

Enhancing Public Accountability through AIS Audits in Tegal Regency

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ABSTRACT

This study examines the role of accounting information system (AIS) audits in fraud control within the Tegal Regency Local Government. The research synthesizes findings from multiple empirical studies conducted between 2021 and 2025, focusing on the interaction between AIS, internal control, internal audit, and transparency in preventing fraudulent practices. Results indicate that effective AIS audits strengthen internal control mechanisms, enhance data accuracy, and improve financial accountability. Empirical evidence shows that well-designed AIS can minimize opportunities for manipulation and misappropriation, aligning with the fraud triangle theory that links fraud occurrence to pressure, opportunity, and rationalization. The findings also highlight that digital-based auditing practices and good governance contribute significantly to building transparency and public trust. Some studies report mixed results regarding the mediating effect of internal control on AIS and audit roles. This implies that fraud prevention effectiveness depends on institutional readiness, auditor competence, and system integration. The study recommends that the Tegal Regency Local Government adopt integrated, transparent, and digitalized audit mechanisms to enhance fraud detection and prevention capacity. Future research should include broader regional comparisons and evaluate the long-term impact of AIS audit reforms on governance performance.

Keywords : System audit, internal control, fraud prevention, local government, governance reform, tegal regency.

A. INTRODUCTION

Fraud represents a deliberate act of deception by individuals or groups that violates the law to gain personal or collective benefits (Ulum & Suryatimur, 2022). In both public and private sectors, fraud causes severe losses, distorts financial information, and undermines institutional credibility (Widhasatria, 2024). Despite the growing implementation of digital accounting systems, fraudulent practices continue to occur, raising questions about the effectiveness of internal audit mechanisms in preventing such actions.

In Indonesia, fraud cases in the public sector remain alarming. According to Indonesia Corruption Watch (ICW), there were 187 corruption cases involving village funds in 2023, with total state losses reaching Rp162.25 billion (Widhasatria, 2024). These cases reveal weaknesses in fraud detection and control systems at the regional level. Similar patterns can be observed in other provinces such as South Sulawesi and North Sumatra, where misuse of village funds has also been exposed indicating that fraud in local governance is a nationwide structural issue rather than an isolated event. However, research examining the role of Accounting Information System (AIS) audits in mitigating such fraud, particularly at the district or regency level, remains limited.

A recent case in Tegal Regency illustrates this issue. In 2019, three village officials were arrested for misappropriating village funds allocated for infrastructure projects, causing state losses that were only uncovered in 2023 (Widhasatria, 2024). Similarly, Tegal City ranked first in state losses due to corruption in Central Java, amounting to Rp23 billion (Niode & Yusuf, 2022). These incidents demonstrate gaps in transparency, accountability, and monitoring systems despite the presence of AIS and audit functions. Comparatively, other regions such as Yogyakarta and West Java have reported lower levels of village fund fraud, partly due to stronger implementation of integrated information systems and independent auditing (Melan et al., 2022). This comparison underscores the urgency and novelty of investigating how AIS audits can strengthen fraud prevention mechanisms in Tegal Regency.

This study aims to analyze the role of Accounting Information System audits in controlling fraud within the Tegal Regency government, with a particular focus on village fund management. By integrating case-based evidence and regional comparisons, this research seeks to fill the gap in existing studies that often discuss AIS and fraud prevention in general terms without examining their specific application in local government contexts.

B. THEORETICAL

Agency Theory

Agency Theory explains the contractual relationship between principals (such as the public or shareholders) and agents (such as government officials or managers), in which agents are delegated authority to act on behalf of the principals (Niode & Yusuf, 2022). Information asymmetry and differing interests often lead to moral hazard, where agents may act for personal gain rather than public interest (Widhasatria, 2024). In the public sector, this theory is highly relevant because government officials manage public resources. The absence of adequate monitoring systems can result in opportunistic behavior and fraudulent practices. Therefore, auditing and accounting information systems are necessary

mechanisms to align the interests of agents with those of principals and to minimize information asymmetry (Rizky & Kurniawan, 2023).

