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Internal Control Systems, Financial Reporting Compliance, and Accounting Fraud Prevention: Moderating Role of Corporate Social Responsibility

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ABSTRACT

Accounting fraud remains a critical challenge in Indonesia's infrastructure sector due to weak governance mechanisms, complex project characteristics, and increasing financial reporting risks. Although previous studies have examined internal control systems and financial reporting compliance in fraud prevention, empirical findings remain inconsistent, while limited attention has been given to the moderating role of Corporate Social Responsibility (CSR). This study examines the effects of Internal Control Systems and Financial Reporting Compliance on Accounting Fraud Prevention and investigates whether CSR moderates these relationships. A quantitative explanatory design was employed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.1.1. Data were collected from 41 infrastructure companies listed on the Indonesia Stock Exchange using purposive sampling. The results indicate that Internal Control Systems have a significant positive effect on Accounting Fraud Prevention ($\beta = 0.644$, $t = 3.842$, $p < 0.001$), while Financial Reporting Compliance also has a significant positive effect ($\beta = 0.419$, $t = 3.174$, $p = 0.002$). Furthermore, CSR negatively moderates the relationship between Internal Control Systems and Accounting Fraud Prevention ($\beta = -0.476$, $t = 1.975$, $p = 0.048$), whereas it positively moderates the relationship between Financial Reporting Compliance and Accounting Fraud Prevention ($\beta = 0.470$, $t = 2.140$, $p = 0.032$). These findings extend Fraud Hexagon Theory and Agency Theory by demonstrating that CSR has a context-dependent moderating role rather than uniformly strengthening governance mechanisms. Practically, integrating effective internal controls, rigorous financial reporting compliance, and strategically aligned CSR initiatives can support fraud prevention and strengthen corporate governance in infrastructure companies.

1. Introduction

Infrastructure development is a priorityThe Indonesian government's primary objective is to promote national economic transformation and equitable regional development. Basic infrastructure, such as adequate housing, drinking water, sanitation, transportation, and public facilities, plays a crucial role in increasing community productivity, strengthening interregional connectivity, and supporting sustainable economic growth. The government continues to increase the infrastructure budget allocation as a commitment to strengthening public services and developing the national economy. Based on the 2024 State Budget (APBN), the infrastructure budget allocation increased from IDR 372.8 trillion in 2022 to IDR 423.4 trillion in 2024 (Ministry of Finance of the Republic of Indonesia Team, 2024). This increase shows that the infrastructure sector has a strategic position in national development and also

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involves complex business activities, both in state-owned and private construction companies.

Despite receiving substantial budget support, the infrastructure sector faces various challenges such as high operational costs, fluctuating raw material prices, limited technology, and weak internal oversight systems. These conditions increase the risk of accounting fraud, including financial statement manipulation, corruption, and misappropriation of company assets. The case of PT Nusa Konstruksi Enjiniring Tbk (NKE) indicates manipulation of the first quarter of 2023 financial statements by changing losses to profits (Andi, 2023) In addition, PT Waskita Karya Tbk (WSKT) is also suspected of engineering financial reports for the 2018–2021 period in the form of fictitious income and asset manipulation (Husin, 2025). The case also involved misuse of project funds which caused state losses of up to Rp. 202 billion (Sumedana, 2023) This phenomenon shows that weak governance and internal oversight can increase the risk of fraud in the infrastructure sector.

Fraud is also a global issue that is receiving serious attention. The Association of Certified Fraud Examiners (ACFE), through its 2019 Indonesian Fraud Survey, recorded total losses due to fraud reaching Rp873.43 billion, with corruption cases being the most dominant form of fraud (ACFE Indonesia Chapter, 2020) Furthermore, the 2024 Report to the Nations showed that asset misappropriation occurred in 89% of fraud cases globally, while financial statement fraud had the highest median loss of US$766,000 per case (ACFE, 2024). The construction and infrastructure sector is vulnerable to fraudulent practices due to the high project complexity, large contract values, and weak oversight of project implementation. In Indonesia, numerous cases of stalled projects and cost overruns increasingly highlight the importance of strengthening financial reporting control and compliance systems. These cases include the stadium and cultural park projects in West Sumatra (Lefendri, 2024), the Sintung Park project in Central Lombok which is experiencing payment arrears (Rahmawati, 2024), as well as the Jakarta-Bandung High-Speed Rail project which experienced cost overruns of up to IDR 21.7 trillion (Bima, 2022). This condition indicates that weak internal supervision and low compliance with regulations can increase the risk of deviations in project management.

From an internal control theory perspective, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework emphasizes that an effective internal control system can help organizations prevent and detect fraud, improve the quality of financial reporting, and strengthen regulatory compliance. A good internal control system also requires the support of competent human resources and the use of information technology to ensure optimal monitoring (Febriana Louw, 2023). In addition, compliance with financial reporting standards is an important aspect in maintaining transparency, accountability, and credibility of financial reports (Asri Ady Bakri, 2025). Compliance with financial reporting can minimize the opportunity for report manipulation and asset misuse, especially in construction companies with high operational complexity.

On the other hand, infrastructure companies are also required to implement Corporate Social Responsibility (CSR) as part of sustainable corporate governance. CSR is not only related to social and environmental activities, but also reflects a company's integrity, transparency, and accountability (Mahir Bayasut & Rio Zakarias W, 2024). Regulations in Indonesia such as Law No. 40 of 2007, Law No. 25 of 2007, Government Regulation No. 47 of 2012, and POJK No. 51/POJK.03/2017 emphasize the importance of CSR implementation and reporting for companies, including issuers listed on the Indonesia Stock Exchange. Effective CSR implementation can strengthen a company's reputation, increase stakeholder trust, and support the strengthening of internal control systems. One example of successful CSR implementation is demonstrated by PT Wijaya

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Karya (WIKA Tbk) through various social and environmental programs that received the Indonesia CSR Excellence Award (ICEA) 2023 (Yuliana Triwijayanti, 2023).

Several previous studies have shown mixed results regarding the relationship between internal control systems, financial reporting compliance, and accounting fraud prevention Maulidi and Ansell (2022), Sofyani et al. (2022), as well as Ololade (2025) found that the internal control system has a positive effect on fraud prevention. However, the research Pratopo and Wuryani (2023) as well as Glenardy et al. (2022) stated that internal control does not have a significant effect on preventing accounting fraud. In addition, Eka Wiji Kuswati (2023) added that operational complexity can reduce the effectiveness of internal controls in preventing fraud.

Research results related to financial reporting compliance also show inconsistencies. Bosko et al. (2023), Al Tawil and Rahhal (2025), as well as Kivaayatul Akhyaar et al. (2022) found that financial reporting compliance has a positive effect on fraud prevention. On the other hand, research Riani Putri and Kisnawati (2024), Firdausy and Sari (2022), as well as Ditaningtyas and Triyono (2024) concluded that compliance with accounting rules does not significantly impact fraud prevention. The inconsistency of these research findings indicates a research gap that requires further study, particularly in the infrastructure sector, which has a high fraud risk but has received relatively little research.

