

## Governor age and fraud in Indonesia: Examining the roles of transparency, accountability, and integrity

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### ABSTRACT

The Indonesian government has launched various policies to prevent fraud by strengthening transparency and integrity. However, fraud in Indonesia remains high, including in regions that experience an increase every year. This study examines the mediating effect of transparency and accountability on the relationship between the age of the governor and fraud, as well as the moderating effect of integrity on the relationship between transparency, accountability, and fraud. This research was conducted in the Provincial Governments in Indonesia. Using the purposive sampling method, the research sample consists of 32 provincial governments in Indonesia during the period 2021–2023, resulting in 96 units of analysis. The data analysis of this research uses multiple regression, mediating regression, and moderating regression. The research results show that the age of the governor does not play a role in reducing fraud but directly contributes to fraud, while integrity does not moderate the influence of transparency and accountability on fraud. Conflict of interest between the executive and legislative branches in provincial government triggers political pressure, potentially leading to collusion that can reduce their oversight and honesty, thereby weakening transparency, accountability, and integrity, and increasing the risk of fraud. The separation of the functions of the Governor and legislators in the province must be implemented in best practices and reinforced in regulations.

### Introduction

The phenomenon of fraud in government governance in Indonesia remains a serious issue that has not been optimally resolved. The Indonesia Corruption Perceptions Index during the 2021–2023 period shows a highest score of only 40, indicating the weak effectiveness of anti-corruption efforts (Transparency International, 2023). The 2023 annual report of the Corruption Eradication Commission (KPK) also revealed that most fraud cases, particularly corruption, involve regional heads (KPK, 2023). Several prominent cases include corruption in the form of receiving bribes and gratuities in South Sulawesi Province related to the approval of financial aid, gratuities for infrastructure projects in Papua Province, and the misuse of grant funds and natural gas purchases in South Sumatra Province. In fact, the trend of increasing fraud cases in the regions is becoming stronger year by year.

Governance becomes very relevant in this context because fraud indicates a failure of governance (Baez-Camargo et al., 2020; Nadirsyah et al., 2024; Naher et al., 2020). Governance is understood as consistency in management, policies, processes, and coherent direction (Alqooti, 2020), or more broadly defined as the way a country exercises power in managing its economic and social resources for development purposes (Tarverdi et al., 2019; World Bank, 1992). Effective governance plays a crucial role in preventing fraud (Li, 2025). Several studies show that countries with good governance quality tend to have a more transparent and accountable public sector (Vian, 2020), as well as lower levels of corruption (Doig et al., 2005; Gaventa & McGee, 2013). Conversely, weak governance becomes an early indicator of an increased risk of fraud (Kaufmann et al., 2011), as seen in India, where poor governance led to a 75% increase in fraud in the corporate sector and a 45% increase in the public sector (KPMG, 2010).

Academic literature emphasizes the importance of developing governance models that prioritize transparency and accountability in the fight against fraud (Ceschel et al., 2022; Grundy et al., 2022; Salleh & Heidecke, 2019). These governance practices enable the public to access information and oversee the government's decision-making processes, demand accountability from public officials, and ensure compliance with applicable

regulations and procedures. The application of these principles has the potential to strengthen clean and integrity-driven public sector governance, as well as curb fraudulent practices. Grindle (2007) states that emphasizing the values of transparency and accountability in governance systems is a promising approach to combating corruption. This view is reinforced by Kaufmann et al. (2011), who found that the effectiveness of governance practices has a negative correlation with the level of corruption. However, some studies also provide different findings, such as Saputra and Setiawan (2021) and Yulianti and Rahmayati (2024), who argue that transparency and accountability cannot reduce fraud activities.