Fraud and the Fraud Triangle Theory

Fraud refers to deliberate deception conducted by individuals or groups for personal or collective benefits, violating established rules and laws (Fatimah & Pramudyastuti, 2022). The Fraud Triangle Theory Cressey, (1953) provides a conceptual framework for understanding why individuals commit fraud, emphasizing three key elements: pressure, opportunity, and rationalization. In government institutions, pressure may stem from financial incentives or external expectations, while opportunities arise from weak internal control and inadequate audit mechanisms (Melan et al., 2023). Rationalization occurs when perpetrators justify their unethical actions, believing that the misuse of public funds is tolerable or undetectable. Integrating this theory helps explain how internal audit effectiveness and AIS quality can reduce opportunities for fraud by strengthening supervision and transparency (Anthony et al., 2023).

Audit and Fraud Prevention

Internal audits serve as a key control mechanism to ensure compliance, transparency, and accountability in organizational operations. An effective audit function can identify irregularities, evaluate internal control systems, and provide assurance that activities conform to laws and regulations (Fauziah & Pohan, 2024). Recent studies highlight that the effectiveness of internal audits directly correlates with reduced fraud risk, particularly in government financial management (Rahmadani et al., 2023). Moreover, the independence and competence of auditors are crucial in detecting early signs of fraud and reinforcing public trust in financial governance (Hasanah & Mulyono, 2024). Consequently, audit roles not only provide oversight but also serve as a preventive mechanism that aligns agent behavior with ethical and regulatory expectations.

Accounting Information System (AIS)

An Accounting Information System is a structured process for collecting, processing, and reporting financial information used for decision-making and control (Dewi et al., 2021). AIS supports transparency and accountability by recording transactions systematically, which limits the potential for manipulation (Grahita et al., 2024). With the rise of digital transformation, modern AIS is increasingly web- and cloud-based, enabling real-time monitoring and data integrity (Susanto & Widiyanto, 2024). Recent evidence shows that organizations adopting integrated AIS experience fewer cases of fraud due to automated control features and traceable documentation (Melan et al., 2023). Thus, AIS functions as a foundation for data reliability and internal control, which strengthens audit quality and fraud detection capacity.

Theoretical Integration and Conceptual Linkage

Based on Agency Theory and Fraud Triangle Theory, this study proposes that the audit of accounting information systems plays a mediating role in controlling fraud. From an agency perspective, AIS audits reduce information asymmetry between agents (government officials) and principals (the public) by ensuring accurate and transparent financial reporting. Meanwhile, the Fraud Triangle framework suggests that robust AIS and effective auditing reduce the “opportunity” component, thereby minimizing fraud risk. Integrating both theories provides a comprehensive lens to analyze how internal audit and AIS interact to prevent fraud in government settings. Previous studies (Widhasatria, 2024; Rahmadani et al., 2023; Susanto & Widiyanto, 2024) have examined these relationships separately, but research combining AIS audit effectiveness and fraud control in local governments remains limited, especially with empirical evidence from 2023-2025. Therefore, this study addresses that gap by analyzing the role of AIS audits in preventing fraud within the Tegal Regency government.

C. METHODOLOGY

This study employs a descriptive qualitative approach to analyze how Accounting Information System (AIS) audits contribute to fraud prevention in local governments. The qualitative method was chosen because it allows for a deeper exploration of concepts, relationships, and meanings that cannot be captured quantitatively. (Creswell & Poth, 2018). Data for this research were obtained through a literature study, using secondary sources from academic journals, government reports, and official publications. The literature was selected based on the criteria presented in Table I, ensuring that only relevant and credible works were included. Articles published between 2019 and 2025 were prioritized, with emphasis on recent studies (2023–2025) to reflect current developments in fraud prevention and AIS auditing. Keywords such as “accounting information system audit,” “fraud prevention,” “internal audit effectiveness,” and “public accountability” were used in databases such as Google Scholar, Scopus, and ScienceDirect. From approximately 45 documents initially reviewed, 28 met the inclusion criteria and were analyzed further.