In addition, research on CSR as a moderating variable in the relationship between internal control systems, financial reporting compliance, and accounting fraud prevention is still limited Abed et al. (2022), Zhang and Su (2023), Ashma' and Laksmi (2023), Safitri et al. (2024), as well as Pungkisiwi Y. and Hermanto (2024). Studies have shown that CSR can strengthen corporate governance, transparency, and the quality of financial reporting. However, few studies have specifically examined the role of CSR as a moderating variable in infrastructure sector companies in Indonesia. Therefore, this study seeks to fill this gap by integrating CSR as a moderating variable into the research model.

Based on the background and research gap, the problem formulation in this study is whether the internal control system and financial reporting compliance have an effect on preventing accounting fraud, and whether Corporate Social Responsibility is able to strengthen this relationship in infrastructure sector companies listed on the Indonesia Stock Exchange.

In line with the formulation of the problem, this study aims to analyze the influence of the internal control system and financial reporting compliance on the prevention of accounting fraud, as well as to test the role of Corporate Social Responsibility as a moderating variable in infrastructure sector companies listed on the Indonesia Stock Exchange.

Theoretically, this study is expected to enrich the literature on internal control, financial reporting compliance, fraud prevention, and CSR implementation from a corporate governance perspective. This study also contributes to the development of internal control and corporate governance theory by integrating CSR as a moderating factor in accounting fraud prevention efforts. Practically, the results of this study are expected to be a consideration for company management, regulators, investors, and other stakeholders in strengthening the supervisory system, improving the quality of financial reporting, and optimizing CSR implementation to minimize the risk of fraud in the infrastructure sector. The novelty of this study lies in examining the role of CSR as a moderating variable in the relationship between internal control systems, financial reporting compliance, and accounting fraud prevention in infrastructure sector companies listed on the Indonesia Stock Exchange, a study that is still relatively limited in previous research.

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2. Literature Review

2.1 Conceptual and Theoretical Foundations

2.1.1 Fraud Hexagon Theory (The Six-Axis Theory of Fraud)

Fraud Hexagon Theory developed by Vousinas (2019) is a development of the Fraud Triangle and Fraud Diamond by adding the dimensions of collusion and arrogance, thus consisting of pressure, opportunity, rationalization, capability, collusion, and arrogance. This theory explains fraudulent behavior more comprehensively through psychological, situational, and social aspects. In the context of this research, the Fraud Hexagon theory is used to explain the relationship between the Internal Control System (ISC), Financial Reporting Compliance (KPK), and Corporate Social Responsibility (CSR) towards Accounting Fraud Prevention (PKA). ISC functions to reduce opportunity and collusion through the COSO control mechanism, while the KPK suppresses rationalization and pressure through transparent reporting in accordance with SAK/IFRS. CSR acts as a moderating variable that strengthens social ethics and corporate responsibility in preventing fraud (Bader et al., 2024).

2.1.2 Agency Theory

Agency theory by Jensen and Meckling (1976) explains the conflict of interest between principals and agents due to information asymmetry. In the infrastructure sector, which involves complex projects and large costs, this situation increases the risk of financial statement manipulation. Therefore, SPI and financial reporting compliance serve as oversight mechanisms to reduce moral hazard and fraud Syahputra and Irawati (2023) emphasizes that technology-based oversight, such as big data and whistle-blowing systems, is effective in strengthening fraud control. CSR also broadens the perspective of agency theory through ethical and stakeholder approaches, making CSR-supported internal governance more effective in preventing accounting fraud.

2.1.3 Internal Control System

Arens et al. (2018:247) defines internal control systems as policies and procedures designed to mitigate risks and ensure that organizational objectives are achieved. Whittington and Kurt Pany (2021:280) explains the five main components of internal control, namely control environment, risk assessment, control activities, information and communication, and monitoring. COSO (2023) is the main basis for implementing modern SPI, including sustainability reporting controls. SPI functions as an integrated system that supports operational effectiveness, regulatory compliance, and fraud prevention. SPI dimensions according to Pratiwi and Setiyawati (2023) includes the control environment, risk assessment, control activities, information and communication, and internal control monitoring.

2.1.4 Financial Reporting Compliance

Gunadi, Angela, et al. (2024:8) explains that compliance with financial reporting standards reflects an organization's discipline in presenting relevant and reliable information. Pandapotan Ritonga (2020:49) states that financial reporting includes financial statements along with supporting information that is relevant to stakeholders Hussey & Ong, 2023 explains the four main statements in financial reporting: the statement of financial position, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows. Compliance with SAK and IFRS is important to maintain transparency, accountability, and integrity of financial reports and prevent fraud. Dimensions of financial reporting compliance according to Kivaayatul Akhyaar et al. (2022) consists of planning, implementation, administration, reporting and accounting, and accountability.

2.1.5 Accounting Fraud Prevention

Rini Sartini (2023:96) stated that fraud prevention is the first step to avoid the emergence of accounting fraud Rachmat (2024:125) defines financial fraud as an act of

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deliberate manipulation that is detrimental to stakeholders Harnovinsah (2024:54) classifies fraud into fraudulent financial statements, asset misappropriation, and corruption. Fraud is generally triggered by pressure, opportunity, and rationalization. Therefore, fraud prevention is the responsibility of all organizational elements through increased oversight, transparency, and a culture of integrity. The dimensions of accounting fraud prevention according to Kivaayatul Akhyaar et al. (2022) includes fraud awareness, participation, transparency and accountability, orderly reporting administration, and mutual trust.

2.1.6 Corporate Social Responsibility (CSR)

Jedynak (2024:2012) defines CSR as a company's legal and ethical commitment to social, environmental, labor, and human rights impacts Sunaryono (2024:100) explains the four dimensions of CSR: economic, legal, ethical, and philanthropic responsibility. CSR not only serves as a company's social obligation but also strengthens organizational governance, reputation, and integrity. In this study, CSR is positioned as a moderating variable that strengthens the effectiveness of SPI and financial reporting compliance in preventing fraud. This is in line with Law No. 40 of 2007, Article 74, which requires companies in the natural resource sector, including infrastructure, to implement CSR. The dimensions of CSR according to Abed et al. (2022) covering economic, legal, ethical, and philanthropic responsibilities.

2.1.7 State of the Art Study

Previous research has shown mixed results regarding the relationship between SPI, financial reporting compliance, CSR, and fraud prevention.Maulidi and Ansell (2022), Sofyani et al. (2022), Pratiwi and Setiyawati (2023), Megawati and Reskino (2023), and Ololade (2025) found that SPI was effective in preventing accounting fraud. However, Pratopo and Wuryani (2023), Eka Wiji Kuswati (2023), and Glenardy et al. (2022) found no significant influence. On the financial reporting compliance variable, Bosko et al. (2023), Al Tawil and Rahhal (2025), Kivaayatul Akhyaar et al. (2022), and Oktris et al. (2025)shows a positive influence on fraud prevention, whereas Ditaningtyas and Triyono (2024), Riani Putri and Kisnawati (2024), as well as Firdausy and Sari (2022) found different results. CSR research by Abed et al. (2022), Zhang and Su (2023), Yulianti et al. (2024), Ashma' and Laksmi (2023), Safitri et al. (2024), and Pungkisiwi Y. and Hermanto (2024) shows that CSR strengthens the effectiveness of corporate governance in preventing fraud by increasing transparency, accountability, and organizational integrity.