One factor that should be considered in this context is the characteristics of public officials, such as age. Age is believed to reflect individual quality from a sociological perspective (Barker & Mueller, 2003). Several studies show that younger leaders tend to have aggressive characteristics and are at a higher risk of engaging in financial statement manipulation, while older leaders are considered more cautious in decision-making and contribute to increased transparency and accountability (Brouthers et al., 2000; Huang et al., 2012; Troy et al., 2011; Zahra et al., 2007). However, there are also studies that show age does not have a significant impact on involvement in fraud (Feng et al., 2011; Masruroh & Carolina, 2022; Schrand & Zechman, 2012). Therefore, older age is not always synonymous with higher levels of integrity or a reduction in fraud risk (Elviani et al., 2024; Han & Jo, 2024; Peltomaki et al., 2021).

Besides individual characteristics, the integrity of public officials also plays a crucial role in fraud prevention. Several previous studies agree that integrity is a fundamental element in building a clean and corruption-free government system (Chen et al., 2013; Gbegi & Adebisi, 2013; Hanim et al., 2017; Mathenge, 2014). In the public sector, integrity is a primary prerequisite for ensuring ethical and professional public service. The lack of integrity among public officials can lead to a decline in public trust in the government (KPMG, 2013). Therefore, the Indonesian government has made various efforts to instill values of integrity, both through the establishment of anti-fraud agencies and the strengthening of regulations related to transparency and accountability.

The Indonesian government has launched various policies and programs. In addition to the establishment of various anti-fraud agencies, these efforts are carried out by strengthening transparency and accountability, regulated by law. However, fraud practices in Indonesia remain at a concerning level. Ironically, several provinces that received high ratings in terms of transparency and accountability actually recorded high levels of fraud based on KPK data. This indicates that the success of fraud eradication is not only determined by systemic factors but is also influenced by the personal characteristics and integrity of public officials. Thus, this research aims to provide a more comprehensive understanding of how the factors of the governor's age, transparency, and accountability influence the occurrence of fraud in the public sector. This study will also examine the moderating role of integrity in the relationship between the governor's age and fraud. This study is expected to fill the gaps in previous literature that tend to examine these variables separately without considering the possible interactions between them (Buscaglia & van Dijk, 2003), thereby providing a more comprehensive conceptual understanding and a basis for more effective policy formulation in governance and fraud prevention (Huberts, 2014; Mulgan, 2000).

## Literature Review

### Fraud Triangle Theory

Fraud Triangle Theory was proposed by (Cressey, 1950) who identified three main elements that can lead to fraud, including: (1) Pressure, which refers to factors that drive individuals to commit fraud, such as greed or financial pressure; (2) Opportunity, which refers to conditions that allow individuals to commit fraud, often caused by weaknesses in internal controls; (3) Rationalization, which is the mental process by which individuals justify their fraudulent actions, making them feel guiltless. In this study, internal control is chosen as one of the variables that influence the prevention of fraud activities. By using the Fraud Triangle Theory, it can be analyzed how strong internal controls can reduce the opportunities for committing fraud, thereby reducing the risk of corruption. In this context, transparency and accountability are viewed as effective governance mechanisms to reduce opportunities and rationalization, which in turn can reduce (OECD, 2023).

### Agency Theory

The agency theory explains the relationship between the agent (management) and the principal or owner (Jensen & Meckling, 1976). In an agency relationship, there is a contract in which the principal grants the agent the authority to act on behalf of the principal and gives the agent the power to make decisions that are in the best interest of the principal. The principal, as the owner of the capital, has the right to access internal company information, while the agent runs the company's operations and possesses real and comprehensive information regarding the company's operations and performance. In the context of governance, the relationship between principal and agent is represented by the Governor as the agent and the Regional People's Representative Council (DPRD) or the public as the principal (Gunawan & Arifin, 2023; Imransyah et al., 2022). Leaders with a high level of integrity are believed

to be more capable of effectively implementing transparency and accountability, thereby minimizing the risk of fraud (Davies et al., 2020; OECD, 2005). However, agency theory explains that conflicts of interest caused by incentives, such as financial or political pressure, can weaken the role of integrity in preventing fraud (MacKenzie & Cronstein, 2006; Murray et al., 2017; Umar et al., 2024).

