sobel test, a probability value of 6.751 is obtained, which is greater than  $= 0.05$ , which indicates that unethical behavior acts as an intervening variable between internal control and accounting fraud. Furthermore, a probability value of 4.476 was obtained, which is also greater than  $= 0.05$ , indicating that unethical behavior serves as an intervening variable between compensation suitability and accounting fraud. Finally, the probability value of 6.751, which is greater than  $= 0.05$ , indicates that unethical behavior also acts as an intervening variable between accounting rule compliance and accounting fraud.

Based on the results obtained, the probability value for the mediating effect of unethical behavior in the relationship between information asymmetry and accounting fraud is 0.0459 which is smaller than  $\alpha = 0.05$ . This shows that the variable unethical behavior can mediate the relationship between internal control, compensation suitability, and adherence to accounting rules on accounting fraud partially. However, unethical behavior is unable to mediate the relationship between information asymmetry and accounting fraud.

The results of this study reveal that unethical behavior arising from weak internal control, discrepancies in compensation received, and disobedience to accounting rules provide opportunities for employees to act in accordance with existing norms, which leads to acts of accounting fraud. These fraudulent acts can include corruption, such as bribery, conflicts of interest, unauthorized gratuities, and economic extortion, which ultimately harm the agency.

The results of this study are in line with the findings of [16] which concluded that unethical behavior acts as an intervening variable between internal control and accounting fraud. Unethical behavior shown by employees due to poor internal control can affect the tendency of accounting fraud. However, in this study, unethical behavior did not successfully mediate the relationship between adherence to accounting rules and accounting fraud.

#### **4. Conclusion**

Internal control and compensation suitability show a negative and significant influence on unethical behavior in the Palembang City government OPD. Information asymmetry shows a positive but insignificant effect on unethical behavior. Adherence to accounting rules shows a positive and significant effect on unethical behavior. Then compensation suitability, information asymmetry, and accounting rule compliance show a negative and significant effect on accounting fraud. Internal control shows a positive but insignificant effect on accounting fraud. Unethical behavior has a positive and significant effect on accounting fraud. Unethical behavior functions as an intervening variable (mediation) that mediates the relationship between internal control, compensation suitability, and adherence to accounting rules on accounting fraud. However, unethical behavior is unable to mediate the relationship between information asymmetry and accounting fraud.

The limitations in this study use sampling techniques based on Non-Probability Sampling using certain criteria so that the respondents who will be sampled are still limited and the research results cannot be generalized to the entire population.

Future researchers are advised to add other variables that are also related to accounting fraud, such as enforcement of regulations and organizational ethical culture and also to obtain results that are more representative and closer to actual conditions, further research can also expand the research sample not only limited to the Palembang City Office, but also involve other Regional Apparatus Organizations (OPD) such as the Regional Secretariat, DPRD Secretariat, Inspectorate, and other agencies. By expanding the sample, the results obtained will be more significant and can provide a broader picture of the factors that influence accounting fraud in various government agencies.

#### **References**

- [1] Association of Certified Fraud Examiners, "Occupational Fraud 2024 :A Report To The Nations," 2024.
- [2] BPK-RI, "<https://sumsel.bpk.go.id/>."

- [3] Pemerintah Kota Palembang, “Rencana Kerja Strategis Inspektorat Daerah Kota Palembang Tahun 2020-2023.”
- [4] Pemerintah Republik Indonesia, *Peraturan Pemerintah Republik Indonesia Nomor 60 Tahun 2008 Tentang Sistem Pengendalian Intern Pemerintah*. 2008, p. 276.
- [5] Pemerintah Kota Palembang, *Peraturan Walikota No. 5 Tahun 2022 Tentang Perubahan Atas Peraturan Walikota Nomor 19 Tahun 2021 Tentang Pemberian Tambahan Penghasilan Pegawai Negeri Sipil di Lingkungan Pemerintah Kota Palembang*. 2022, pp. 18–20.
- [6] Pemerintah Kota Palembang, *Peraturan Walikota Palembang No. 91 Tahun 2022 Tentang Sistem Akuntansi Pemerintah Kota Palembang*. 2022.
- [7] Pemerintah Kota Palembang, “Peraturan Walikota Palembang No. 9 Tahun 2022 Tentang Kode Etik Pegawai Negeri Sipil di Lingkungan Pemerintah Kota Palembang,” 2022.
- [8] D. Cressey, “Other People’s Money, “The Internal Auditor as Fraud Buster,” 1953.
- [9] I. Ajzen, “The theory of planned behavior,” *Organ Behav Hum Decis Process*, vol. 50, no. 2, pp. 179–211, 1991, doi: 10.1016/0749-5978(91)90020-T.
- [10] D. Septiningsih and S. Anwar, “Faktor-Faktor yang Mempengaruhi Fraud Pemerintah Daerah: Peran Intervening Perilaku Tidak Etis,” *Jurnal Ilmiah Wahana Akuntansi*, vol. 16, no. 1, pp. 17–35, 2021, doi: 10.21009/wahana.16.012.
- [11] I. A. Rahayu, “Faktor-Faktor Yang Mempengaruhi Perilaku Tidak Etis (Studi Kasus Pada Organisasi Perangkat Daerah Kota Bandar Lampung),” *Jurnal Akuntansi, Ekonomi dan Bisnis*, vol. 2, no. 1, pp. 1–21, 2021.
- [12] S. R. C. Ameilia and T. Rahmawati, “Pengaruh Moralitas Individu, Efektivitas Pengendalian Internal, Kesesuaian Kompensasi Dan Asimetri Informasi Terhadap Kecurangan Akuntansi,” *JRKA*, vol. 7, pp. 44–56, 2020.
- [13] A. A. Putri and S. Hariani, “Determinan Kecenderungan Kecurangan Akuntansi,” *Akurasi: Jurnal Riset Akuntansi dan Keuangan*, vol. 3, no. 1, pp. 17–28, 2021.
- [14] Z. Azmi, O. H. Nisa, and R. Gita Suci, “Factors Affecting the Tendency of Accounting Fraud in Hospitals in Pekanbaru City,” *Bilancia: Jurnal Ilmiah Akuntansi*, vol. 8, no. 2, pp. 171–176, 2024.
- [15] V. S. Laoli, “Pengaruh Ketaatan Aturan Akuntansi, Asimetri Informasi, Efektivitas Pengendalian Internal Dan Kesesuaian Kompensasi Terhadap Kecenderungan Kecurangan Akuntansi (Studi Kasus Pada Kantor Cabang BRI Gunungsitoli),” *Jurnal Ebistek (Ekonomi Bisnis dan Teknologi)*, vol. 3, no. 1, 2022.
- [16] F. N. Fadhillah and M. W. Abdullah, “Pengaruh Pengendalian Internal Dan Ketaatan Aturan Akuntansi Terhadap Kecenderungan Kecurangan Akuntansi Dengan Perilaku Etis Sebagai Variabel Moderating,” *ISAFIR: Islamic Accounting and Finance Review*, vol. 2, no. 2, pp. 239–252, 2021.