2.2 Review of Empirical Studies

Various previous studies show that the internal control system has an important role.in preventing accounting fraud. Research Maulidi and Ansell (2022), Ololade (2025), Sofyani et al. (2022), Pratiwi and Setiyawati (2023), as well as Megawati and Reskino (2023) found that internal control systems have a positive effect on preventing accounting fraud. Effective internal controls can improve oversight, reduce opportunities for fraud, and strengthen organizational governance.

However, some studies show different results Pratopo and Wuryani (2023), Eka Wiji Kuswati (2023), as well as Glenardy et al. (2022) found that internal control had no significant effect on preventing accounting fraud. These differences in results indicate that the effectiveness of internal control is influenced by the organizational context, implementation quality, and industry sector characteristics.

In the financial reporting compliance variable, Bosko et al. (2023), Al Tawil and Rahhal (2025), Kivaayatul Akhyaar et al. (2022), as well as Oktris et al. (2025) concluded that compliance with financial reporting standards has a positive effect on preventing accounting fraud. Reporting compliance can increase transparency and reduce the risk of financial statement manipulation. However, Ditaningtyas and Triyono (2024), Riani Putri and Kisnawati

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(2024), as well as Firdausy and Sari (2022) found that financial reporting compliance had no significant effect on fraud prevention.

Meanwhile, research on CSR shows that CSR can strengthen the relationship between corporate governance and fraud prevention Abed et al. (2022), Zhang and Su (2023), Yulianti et al. (2024), Ashma' and Laksmi (2023), Safitri et al. (2024), as well as Pungkisiwi Y. and Hermanto (2024) shows that CSR is able to moderate the influence of internal control systems and financial reporting compliance on preventing accounting fraud by increasing transparency, accountability, and corporate integrity.

2.3 Identification of the Research Gap

Based on theoretical and empirical studies, several research gaps emerged that formed the basis for this research. First, previous research on the influence of internal control systems and financial reporting compliance on accounting fraud prevention has shown inconsistent results. Some studies found a significant positive effect, while others showed an insignificant or negative effect.

Second, most previous research has been conducted in the government, banking, microfinance institutions, and village fund management sectors, while research on infrastructure companies is relatively limited. This is despite the fact that the infrastructure sector is characterized by high fraud risks due to project complexity, large investment values, and high pressure to achieve project targets.

Third, previous research generally only examined the direct influence of internal control systems and financial reporting compliance on fraud prevention, while research integrating CSR as a moderating variable is still limited. Therefore, this study seeks to develop a research model by positioning CSR as a moderating variable to strengthen the relationship between internal control systems and financial reporting compliance on accounting fraud prevention.

Fourth, this study integrates Fraud Hexagon Theory and Agency Theory as a theoretical basis to explain the relationship between variables more comprehensively, especially in the context of infrastructure sector companies listed on the Indonesia Stock Exchange.

2.4 Development of the Conceptual Framework

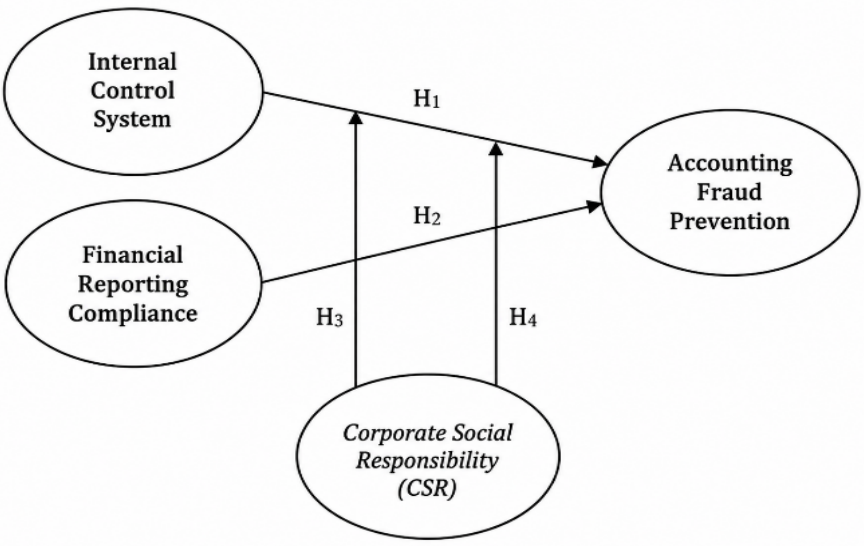

Fig. 1. Conceptual Framework of the study.
Source: Researcher Data (2025)

The internal control system is seen as a primary mechanism for minimizing the

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potential for fraud through oversight, segregation of duties, and ongoing control evaluation. The more effective a company's internal control system, the greater its ability to prevent accounting fraud.

Financial reporting compliance reflects a company's level of discipline in preparing financial reports in accordance with applicable accounting standards and regulations. High compliance can increase transparency and reduce the potential for financial statement manipulation, thus supporting the prevention of accounting fraud.

CSR is positioned as a moderating variable because companies with high levels of social responsibility tend to implement more transparent, ethical, and accountable governance practices. Therefore, CSR is expected to strengthen the influence of internal control systems and financial reporting compliance on preventing accounting fraud.

2.5 Hypotheses or Research Propositions

2.5.1 The Effect of Internal Control System on Accounting Fraud Prevention

The relationship between the Internal Control System (ICS) and accounting fraud prevention can be explained through Agency Theory and Fraud Hexagon Theory**.** Agency Theory, as developed by Jensen and Meckling, explains that conflicts of interest and information asymmetry between principals and agents may create opportunities for managers or employees to engage in opportunistic behavior. This problem becomes more pronounced in infrastructure companies because their activities involve complex projects, substantial financial resources, and multiple organizational functions. Under these circumstances, an effective internal control system can serve as a governance mechanism to reduce information asymmetry, constrain managerial discretion, and increase accountability. The implementation of control environments, risk assessment, control activities, information and communication, and monitoring can therefore reduce the possibility that organizational resources and accounting information will be manipulated for personal or particular interests. The study's theoretical framework similarly positions the internal control system as an oversight mechanism for reducing moral hazard and fraud risk.

The relationship is also strongly supported by the Fraud Hexagon Theory, particularly through the *opportunity* dimension. Vousinas' Fraud Hexagon Theory explains that fraud is influenced by pressure, opportunity, rationalization, capability, arrogance, and collusion. Within this framework, internal control primarily functions to restrict the opportunity for fraudulent behavior. Effective segregation of duties, authorization procedures, risk assessment, internal auditing, and continuous monitoring make it more difficult for individuals to exploit weaknesses in organizational processes. In contrast, weak supervision, inadequate segregation of duties, and ineffective monitoring may create opportunities for fraudulent transactions or financial statement manipulation. The study itself identifies the internal control system as a mechanism for reducing opportunity and collusion through control mechanisms and monitoring.