#### Upper Echelon Theory

Hambrick notes that executives act based on their personal interpretations of the strategic situations they face (Hambrick, 2007; Hambrick & Mason, 1984). Understanding the differences in perception and interpretation among executives is very important, because an executive does not just report facts, but must interpret them to make important decisions (Starbuck & Mezias, 1996). Individual interpretations among executives imply that their perceptions may be very different. Explicitly, upper echelon theory posits that the personal characteristics of leaders, including age, influence their ability to manage governance and take risks (Chatterjee & Hambrick, 2011; Cid-Aranda & López-Iturriaga, 2023; Gordon et al., 2021). Hence, in this study, the age of the Governor is assumed to affect the management of transparency and accountability as well as the level of fraud risk.

#### Development of Hypothesis

Fraud is an illegal act committed intentionally to gain personal or group benefits by violating legal or ethical rules. ACFE (2024) defines fraud in three main categories: corruption, asset misuse, and misleading financial statements. Fraud Triangle, introduced by (Cressey, 1950), explains that fraud occurs due to a combination of pressure, opportunity, and rationalization. In the context of organizations, fraud can negatively impact reputation, financial stability, and public trust, whereas in the context of government, fraud has complex characteristics because it involves various parties and interconnected systems. Vrushi (2020) shows that weaknesses in oversight systems, low levels of transparency, accountability, and integrity are the main factors driving fraud in the public sector.

#### Transparency, Accountability, and Fraud

Transparency and accountability are principles and movements recommended by the OECD to build good governance (OECD, 2002; OECD, 2023), thereby reducing incidents of fraud (de Renzio & Wehner, 2017; Lee & Azis, 2024), minimizing the space for information manipulation (Brown & Martinsson, 2019; Chen et al., 2024), preventing the abuse of power (Heald, 2006; Hood & Heald, 2012), enhancing the ethical behavior of leaders in the public sector (Ali et al., 2019; Davies et al., 2020) and ensuring that public budgets are used efficiently for organizational sustainability (Onesti & Palumbo, 2023). In the context of local government, transparency is realized through publicly accessible financial reports, open procurement of goods and services, and periodic budget realization reporting, while accountability involves the provision of information, evaluation, and corrective action. Vian (2020) revealed that transparency and accountability are quite promising designs for fraud prevention. Cucciniello et al. (2017) also confirmed that transparency and accountability are significantly related to fraud, and this is supported by recent meta-analysis studies (Schnell, 2023). Thus, the hypothesis is formulated as follows. Thus, the hypothesis is formulated as follows.

H<sub>1</sub>: Transparency and Accountability have an impact on fraud.

#### Age of the Governor and Fraud

The age of the CEO is one of the important characteristics that can be used to understand the sociological aspects of leadership behavior (Barker & Mueller, 2003). In the context of organizational ethics, age is viewed as a potential indicator in predicting individual ethical behavior, as older individuals generally have longer life experiences that influence decision-making (Huang et al., 2012). Several studies show that younger managers or executives tend to have more aggressive and high-risk attitudes, and are more prone to engaging in financial reporting fraud compared to their older counterparts (Brouthers et al., 2000; Zahra et al., 2007). In the framework of Upper Echelon Theory proposed by Hambrick and Mason (1984), the age of executives is viewed as one of the demographic characteristics that influence strategic thinking and decision-making. Younger executives are considered more dynamic and have a high growth orientation, thus tend to use high-risk business strategies. In line with this, Troy et al. (2011) assert that younger executives are more willing to take risks, including risks related to involvement in financial reporting fraud. Therefore, the proposed hypothesis is as follows.

H<sub>2</sub>: The age of the Governor has an effect on fraud.