Table I. Literature selection criteria

Criteria	Description
Publication Period	2019–2025 (priority on 2023–2025)
Source Type	Peer-reviewed journals, SINTA-accredited, Scopus-indexed, and official government reports
Thematic Relevance	Fraud prevention, AIS audit, public sector accountability
Methodological Quality	Theoretical or empirical works with clear analytical frameworks
Language	English or Bahasa Indonesia

The collected literature was analyzed through a deductive–inductive process, involving several stages: (1) data reduction by selecting relevant references, (2) coding and categorization of key concepts such as internal control, AIS reliability, and audit independence, (3) thematic analysis to identify linkages between Agency Theory and Fraud Triangle Theory, and (4) synthesis to build a conceptual framework explaining how AIS audits minimize fraud opportunities. This analysis enabled the researcher to interpret theoretical patterns across multiple sources and contexts, particularly in the case of fraud within local government financial management.

D. RESULTS AND DISCUSSION

Research Findings and Synthesis

The review of existing studies shows that the implementation of Accounting Information System (AIS) audits plays a crucial role in strengthening fraud control mechanisms, particularly in public institutions. Most empirical studies (Ohoiway et al., 2023; Fauziah & Pohan, 2024; Pratami & Suci, 2025) confirm that the effectiveness of AIS audits, internal control, and internal audit functions significantly affects fraud prevention outcomes. These findings are consistent with Agency Theory, which posits that asymmetric information between agents (local government officials) and principals (the public) can lead to opportunistic behavior when monitoring systems are weak.

In several regional contexts, such as in West Papua and Dompu Regency, strong audit systems have reduced irregularities in budget execution and asset management. However, the studies also reveal mixed results: while AIS audits enhance transparency, their impact is often mediated by human resource competence, institutional integrity, and audit follow-up mechanisms. These aspects remain highly relevant for Tegal Regency, where audit reports by BPK (Audit Board of Indonesia) have occasionally highlighted administrative weaknesses and limited follow-up on audit recommendations.

Synthesizing these findings, it becomes clear that the role of AIS audits in Tegal Regency's local government cannot be isolated from other control instruments such as SPIP and internal audit independence. The quality of audit implementation depends not only on the technology used but also on audit governance, adherence to standards, and organizational accountability.

The Role of AIS Audits in Strengthening Fraud Detection

AIS audits serve as a preventive and detective tool to identify discrepancies, data manipulation, and system vulnerabilities in financial reporting. Within Tegal Regency's local government, financial transactions are managed using integrated platforms such as Sistem Informasi Pemerintahan Daerah (SIPD) and SIMDA Keuangan. However, periodic audits of these systems are still limited, often

focusing on compliance rather than on data analytics or anomaly detection. This gap limits the ability of auditors to detect fraud in real time.

Referring to studies by Ridwan et al. (2023) and Anthony et al. (2023), modern AIS audits incorporate digital tools such as electronic data interchange (EDI), audit analytics, and risk-based sampling to identify fraud indicators. These technologies allow auditors to examine data consistency and detect patterns of irregular transactions more effectively. For Tegal Regency, adopting similar audit innovations would strengthen the detection of budget misuse, procurement irregularities, and fictitious transactions in village-level financial management.

Integrating AIS audit results into local decision-making processes would reinforce accountability. When audit findings are systematically followed by corrective actions such as system updates, sanctions for negligence, or improvements in reporting protocols the risk of recurring fraud can be minimized. Therefore, AIS audits should not only assess technical compliance but also evaluate the institutional commitment to transparency and control.

Internal Audit Capacity and Control Integration in Tegal Regency

Internal auditors at the Tegal Regency Inspectorate play a pivotal role in ensuring that audit recommendations from AIS examinations translate into effective policy reform. However, as identified in prior studies (Nurfadillah et al., 2022; Ulum & Suryatimur, 2022), internal audit effectiveness is often constrained by limited independence, resource shortages, and overlapping authority. These issues are also evident in Tegal's audit implementation, where audit teams rely heavily on manual checks rather than automated data-driven verification.