Empirical findings reported in the study provide substantial support for this relationship. Maulidi and Ansell (2022), Ololade (2025), Sofyani et al. (2022), Pratiwi and Setiyawati (2023), and Megawati and Reskino (2023) found that internal control systems have a positive role in preventing accounting fraud. These studies indicate that effective internal controls can improve supervision, reduce opportunities for fraud, and strengthen organizational governance. In particular, the study's empirical review reports that Pratiwi and Setiyawati (2023) and Megawati and Reskino (2023) support the effectiveness of internal control in reducing fraud risk. At the same time, Pratopo and Wuryani (2023), Eka Wiji Kuswati (2023), and Glenardy et al. (2022) reported insignificant relationships, indicating that the effectiveness of internal control may depend on implementation quality and organizational context. Nevertheless, the

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dominant theoretical argument and the positive empirical evidence suggest that stronger internal control should enhance an organization's ability to prevent accounting fraud. Therefore, the following hypothesis is proposed:

H1: internal control systems have an impact on preventing accounting fraud.

2.5.2 The Effect of Financial Reporting Compliance on Accounting Fraud Prevention

Financial Reporting Compliance (FRC) represents an organization's commitment to preparing and presenting financial information in accordance with applicable accounting standards, regulations, procedures, and reporting requirements. From the perspective of Agency Theory, compliance with financial reporting requirements can reduce information asymmetry between principals and agents by establishing standardized procedures for the preparation and disclosure of financial information. When financial reporting must follow established accounting standards, managerial discretion in recognizing, measuring, presenting, and disclosing financial information becomes more constrained. Compliance therefore functions as an accountability mechanism that increases the transparency and reliability of information provided to stakeholders. The study conceptualizes financial reporting compliance through planning, implementation, reporting and accounting administration, and accountability, emphasizing its role in maintaining transparency, accountability, and financial reporting integrity.

From the perspective of Fraud Hexagon Theory, financial reporting compliance can reduce the opportunity for fraudulent financial reporting because compliant reporting requires proper documentation, accountability, transparency, and adherence to established standards. Fraudulent reporting often requires individuals to exploit weaknesses in reporting procedures or justify inappropriate accounting treatments. Consistent compliance makes deviations more visible and increases the possibility that irregularities will be identified through internal or external monitoring. In this sense, financial reporting compliance can restrict the *opportunity* dimension of the Fraud Hexagon while also reducing the possibility of *rationalization*, because employees and managers are expected to follow clearly established reporting requirements rather than justify deviations according to personal interests. The study also emphasizes that compliance with financial reporting standards can minimize opportunities for financial statement manipulation and asset misuse.

The empirical evidence presented in the study generally supports this argument. Bosko et al. (2023), Al Tawil and Rahhal (2025), Kivaayatul Akhyaar et al. (2022), and Oktris et al. (2025) are reported as finding a positive relationship between financial reporting compliance and fraud prevention. These studies suggest that compliance can improve transparency and reduce the risk of financial statement manipulation. The current study's empirical discussion similarly explains that accurate, transparent, and compliant financial reporting can reduce opportunities for manipulation and facilitate the detection of irregularities. However, evidence is not completely consistent. Ditaningtyas and Triyono (2024), Riani Putri and Kisnawati (2024), and Firdausy and Sari (2022) found that compliance with accounting rules did not significantly influence fraud prevention. The study explains that formal compliance may be ineffective when it is implemented merely as an administrative formality without adequate oversight and enforcement. Despite these inconsistencies, the theoretical rationale and the greater body of supporting evidence provide a basis for expecting financial reporting compliance to contribute positively to accounting fraud prevention. Therefore:

H2: Financial reporting compliance has an impact on preventing accounting fraud.

2.5.3 The Moderating Role of Corporate Social Responsibility in the Relationship

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between Internal Control System and Accounting Fraud Prevention

Corporate Social Responsibility (CSR) is positioned in this study as a moderating variable because its contribution extends beyond social and environmental activities to include ethical conduct, transparency, accountability, and organizational integrity. From the perspective of Agency Theory, CSR can complement formal internal control mechanisms by strengthening the accountability relationship between management and stakeholders. While internal control establishes formal procedures for monitoring organizational activities, CSR can reinforce the ethical environment in which those procedures operate. Organizations that demonstrate strong economic, legal, ethical, and philanthropic responsibilities are expected to have greater incentives to maintain stakeholder trust and protect their organizational reputation. Thus, CSR may strengthen the ability of internal control systems to constrain opportunistic behavior and prevent accounting fraud. The study specifically conceptualizes CSR as a moderating variable intended to strengthen the effectiveness of internal control and financial reporting compliance in fraud prevention.

The moderating relationship can also be explained through the Fraud Hexagon Theory. Internal control primarily addresses the *opportunity* dimension by limiting weaknesses that can be exploited to commit fraud. However, formal controls may not be sufficient when employees or managers possess the capability to circumvent controls, rationalize unethical behavior, demonstrate arrogance, or collaborate with other individuals. CSR can provide an additional ethical and social mechanism by promoting values of integrity, responsibility, transparency, and accountability. In this context, CSR may strengthen the effectiveness of internal control because the control system operates within an organizational environment that discourages unethical conduct. The study's theoretical framework similarly argues that CSR strengthens social ethics and corporate responsibility, while the empirical literature cited in the article indicates that CSR can strengthen corporate governance, transparency, and organizational integrity.

Previous studies provide support for this proposed moderating effect. Abed et al. (2022), Zhang and Su (2023), Yulianti et al. (2024), Ashma' and Laksmi (2023), Safitri et al. (2024), and Pungkisiwi Y. and Hermanto (2024) are identified in the study as evidence that CSR can strengthen governance, transparency, financial reporting quality, and organizational integrity. In particular, Abed et al. (2022) examined the moderating effect of CSR on the relationship between creative accounting determinants and financial reporting quality, while Ashma' and Laksmi (2023) examined CSR and financial fraud with audit quality as a moderating factor. The study therefore argues that CSR can function as a complementary governance mechanism rather than merely as a social program. Accordingly, when strong internal control is accompanied by strong CSR practices, the organization is expected to have stronger ethical accountability and greater capacity to prevent accounting fraud. Therefore:

H3: corporate social responsibility can moderate the influence of internal control systems on the prevention of accounting fraud.

2.5.4 The Moderating Role of Corporate Social Responsibility in the Relationship between Financial Reporting Compliance and Accounting Fraud Prevention

The moderating role of CSR in the relationship between Financial Reporting Compliance and Accounting Fraud Prevention can be explained through Agency Theory. Financial reporting compliance limits managerial discretion by requiring managers to prepare financial information according to established accounting standards and reporting procedures. However, formal compliance may not automatically ensure ethical behavior if organizational actors view reporting requirements merely as administrative obligations. CSR can strengthen this

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relationship by embedding ethical responsibility, transparency, and accountability into organizational decision-making. When a company demonstrates a strong commitment to its stakeholders, compliance with financial reporting requirements becomes not merely a regulatory obligation but also part of the organization's broader commitment to responsible corporate behavior. Consequently, CSR can strengthen the ability of financial reporting compliance to reduce information asymmetry and opportunistic behavior.