#### Transparency and Accountability as mediating variables

Regulation, supervision, and monitoring are important factors in achieving transparency and accountability (Kashyap & Iveroth, 2021; Ntangeki et al., 2023; OECD, 2015; OECD 2020). In Indonesia, one of the state organizers who has

this role is the Governor, with the main function as the representative of the central government, namely the guidance, supervision, monitoring, and evaluation of regional regulation drafts. However, some Governors in Indonesia are also involved in fraudulent activities, thus the role can be effectively carried out if the Governor possesses character. Hambrik revealed that an individual's personal character can be measured by demographic characteristics, such as gender, age, education level, and educational background. From these demographic indicators, age is the most important factor in determining management (PwC, 2023), the easiest to measure, observe, and significantly contributes to decision-making and ethical behavior (Liem & Hien, 2020). Previous research has revealed that older management has more experience, better performance, and is less involved in fraudulent activities. Thus, older governors in Indonesia are considered to significantly contribute to building transparency and accountability and are well-intentioned in preventing fraud. Thus, the hypothesis is proposed as follows.

H<sub>3</sub>: Transparency and Accountability mediate the relationship between the Governor's age and fraud.

#### Integrity and Fraud

Integrity is a program that is currently being promoted and developed by various countries. Even the Organization for Economic Cooperation and Development also recommends strengthening integrity for fraud prevention (OECD, 2024). Integrity is an individual's commitment to act in accordance with moral and ethical values, even when faced with pressure or temptation to engage in unethical actions. de Graaf et al. (2018) and Huberts (2014) explains that integrity is the foundation of good governance and plays an important role in preventing fraud. Integrity can strengthen transparency and accountability by ensuring that leaders act consistently and can be trusted. In the context of governance, integrity is often tested by political pressure, personal relationships, and financial incentives. A study by Ashforth and Anand (2003) shows that organizations with a strong culture of integrity tend to have lower levels of fraud. Therefore, integrity can function as a moderating variable that influences the relationship between transparency, accountability, and fraud. Thus, the third hypothesis of this study is as follows.

H<sub>4</sub>: Integrity has a negative impact on fraud

#### Integrity as a Moderator

Integrity is honesty (Akir & Malie, 2012). Individuals with integrity will always act honestly and reliably in carrying out state administration duties, thus avoiding fraudulent activities (Bakri et al., 2017). Integrity in governance means acting consistently between words and actions in accordance with the values adhered to, including the values of the code of ethics within which one works, community values, or personal moral values (KPK, 2023). Ta'a et al. (2014) define integrity as morality, ethics, discipline, principles, and consistency with the law. Public officials tend to adhere to regulations and procedures as guidelines for ethical behavior and automatically avoid fraudulent activities (Chen et al., 2013), despite the fact that they face opportunities (Bakri et al., 2017). Even in contexts where transparency and accountability have not yet been fully implemented, integrity remains capable of suppressing the potential for fraud. This is as stated by de Graaf et al. (2018) and Huberts (2014) who mentioned that integrity reflects an individual's moral commitment to act ethically, thereby reducing the tendency to commit fraud even in the presence of pressure or opportunity. Thus, the hypothesis is formulated as follows.

H<sub>5</sub>: Integrity moderates the relationship between transparency, accountability, and fraud.

### Method

#### Population and Sample

This research was conducted in the Provincial Government in Indonesia. The population of this study consists of all provinces in Indonesia, with an observation period from 2022 to 2023. This research uses secondary data obtained from the website of the Ministry of Home Affairs and the Corruption Eradication Commission. The sample was selected using purposive sampling with the criteria of provinces that were already established before the observation period and have scores on the regional financial management index and the integrity index. Sample selection using criteria can introduce bias, as it allows for the exclusion of populations with certain characteristics. Nevertheless, it can be asserted that this sample represents the population, because the number of selected samples is greater than 30, which is the required sample size in quantitative research.