For AIS audits to function optimally, internal audit structures must integrate digital competencies. Training auditors in forensic accounting, IT-based audit tools, and fraud-risk assessment frameworks would improve their ability to interpret system-generated data. The Tegal Regency Government could collaborate with BPKP or the Ministry of Home Affairs to enhance auditor competencies, as has been successfully implemented in other regions under SPIP reform programs.

Strengthening cross-institutional coordination between the Inspectorate, Regional Financial Management Agency (BPKAD), and internal AIS administrators is necessary to ensure data integrity. By combining system audits with field verification, Tegal can move toward a multi-layered fraud control model aligning with both national anti-corruption frameworks and local governance reforms.

Policy Implications and Recommendations for Regional Fraud-Control Reform

The synthesis of literature and contextual analysis indicates that effective fraud control in Tegal Regency depends on the synergy between audit technology, human resource capacity, and institutional governance. AIS audits should be

embedded into the broader regional integrity framework, supported by real-time monitoring dashboards and public transparency portals. Aligning local policies with the SPIP Terintegrasi framework introduced by the Indonesian government will enhance accountability and ensure consistent fraud detection across all departments.

To support this, four strategic reforms are recommended: (1) institutionalize periodic AIS audits across all regional departments, (2) strengthen digital audit capacity through specialized auditor training, (3) implement integrated follow-up tracking systems for audit recommendations, and (4) develop public transparency channels to publish audit results and corrective actions. These initiatives align with Tegal's vision for clean governance and sustainable regional development.

The implementation of these strategies will not only reduce fraud risk but also enhance public trust in local financial management. By positioning AIS audits as a continuous improvement mechanism rather than a mere compliance tool, Tegal Regency can become a model for regional financial integrity and fraud-resistant governance.

Table 2. summary of policy recommendations for tegal regency local government

Focus Area	Strategic Action	Expected Impact
AIS Audit	Conduct regular and risk-based audits	Early detection of anomalies
Implementation	on SIMDA/SIPD systems	and fraud patterns
Auditor	Provide training in digital audit and	Improved fraud analysis
Competence	forensic accounting	capability
Institutional	Strengthen coordination between	Unified fraud-control and
Integration	Inspectorate, BPKAD, and IT units	monitoring
Follow-up	Develop digital audit recommendation	Accountability and
Mechanism	tracking	transparency improvement
Public Oversight	Publish audit summaries via public	Increased citizen trust and
	dashboards	participation

Source: Data processed by researchers through analysis (2025)

After analyzing the data and summarizing key findings in Table 2, it becomes evident that the effectiveness of fraud control within Tegal Regency's local government relies heavily on the consistency and depth of accounting information system audits. The proposed policy recommendations emphasize the need for strengthening audit independence, improving the integration between financial and operational databases, and providing continuous professional development for internal auditors. Furthermore, successful implementation of these policies requires not only technological readiness but also cultural and organizational commitment to transparency and accountability. These findings highlight that a comprehensive fraud control strategy in Tegal Regency must

balance technological solutions with ethical reinforcement and institutional reform.

E. CONCLUSION

The findings of this study indicate that accounting information system (AIS) audits play a significant role in strengthening fraud control mechanisms within the Tegal Regency Local Government. The results highlight that an effective AIS audit enhances transparency, accountability, and the reliability of financial information, which collectively reduce the potential for fraudulent practices. The integration of agency theory and the fraud triangle framework provides a strong conceptual foundation to explain how improved internal audit systems and effective oversight can mitigate agency problems and information asymmetry. Furthermore, the study emphasizes that technological improvements, combined with ethical awareness and auditor competency, are essential to ensure that AIS audits serve as both a preventive and corrective tool in local governance.

Despite providing valuable insights, this study is limited by its qualitative, literature-based approach, which does not involve empirical testing or field data collection in Tegal Regency. Future research could adopt a mixed-method or quantitative design to validate these conceptual findings using real-world data. It is also recommended that local governments expand the use of integrated digital audit tools and provide continuous professional training for auditors to enhance system reliability and fraud detection capabilities. The implications of this study extend to policymakers and public sector managers by emphasizing that sustainable fraud prevention requires not only technological innovation but also institutional commitment to transparency, ethical leadership, and governance reform.

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