The Fraud Hexagon Theory further explains why CSR may strengthen the effect of financial reporting compliance on fraud prevention. Compliance mechanisms can reduce the opportunity to manipulate financial information by requiring appropriate documentation, reporting procedures, accountability, and transparency. Nevertheless, individuals may still attempt to circumvent formal requirements through rationalization, capability, arrogance, or collusion. Strong CSR can provide an additional ethical constraint that makes fraudulent reporting less acceptable and increases the reputational consequences of unethical behavior. CSR therefore complements formal reporting compliance by strengthening the ethical and accountability-oriented environment surrounding financial reporting. The study's conceptualization of CSR explicitly emphasizes economic, legal, ethical, and philanthropic responsibilities, while its empirical review indicates that CSR can improve transparency, accountability, and corporate integrity.

The empirical studies cited in the article provide support for this moderating mechanism. Abed et al. (2022) found that CSR plays an important role in improving financial reporting quality and reducing creative accounting practices, while Ashma' and Laksmi (2023) found that CSR is relevant to financial fraud prevention. The study's own discussion further argues that companies with strong CSR commitments tend to place greater emphasis on ethical principles, transparency, and accountability, thereby making financial reporting compliance more effective in preventing fraud. Moreover, the article's empirical findings directly support the proposed direction: CSR positively moderates the relationship between Financial Reporting Compliance and Accounting Fraud Prevention. Therefore, the combination of formal reporting compliance and CSR-oriented ethical values is expected to produce stronger fraud-prevention outcomes than financial reporting compliance alone.

H4: corporate social responsibility can moderate the influence of financial reporting compliance on accounting fraud prevention.

3. Research Methods

3.1 Research Design

This study uses a quantitative approach with a causality design to analyze the relationship between internal control systems, financial reporting compliance, and accounting fraud prevention with Corporate Social Responsibility (CSR) as a moderating variable. The quantitative approach was chosen because it focuses on hypothesis testing through numerical data and statistical analysis (Sekaran & Bougie, 2016) This study also uses an explanatory research approach with the Structural Equation Modeling–Partial Least Squares (PLS-SEM) method to test direct and moderate relationships between latent constructs.

3.2 Research Context and Setting

The study was conducted on infrastructure sector companies listed on the Indonesia Stock Exchange in 2025, specifically in the Heavy Construction & Civil Engineering, Telecommunications, and Electric Utilities subsectors. These sectors were selected based on their strategic role in national development and the high risks associated with internal control, financial reporting, and potential accounting fraud. Data collection was conducted online and offline during the 2025–2026 period.

3.3 Population and Sample / Research

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Participants

The study population consisted of 69 infrastructure sector companies listed on the Indonesia Stock Exchange. The sampling technique used nonprobability sampling with a purposive sampling approach (judgment sampling), which involves selecting samples based on specific criteria relevant to the research objectives. The samples were selected from three dominant and representative subsectors to obtain relevant information related to infrastructure sector development. The sample selection criteria included companies belonging to the three main subsectors, consistently submitting annual reports until December 31, 2024, and not experiencing delisting, suspension, mergers, acquisitions, bankruptcy, or involvement in legal cases. Based on these criteria, 41 companies qualified as research samples. Each of the 41 sampled companies was represented by one respondent, resulting in 41 research respondents and 41 usable questionnaires. A single respondent was selected from each company based on their strategic position and direct involvement in financial management, internal control, auditing, financial reporting, or company projects. The respondent selection was intended to ensure that the respondent had sufficient organizational knowledge to provide informed assessments of the company's Internal Control System (ICS), Financial Reporting Compliance (FRC), Corporate Social Responsibility (CSR) practices, and Accounting Fraud Prevention. Respondents were therefore not selected solely based on their availability, but based on their functional responsibilities and work experience relevant to the research variables. The study respondents were parties holding strategic positions in finance, internal control, auditing, or company projects with a minimum of 1–3 years of work experience.

The use of one respondent per company was also considered appropriate for this study because the unit of analysis was the company, while the questionnaire required organizational-level assessments. Selecting a respondent with a strategic position and relevant work experience was intended to reduce the risk of responses being based on limited or indirect knowledge of the organizational practices examined.

Regarding sample adequacy, the study used PLS-SEM because the method is suitable for research models involving latent constructs, relatively small samples, and complex relationships, including moderation effects. The final sample of 41 respondents represents all companies that met the predetermined purposive sampling criteria rather than a further reduction from the eligible sample. Thus, the sample size was determined by the availability of companies satisfying the substantive inclusion criteria. Nevertheless, because the model includes direct effects and two interaction terms, the relatively small sample should be considered when interpreting the statistical results. The study therefore reports the PLS-SEM results together with the relevant significance testing and effect estimates rather than treating the sample size alone as evidence of statistical adequacy.

Table 1. Sample Selection

No	Criteria	Amount
1	Companies in the infrastructure sector listed on the IDX	69
2	Companies that are not included in the three dominant sub-sectors	(10)
3	Companies that do not consistently report or announce annual reports on time to the IDX as of December 31, 2024	(11)
4	Companies in special conditions such as major restructuring, mergers, acquisitions, bankruptcy, or involved in legal cases	(2)
5	The company experienced delisting and suspension as of June 30, 2025	(5)
Total Samples Meeting All Criteria		**41**
Number of Research Samples		**41**

Source: Data Processed by Researchers (2025)

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3.4 Data Sources and Data Collection

This study uses primary data obtained through online questionnaire distribution using Google Forms and in person (offline) during the period July–October 2025. Data were collected directly from company respondents who met the research criteria. According to Sekaran and Bougie (2016). Primary data is data collected directly by researchers for specific research purposes. The research instrument uses a five-point interval scale, ranging from strongly disagree (1) to strongly agree (5), according to measurement standards Sekaran and Bougie (2016).

Instruments

This study uses four variables, namely internal control systems (X1), financial reporting compliance (X2), accounting fraud prevention (Y), and CSR as a moderating variable (Z). The measurement indicators are adapted from research Pratiwi and Setiyawati (2023), Kivaayatul Akhyaar et al. (2022), and Abed et al. (2022). The total research instrument consists of 36 indicators measured using a five-point interval scale to ensure construct validity and comparability with previous research. Operational definitions and measurement of the research variables are presented in Table 2 below.