#### Measurement of Variables

The age of the governor in this study serves as an independent variable. In several previous studies, the age of executives was measured based on the number of years since birth or the term of office served (Huang et al., 2012). However, in the context of this research conducted in the public sector, specifically in the Provincial Government in Indonesia, the age of the governor is measured based on the number of years the governor has served in office. The mediating variables in this study consist of transparency and accountability. Unlike most previous studies that

measure these two variables through questionnaire instruments (primary data), this research uses secondary data in the form of transparency and accountability indices that have been officially calculated and evaluated by the Ministry of Home Affairs of the Republic of Indonesia, thereby ensuring validity and comparability between provinces. Next, integrity functions as a moderating variable. Although most previous studies measured integrity through a perception-based questionnaire approach, this study uses an integrity index obtained from the Corruption Eradication Commission (KPK), which reflects an objective assessment of the level of integrity of state organizers. The dependent variable in this study is fraud, which reflects the level of deviation or legal violations by public officials in the local government environment. The dependent variable in this study is fraud, which reflects the level of deviation or legal violations by public officials in the local government environment.

### Hypothesis Testing

Hypothesis testing in this study was conducted using multiple regression analysis, mediating regression analysis, and moderating regression analysis. Multiple regression analysis includes the coefficient of determination test, F test, and t test. The coefficient of determination is used to determine the extent to which the independent variable can explain the variation that occurs in the dependent variable. The F-test is used to test the significance of the simultaneous effect of independent variables on the dependent variable, while the t-test is used to analyze the significance of the partial effect of each independent variable on the dependent variable. The multiple regression equation in this study is formulated as follows.

$$\begin{aligned}\text{Fraud} &= \alpha + \beta_1 \text{governor age} + \beta_2 \text{transparency} + \beta_3 \text{accountability} + \beta_4 \text{integrity} \\ \alpha &= \text{constant} \\ \beta_1 \beta_2 \beta_3 \beta_4 &= \text{coefficient regression}\end{aligned}$$

Next, mediating regression analysis is a commonly used method to identify mediation paths that explain the effect of an intervention on a specific variable. Mathematically, the Ordinary Least Squares (OLS) method and Structural Equation Modeling (SEM) are considered equivalent when applied to mediation models (Rijnhart et al., 2017). Considering that this research model does not have high complexity, the mediation test is conducted using a path analysis approach. Through this path analysis, the direct and indirect effects of the governor's age on fraud, mediated by transparency and accountability variables, can be identified. The mediating regression analysis equation is presented as follows.

$$\begin{aligned}\text{Transparency} &= B_1 \text{governor age} \dots\dots\dots (1) \\ \text{Accountability} &= B_1 \text{governor age} \dots\dots\dots (2) \\ \text{Fraud} &= B_1 \text{governor age} + B_2 \text{transparency} + B_3 \text{accountability} \dots\dots\dots (3)\end{aligned}$$

Next, the testing of the moderation variable in this study uses moderating regression analysis. Moderating regression analysis is tested using the interaction test approach, because this test directly examines whether the moderating variable affects the relationship between the independent and dependent variables. The equation for moderating regression analysis using the interaction test approach is presented below.

$$\text{Fraud} = B_1 \text{integrity} * \text{transparency} + B_2 \text{integrity} * \text{accountability}$$

Before conducting hypothesis testing, it is necessary to check the basic assumptions, namely outliers, normality, multicollinearity, heteroscedasticity, and autocorrelation. Outlier detection is performed using Mahalanobis Distance, while normality is assessed using skewness and kurtosis values for univariate data and the D'Agostino-Hansen test for multivariate data. A data point is considered a potential outlier if its Mahalanobis distance exceeds the critical value of a chi-squared distribution with  $p$  degrees of freedom at a predetermined significance level (e.g., 0.05). The data is considered normally distributed if the skewness, kurtosis, and D'Agostino-Pearson test all yield p-values greater than 0.05 (Hair et al., 2014). If the data does not meet the outlier and normality assumption, data transformation is performed by selecting the most appropriate transformation method. Multicollinearity is evaluated through the variance inflation factor (VIF) value. Data is declared free from multicollinearity if the VIF value is less than 10 (Tabachnick & Fidell, 2019). Meanwhile, the Wooldridge test is used to detect autocorrelation, and the Breusch-Pagan test is used to test for heteroscedasticity. Data is considered to meet the assumptions of autocorrelation and heteroskedasticity if the test probability value is greater than 0.05 (Breusch & Pagan, 1979; Wooldridge, 2003).

