

THE EFFECT OF INTERNAL CONTROL AND INFORMATION ASYMMETRICITY ON FINANCIAL FRAUD PREVENTION

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ABSTRACT

This study aims to examine in depth the influence of internal control and information asymmetry on the prevention of financial fraud in village government in Jember Regency. This study is based on the importance of transparency and accountability in village financial management, considering the high potential for budget misuse if not supervised by a good control system. The method used in this study is a quantitative method using simple random sampling as a data collection method totaling 56 samples, and then processed using SPSS version 21. The results of the study indicate that internal control has a significant influence on the prevention of financial fraud. Meanwhile, information asymmetry does not have a significant influence on fraud prevention, indicating that information inequality does not necessarily increase the risk of fraud if the internal control system is running effectively. These findings support some of the concepts in the fraud hexagon theory and contribute to fraud prevention efforts in the village government sector.

Keywords: *Internal Control, Information Asymmetry, Fraud Prevention, Fraud Hexagon.*