3.5 Measurement of Variables and Research

Table 2. Operational Definition of Variables and Variable Measurement

Variables	Dimensions	Indicator	Scale	Questionnaire No.
Internal Control System (X1) (Pratiwi & Setiyawati, 2023)	1. Control Environment	1. Integrity and Ethical Values of Management	Interval	1
		2. Delegation of Authority and Responsibility		2
	2. Risk Assessment	1. Periodic Risk Identification		3
		2. Risk Mitigation Actions		4
	3. Control Activities	1. Proper Transaction Authorization		5
		2. Company Asset Security		6
	4. Information and Communication	1. Access to Relevant and Timely Information		7
		2. Vertical and Horizontal Communication		8
	5. Internal Control Monitoring	1. Periodic Evaluation of Control Systems		9
		2. The Role of Internal Audit		10
Financial Reporting Compliance (X2) (Kivaayatul Akhyaar et al., 2022)	1. Planning	1. Determining Reporting Objectives and Strategies	Interval	11
		2. Compliance with Accounting Standards (SAP)		12
	2. Implementation	1. Budget Allocation According to Plan		13
		2. Transparency in Budget Implementation		14
	3. Reporting and Accounting Administration	1. Preparation of Financial Reports		15
		2. Timeliness in Reporting		16
	4. Accountability	1. Responsibility for Financial Management		17

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		2. Transparency of Reports to Stakeholders		18
Accounting Fraud Prevention (Y) (Kivaayatul Akhyaar et al., 2022)	1. Instilling Fraud Awareness	1. Fraud Training and Outreach	Interval	19
		2. Understanding the Types and Modes of Fraud		20
	2. There is Participation	1. Leadership Involvement in Fraud Prevention		21
		2. Collaboration Between Work Units in Supervision		22
	3. Transparent and Accountable	1. Ease of Access to Financial Information		23
		2. Accountability for Every Financial Decision		24
	4. Administrative Reporting Procedures	1. Implementation of SOP in Reporting		25
		2. Completeness of Financial Documentation		26
	5. Mutual trust	1. Supervision is Still Carried Out Objectively		27
		2. Organizational Culture Supports Integrity		28
Corporate Social Responsibility (CSR) (Z) (Abed et al., 2022)	1. Economic Responsibility	1. Company Commitment to Generating Profits	Interval	29
		2. Product and Service Innovation to Increase Economic Value		30
	2. Legal Responsibility	1. Compliance with Laws and Government Regulations		31
		2. Legal and Administrative Transparency		32
	3. Ethical Responsibilities	1. Fair and Honest Business Conduct		33
		2. Concern for Employee Welfare		34
	4. Philanthropic Responsibility	1. Involvement in Social and Community Activities		35
		2. Support for Education, Health, or the Environment		36
Total Questionnaire Questions				**36**

Source: Data Processed by Researchers from Various Scientific Sources (2025)

3.6 Data Analysis Techniques

Data analysis involved data categorization, tabulation, presentation of findings, calculations to address the research questions, and hypothesis testing. The data were analyzed using SmartPLS Version 4.1.1.4 based on the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach. PLS-SEM was selected because it can simultaneously analyze relationships among latent variables, accommodate relatively small sample sizes, does not require normally distributed data, and is capable of estimating complex research models (Ghozali, 2021). This methodological consideration is particularly relevant to the present study because the final sample consisted of 41 company-level respondents and the structural model includes moderation relationships involving interaction terms. Accordingly, PLS-SEM was employed to estimate the structural relationships while taking into account the characteristics of the

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available sample and the complexity of the proposed model.

In PLS-SEM, determining the type of measurement model is a crucial step, namely whether the constructs are specified as reflective or formative. Reflective constructs are appropriate when the indicators represent manifestations of the underlying latent variable, such that changes in the latent construct are reflected in all of its indicators. In contrast, formative constructs are appropriate when the indicators collectively form or define the latent construct, with each indicator contributing a distinct aspect to the construct (Ghozali, 2021; Ghozali & Kusumadewi, 2023).

In this study, all variables were operationalized as reflective constructs, as each indicator was designed to reflect the underlying latent concept, including the Internal Control System, Financial Reporting Compliance, Corporate Social Responsibility, and Accounting Fraud Prevention. Accordingly, the measurement model was evaluated through assessments of convergent validity, discriminant validity, and construct reliability. Subsequently, the structural model (inner model) was assessed using the coefficient of determination (R^2), predictive relevance (Q^2), effect size (f^2), and hypothesis testing through the bootstrapping procedure. As stated by Ghozali and Kusumadewi (2023), PLS-SEM consists of two main components: the measurement model (outer model), which evaluates the relationships between latent constructs and their indicators, and the structural model (inner model), which examines the relationships among latent constructs.

3.6.1 Descriptive Statistical Analysis

Descriptive statistical analysis is used to provide an overview of the characteristics of research data through the minimum, maximum, average, and percentage values of respondents' answer scores.

The formula used is:

Minimum Index Value = Lowest Score × Question × Respondent

Maximum Index Value = Highest Score × Question × Respondent

Total Score = (Actual Score ÷ Ideal Score) × 100%

Table 3. Percentage Criteria of Respondents' Responses

No	Percentage of Score Interval	Criteria
1	20.00% – 36.00%	Not good
2	36.01% – 52.00%	Not good
3	52.01% – 68.00%	Pretty good
4	68.01% – 84.00%	Good
5	84.01% – 100%	Very good

Source: Sekaran and Bougie (2016)

3.6.2 Measurement Model Analysis (Outer Model)

Outer model testing was conducted to evaluate the validity and reliability of the research constructs which include:

a. Convergent validity uses loading factors and Average Variance Extracted (AVE).
b. Discriminant validity using Cross Loading, Fornell-Larcker Criterion, and Heterotrait-Monotrait Ratio (HTMT).
c. Reliability using Composite Reliability and Cronbach's Alpha.

The testing criteria refer to Ghozali (2021), that is:

a. Loading factor ≥ 0.70.
b. AVE ≥ 0.50.
c. Composite Reliability ≥ 0.70.
d. Cronbach's Alpha ≥ 0.70.
e. HTML < 1.

3.6.3 Structural Model Analysis (Inner Model)

Inner model testing is carried out to test the relationship between latent variables through:

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a. R-Square (R^2) test.
b. Path Coefficient Test.
c. Bootstrapping.

Hypothesis testing criteria:

a. t-statistics > 1.64 for one-tailed test.
b. p-values < 0.05.
c. A positive path coefficient indicates a positive relationship, while a negative value indicates a negative relationship.

3.6.4 Moderation Effect Test

Moderation testing was conducted using the Two-Stage Approach in SmartPLS 4. Testing was conducted through interactions:

a. CSR × Internal Control System → Accounting Fraud Prevention.
b. CSR × Financial Reporting Compliance → Accounting Fraud Prevention.

Table 4. Interpretation of Moderator Type Test Results

No	Test Results	Types of Moderation
1	(M→Y: not significant) (Interaction: significant)	Pure Moderator
2	(M→Y: significant) (Interaction: significant)	Quasi Moderator
3	(M→Y: significant) (Interaction: not significant)	Predictor Moderator
4	(M→Y: not significant) (Interaction: not significant)	Potential (Homologist Moderator)

Source: Solimun et al. (2019)

3.7 Validity, Reliability, and Trustworthiness

The quality of the research instruments was tested through validity and reliability. Construct validity was tested using convergent and discriminant validity, while reliability was assessed using Composite Reliability and Cronbach's Alpha. All research indicators were adapted from previous empirically tested research to enhance construct validity and comparability.