### Result

Based on the results of the assumption tests to detect outliers and normality, it was found that there were no outliers in this study's data, but several variables were normally distributed, where the skewness, kurtosis, and D'Agostino-Pearson probability values were less than 0.05. Therefore, data transformation was carried out using the best



transformation method as shown in Table 1. After the transformation process, the skewness and kurtosis probability values showed results greater than 0.05. Additionally, to test multivariate normality, the D'Agostino-Pearson (Dormanhaksen) test probability also shows a value above 0.05. Thus, the data can be stated to have met the assumption of being normally distributed.

Table 1. Transformed Data

Variable	Original Data		Best Transformation Method	Transformed Data	
	Skewness	Kurtosis		Skewness	Kurtosis
Governor age	0.003	0.308	Inverse	0.360	0.486
Transparency	0.020	0.000	Cubic	0.079	0.458
Accountability	0.000	0.000	Cubic	0.245	0.732
Integrity	0.710	0.649	None	0.710	0.649
Fraud	0.000	0.007	Square Root	0.057	0.476

The next assumption test is multicollinearity, autocorrelation, and heteroscedasticity. Table 2 shows that the variance inflation factor values for all independent variables in this study are above 0.7, therefore there is no correlation among the independent variables. Furthermore, the Wooldridge and Breusch-Pagan values in the autocorrelation and heteroscedasticity assumption tests are greater than 0.05, indicating that the data in this study meet the assumptions of autocorrelation and heteroscedasticity.

Table 2. Variance Inflation Factor

Variable	VIF
Governor age	1.10
Transparency	1.13
Accountability	1.35
Integrity	1.15

After all classical assumptions are met, data analysis continues with hypothesis testing. The first hypothesis in this study aims to examine the influence of governor age, transparency, accountability, and integrity on fraud. Table 3 presents the results of the coefficient of determination analysis, F-test, and t-test. The adjusted  $R^2$  value of 0.003 or 3% indicates that the four independent variables can only explain 3% of the variation in the dependent variable. Meanwhile, the remaining 97% is explained by other variables not included in this research model. The results of the simultaneous test (F-test) show a significance value of 0.374, which is greater than the established significance level ( $\alpha = 0.05$ ), thus it can be concluded that simultaneously, the variables of governor age, transparency, accountability, and integrity do not have a significant effect on fraud.

Table 3. Multiple Regression Result

Variabel	B	Standard error	t	sig
Constant	2.828	8.348	0.339	0.736
Governor age	-0.339	0.082	-1.317	0.191
Transparency	0.437	0.198	0.627	0.532
Accountability	0.050	0.070	0.009	0.993
Integrity	0.086	0.105	0.681	0.497
F-value	1.074			
F-sig.value	0.374			
R square	0.047			
Adjusted R square	0.003			

Based on the results of the partial test (t-test), it is known that governor age does not have a significant effect on fraud, with a significance value of 0.191, which is greater than the established significance level ( $\alpha = 0.05$ ), and a regression coefficient value of -0.339. These findings indicate that the first hypothesis is rejected. In the context of the governance system in Indonesia, all governors have relatively equal opportunities to commit fraud, regardless of age. This result does not support the upper echelon theory, which states that the characteristics of individual leaders, including age, influence organizational decisions. On the contrary, the results of this study align with the findings of (Elviani et al., 2024; Feng et al., 2011; Han & Jo, 2024; KPK, 2023; Peltomaki et al.,

2021; Schrand & Zechman, 2012), which conclude that the age of executives, including governors, does not reduce the tendency for fraud to occur. Prabowo (2014) emphasizes that factors such as political network interests, patronage, and the desire to maintain power contribute to encouraging fraudulent practices among public officials. In such situations, regional heads tend to place their political networks in strategic positions within the government bureaucracy to maintain power stability while simultaneously opening up opportunities for fraud, regardless of whether they are young or old.