3.8 Ethical Considerations

This research adhered to ethical principles by maintaining the confidentiality of respondents' identities, ensuring voluntary participation, and providing an explanation of the research objectives before completing the questionnaire. All data was used solely for academic purposes and kept confidential. The research also upheld academic integrity by avoiding data manipulation and plagiarism.

3.9 Research Procedures

The research stages include problem identification, literature study, hypothesis development, preparation of research instruments, determination of population and sample, distribution of questionnaires, data collection and tabulation, validity and reliability testing, data analysis using SmartPLS 4, hypothesis testing, interpretation of research results, as well as preparation of reports and drawing conclusions.

3.10 Methodological Limitations

This study has several limitations, including the quantitative survey approach, which is less able to delve into the motives for accounting fraud and is susceptible to social bias. The research model also fails to incorporate important intervening variables such as management pressure and organizational culture. Furthermore, the narrative nature of CSR measurement is relatively difficult to comprehensively quantify. The use of cross-sectional data also limits the study's ability to capture long-term dynamics and the influence of external events.

4. Results and Discussion

4.1 Research Result

4.1.1 Sample Description and Descriptive Statistics

a. Description of Questionnaire Return Rate and Respondent Profile

The following is the rate of return of questionnaires in this study as follows:

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Table 5. Questionnaire Return Rate

Questionnaire	Amount	Percentage
Questionnaires sent	41	100
Returned questionnaire	41	100
Unreturned questionnaires	0	0
Incomplete questionnaire	0	0
Number of questionnaires that can be processed	41	100
Questionnaire Return Rate		**100%**

Source: Research Results, 2025

Based on the data above, all distributed questionnaires will be processed to answer the research questions. The following is a description of the respondent profile based on gender, as depicted in Table 6:

Table 6. Respondent Profile Based on Gender

No	Gender Classification	Amount	Percentage
1	Man	30	73%
2	Woman	11	27%
Amount		**41**	**100%**

Source: Research Results, 2025

Respondent profile based on gender in this study: 30 (73%) were male and 11 (27%) were female. In this study, the number of male respondents outnumbered the number of female respondents. The following is a description of the respondent profile based on age, as depicted in Table 7:

Table 7. Respondent Profile Based on Age

No	Age Classification	Amount	Percentage
1	25 to 40 years old	26	63%
2	41 to 50 years old	8	20%
3	> 50 Years	7	17%
Amount		**41**	**100%**

Source: Research Results, 2025

The respondent profile based on the age group of respondents in this study consists of, the number of respondents in the 25-40 age group as many as 26 people (63%), the 41-50 age group as many as 8 people (20%), while the age group above 50 as many as 7 people (17%). The age of the respondents is the 25-40 age classification. Then, the following is a description of the respondent profile based on the respondent's last education which is depicted in table 8 below:

Table 8. Respondent Profile Based on Last Education

No	Last Education Classification	Amount	Percentage
1	Diploma IV	3	7%
2	Bachelor degree	10	24%
3	Bachelor's Degree	26	63%
4	Doctoral degree	2	5%
Amount		**41**	**100%**

Source: Research Results, 2025

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Respondent profile based on the respondents' last education in this study consists of, the number of respondents with the last level of education Diploma IV as many as 3 people (7%), Bachelor's Degree as many as 10 people (24%), Bachelor's Degree as many as 26 people (63%), and Master's Degree as many as 2 people (5%). The most respondents are those with the last educational classification of Bachelor of Literature 2. Then, the following is a description of the respondent profile based on the respondents' work period which is depicted in the following table 9:

Table 9. Respondent Profile Based on Length of Service

No	Classification of Work Period	Amount	Percentage
1	13 years old	10	24%
2	4 – 6 Years	16	39%
3	7 – 9 Years	12	29%
4	> 10 Years	3	7%
Amount		**41**	**100%**

Source: Research Results, 2025

Respondent profile based on the length of service of respondents in this study consists of, the number of respondents with a work period of 1-3 years as many as 10 people (24%), with a work period of 4-6 years as many as 16 people (39%), with a work period of 7-9 years as many as 12 people (29%), with a work period of > 10 years as many as 3 people (7%). The most respondents are with a work period classification of 4-6 years.

4.1.2 Data Quality and Initial Analysis

Data quality testing was conducted using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) approach through SmartPLS 4.1.1.4. The testing stages included convergent validity, discriminant validity, and construct reliability.

a. Data Quality Test and Measurement Model (Measurement Model/Outer Model)

1) Convergent Validity Test

The following are the results of the convergent validity test.

Table 10. Convergent Validity Test Results

Variables	Dimensions	Loading Factor	AVE
Internal Control System (ISC)	Control Environment (SPI_D1)	0.899	0.757
	Risk Assessment (SPI_D2)	0.855	
	Control Activities (SPI_D3)	0.903	
	Information and Communication (SPI_D4)	0.862	
	Internal Control Monitoring (SPI_D5)	0.827	
Financial Reporting Compliance (KPK)	Planning (KPK_D1)	0.817	0.681
	Implementation (KPK_D2)	0.864	
	Reporting and Accounting Administration (KPK_D3)	0.804	
	Accountability (KPK_D4)	0.813	
Accounting Fraud Prevention (PKA)	Instilling Fraud Awareness (PKA_D1)	0.790	0.687
	The Existence of Participation (PKA_D2)	0.855	
	Transparent and Accountable (PKA_D3)	0.853	
	Orderly Administration Reporting (PKA_D4)	0.811	

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	Mutual Trust (PKA_D5)	0.833	
Corporate Social Responsibility (CSR)	Economic Responsibility (CSR_D1)	0.775	0.648
	Legal Responsibility (CSR_D2)	0.718	
	Ethical Responsibility (CSR_D3)	0.910	
	Philanthropic Responsibility (CSR_D4)	0.805	

Source: Data Processed with SmartPLS 4.1.1.4, 2025

Based on the table above, it can be seen that all dimensions of each variable have a loading factor value > 0.70 and have an AVE value > 0.50, so it can be concluded that all dimensions are declared valid or convergent validity has been fulfilled.

2) Discriminant Validity Test

The following are the results of the discriminant validity test.

Table 11. Fornell Larcker Criterion

Variables	Square Root of AVE	Largest Correlation Value
Internal Control System (ISC)	0.870	PKA (0.826)
Financial Reporting Compliance (KPK)	0.825	PKA (0.799)
Accounting Fraud Prevention (PKA)	0.829	SPI (0.826)
Corporate Social Responsibility (CSR)	0.805	KPK (0.214)

Source: Data Processed with SmartPLS 4.1.1.4, 2025

The results of the Fornell-Larcker Criterion in Stage 2 indicate that the square root of the AVE for each variable is higher than the correlation between that construct and the other constructs. Therefore, it can be concluded that the discriminant validity based on the Stage 2 Fornell-Larcker Criterion has been satisfied. In addition to the Fornell-Larcker Criterion, discriminant validity was also assessed using the Heterotrait-Monotrait Ratio (HTMT). The HTMT values for all pairs of constructs are presented explicitly in Table 12 to provide a transparent assessment of discriminant validity.