Next, the variables of transparency and accountability also do not show a significant influence on fraud. The analysis results show that transparency has a coefficient value of 0.437 and a significance level of 0.532 ( $> 0.05$ ), while accountability has a coefficient value of 0.050 and a significance level of 0.993 ( $> 0.05$ ). Thus, the second and third hypotheses in this study are rejected. These findings indicate that transparency and accountability are unable to influence the level of fraud in Indonesia. These results do not support the concept of the fraud triangle theory, which places transparency and accountability as important elements in governance and an effective internal control system in preventing fraud. In the Indonesian government system, power is divided into three main pillars, namely the executive, legislative, and judicial. However, collusion may occur among these three pillars, such as in the budgeting process (Subagio, 2017). Collusion impacts the lack of oversight, indicating a failure of governance (Muslim, 2025). Therefore, such collusion will reduce the oversight function and the honesty of legislators (Bac & Bag, 2006). Rechtman (2019) also stated that strong internal controls will lose their effectiveness if there is collusion within the system (Rechtman, 2019). The findings of this study are supported by Saputra and Setiawan (2021) and Yulianti and Rahmayati (2024), who concluded that transparency and accountability do not have a significant relationship with the level of fraud.

The results of this study also do not support the fourth hypothesis, which states that integrity has a negative effect on fraud. The analysis results show that integrity has a coefficient value of 0.086 with a significance level of 0.497, which is greater than the  $\alpha = 0.05$  value. This indicates that integrity does not have a significant impact on fraud, thus the fourth hypothesis is rejected. These findings contradict the research results of de Graaf et al. (2018) and Huberts (2014), which states that integrity plays an important role in reducing the level of fraud. This discrepancy can be explained through systemic conditions in Indonesia, particularly in the public sector, where systemic pressures and bureaucratic practices, in some cases, can actually encourage individuals with integrity to engage in fraudulent actions. One of the main sources of fraud in the public sector is budget misuse. The budgeting process in Indonesia is known to be complex, encompassing stages of planning, approval, implementation, and evaluation. According to Sukmasari et al. (2024), the process often involves negotiation practices that can create opportunities for compromising ethical principles and integrity. Furthermore, the budget absorption rate is often used as a performance indicator for regional heads, including governors, which encourages the use of the budget even though its components have been previously negotiated and potentially become a source of bribery. In an environment full of pressure and compromise like this, the effectiveness of integrity as a deterrent to fraud becomes weak.

Table 4. Result of Mediating Regression

Model	Direct coef	Indirect Coef	Description
Structural transparency < --governor age	0.231	0.014	Not mediated
Structural accountability < --governor age	0.259	0.031	Not mediated

The results of the mediating regression analysis presented in Table 4 show that the direct effect coefficient of governor age on fraud is greater than the indirect effect coefficient through the mediation of transparency and accountability. These findings indicate that the age of the governor has a direct influence on fraud, whereas transparency and accountability do not serve as mediating variables in the relationship between the governor's age and fraud, thus the fifth hypothesis in this study is rejected. These results reinforce that age is an individual characteristic relevant in influencing a person's behavior, including in terms of wisdom, risk-taking tendencies, and potential involvement in fraudulent activities (Iyiegbuniwe & Iyiegbuniwe, 2018). Although fraud cases in Indonesia occur regardless of the governor's age, this finding indicates that older governors tend to have higher levels of maturity and experience in decision-making, as well as better skills in managing pressure and political dynamics. This makes them relatively more resistant to exploitation or negative influence from certain parties that could potentially encourage fraud. On the other hand, younger governors may face greater challenges in managing political pressure and administrative risks, which can increase their vulnerability to fraudulent practices. Furthermore, the direct influence of the governor's age on fraud also reflects that the creation of transparency and accountability in governance does not solely depend on the individual of the leader, but is also the result of the collective work dynamics within the government, particularly between the executive and legislative branches (Jaja & Aditya, 2022; Judijanto et al., 2024). Therefore, the success in realizing transparency and accountability at the provincial government level is greatly influenced by the effectiveness of the work team and the prevailing organizational culture within the regional government system.

Table 5. Moderating Regression Result

Variabel	B	Standard error	t	sig
Constant	3.100	0.684	4.530	0.000
Integrity*transparency	0.288	0.254	1.13	0.261
Integrity*accountability	0.578	0.146	0.40	0.693
F-value	1.180			
F-sig.value	0.310			
R square	0.025			
Adjusted R square	0.004			

The sixth hypothesis test in this study aims to examine the influence of transparency and accountability on fraud with integrity as a moderating variable. The analysis results show that integrity does not moderate the relationship between transparency and accountability towards fraud, thus the sixth hypothesis is rejected. These findings are not in line with the study by Bakri et al. (2017), which states that integrity plays an important role in strengthening the influence of governance on fraud prevention. In the context of this research, integrity does not function as a reinforcing factor in the relationship between transparency, accountability, and fraud, indicating that the influence of these two governance variables on fraud is not affected by the level of integrity of public officials. One explanation for the weak moderating role of integrity is the high environmental pressure, such as financial pressure, family pressure, and political pressure, which can reduce the effectiveness of integrity in preventing fraudulent actions. Even individuals with a high level of integrity can be tempted to commit fraud in certain complex and high-pressure situations. This condition is reflected in data from the Corruption Eradication, which shows that the majority of corruption perpetrators in Indonesia come from the legislative (DPR/DPRD) and private sectors (KPK, 2023). This indicates the strong role of the DPR/DPRD in encouraging corruption, particularly through political pressure in the budget preparation process, the execution of oversight functions, and legislative activities. On the other hand, the private sector often plays the role of giving bribes or gratifications to parties involved in fraudulent practices. Moreover, the high political costs in Indonesia, both at the executive and legislative levels, as well as among other state organizers, further exacerbate this situation. When the executive branch does not have a strong commitment to maintaining integrity and rejecting unethical cooperation, the governance process will be hindered, and the opportunity for fraud will increase (Hafiz & Halim, 2019). Thus, although integrity is an important moral value, in practice, its influence on fraud prevention can be reduced by the complexities and pressures within the governance system.

## Conclusion

This research aims to analyze the influence of age on fraud and examine the role of transparency and accountability as mediators and integrity as a moderator. Considering the high level of fraud in Indonesia, this study is highly relevant and is expected to make a significant contribution to fraud prevention efforts, particularly in the local government sector. Fraud practices in Indonesia generally involve actors from the executive branch in Provincial Government, namely Governors and other state officials, such as legislators, making it important to examine the potential agency conflict between the executive and legislative branches at the provincial government level. This conflict has the potential to create political pressure that can lead to collusion, subsequently weakening the governance system and increasing the risk of fraud. Therefore, fraud prevention strategies are not only written in regulations but also implemented in best practices. There is a need to strengthen regulations that govern the separation of executive and legislative functions, thereby reducing the space for collusion that could potentially compromise the principles of integrity. If collusion occurs among government actors, the effectiveness of transparency, accountability, and integrity in preventing fraud will significantly decrease.

The focus of this research at the provincial government level can serve as a starting point for subsequent studies to develop similar analyses in the context of other regional governments or ministries/agencies at the national level. Subsequent studies are recommended to expand the scope of the unit of analysis, including district/city governments, state agencies, and involving legislative elements, in order to obtain a more comprehensive understanding and enable comparisons between government entities in the context of fraud prevention.

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