Table 12. Heterotrait-Monotrait Ratio (HTMT) Results

Construct	CSR	KPK	PKA	SPI	CSR × KPK	CSR × SPI
CSR						
KPK	0.238					
PKA	0.206	0.917				
SPI	0.117	0.702	0.914			
CSR × KPK	0.517	0.315	0.345	0.284		
CSR × SPI	0.574	0.265	0.340	0.169	0.945	

Source: Data Processed with SmartPLS 4.1.1.4, 2025

The HTMT results show the discriminant validity between the constructs based on the pairwise HTMT ratios. All reported HTMT values are below the specified threshold of 1.00, indicating that the constructs demonstrate adequate discriminant validity. The explicit reporting of the HTMT values provides additional evidence that each construct is empirically distinct from the other constructs in the measurement model. The following are the Cross Loading values for each variable in Stage 2.

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Table 13. Cross Loading Values

Variables	Dimensions	Cross Loading	Largest Correlation Value
Internal Control System (ISC)	Control Environment (SPI_D1)	0.899	PKA (0.730)
	Risk Assessment (SPI_D2)	0.855	PKA (0.680)
	Control Activities (SPI_D3)	0.903	PKA (0.742)
	Information and Communication (SPI_D4)	0.862	PKA (0.716)
	Internal Control Monitoring (SPI_D5)	0.827	PKA (0.723)
Financial Reporting Compliance (KPK)	Planning (KPK_D1)	0.817	PKA (0.665)
	Implementation (KPK_D2)	0.864	PKA (0.708)
	Reporting and Accounting Administration (KPK_D3)	0.804	PKA (0.683)
	Accountability (KPK_D4)	0.813	PKA (0.566)
Accounting Fraud Prevention (PKA)	Instilling Fraud Awareness (PKA_D1)	0.790	KPK (0.649)
	The Existence of Participation (PKA_D2)	0.855	KPK (0.740)
	Transparent and Accountable (PKA_D3)	0.853	KPK (0.727)
	Orderly Administration Reporting (PKA_D4)	0.811	SPI (0.728)
	Mutual Trust (PKA_D5)	0.833	SPI (0.724)
Corporate Social Responsibility (CSR)	Economic Responsibility (CSR_D1)	0.775	KPK (0.085)
	Legal Responsibility (CSR_D2)	0.718	PKA (0.063)
	Ethical Responsibility (CSR_D3)	0.910	KPK (0.299)
	Philanthropic Responsibility (CSR_D4)	0.805	PKA (0.112)

Source: Data Processed with SmartPLS 4.1.1.4, 2025

The cross-loading results show that every dimension has a higher loading on its respective construct than on any other construct. This indicates that each indicator is more strongly associated with its intended latent variable than with other latent variables, providing additional evidence of discriminant validity. Therefore, the results of the Fornell-Larcker criterion, the explicitly reported HTMT values, and Cross Loading consistently confirm that the measurement model satisfies the discriminant validity requirements.

3) Reliability Results

Table 14. Reliability Test Results

Variables	Cronbach's alpha	Composite reliability
Internal Control System (ISC)	0.919	0.940
Financial Reporting Compliance (KPK)	0.844	0.895
Accounting Fraud Prevention (PKA)	0.886	0.916
Corporate Social Responsibility (CSR)	0.848	0.880

Source: Data Processed with SmartPLS 4.1.1.4, 2025

Based on the table above, it can be seen that all variables have a Cronbach's Alpha value > 0.70 and Composite Reliability > 0.70, so it can be concluded that all variables are declared reliable or the reliability test has been fulfilled.

4.1.3 Main Analytical Results

a. R-Square (R^2) Test

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The following are the results of the Adjusted R-Square test.

Table 15. Adjusted R-Square (R^2) Test Results

Dependent Variable	R-Square Adjusted
Accounting Fraud Prevention (PKA)	0.865

Source: Data Processed with SmartPLS 4.1.1.4, 2025

The Adjusted R-Square value for the Accounting Fraud Prevention (AFP) variable is 0.865, indicating that the Internal Control System (ICS) and Financial Reporting Compliance (FRC), moderated by Corporate Social Responsibility (CSR), explain 86.5% of the variance in Accounting Fraud Prevention (AFP), while the remaining 13.5% is explained by other variables outside the proposed model. Because this study employs a Higher Order Construct (HOC) model, the Adjusted R^2 value reflects the overall explanatory power of the higher-order structural model. According to Hair et al. (2022), R^2 values of 0.75, 0.50, and 0.25 indicate substantial, moderate, and weak explanatory power, respectively. Therefore, the Adjusted R^2 value of 0.865, which exceeds the threshold of 0.75, demonstrates that the HOC structural model has substantial explanatory power and can effectively explain the variation in Accounting Fraud Prevention.

In addition to the R-Square test above, this study also interprets the results of the F-Square (F^2) test as follows.

Table 16. F-Square (F^2) Test Results

Interaction	F^2	Category
CSR → AFP	0.013	No effect / negligible
FRC → AFP	0.866	Large/strong effect
ICS → AFP	1.880	Very large effect
CSR × FRC → AFP	0.425	Large moderating effect
CSR × ICS → AFP	0.530	Large moderating effect

Source: Data Processed Using SmartPLS 4.1.1.4, 2025.

The main predictors of Accounting Fraud Prevention (AFP) are the Internal Control System (ICS) and Financial Reporting Compliance (FRC), both of which have very large effect size contributions. CSR, when considered directly, contributes very little uniquely to AFP (its F^2 value is very small). However, CSR becomes important through interaction effects: when moderated by FRC and ICS, CSR exerts a large indirect effect on AFP. Overall, the model indicates that FRC and ICS not only have direct effects but also strengthen the role of CSR in influencing AFP through the moderating mechanism.

4.1.4 Hypothesis Testing Results / Key Findings

a. Path Coefficient Significance Test Results

The following are the results of the Path Coefficient significance test.

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Table 17. Path Coefficient Significance Test Results

Track	Coefficient	Direction of Influence	T statistics	P values	Conclusion
Internal Control System (ISC) -> Accounting Fraud Prevention (ACF)	0.644	Positive	3,842	0,000	Influential
Financial Reporting Compliance (KPK) -> Accounting Fraud Prevention (PKA)	0.419	Positive	3,174	0.002	Influential

Source: Data Processed with SmartPLS 4.1.1.4, 2025

The explanation from the table above is that the interaction path of the Internal Control System (SPI) on Accounting Fraud Prevention (PKA) has a t-statistic value of 3.842 > 1.96 and a p-value of 0.000 < 0.05. While the coefficient value is positive at 0.644. This indicates that the Internal Control System has a significant influence with a positive direction on Accounting Fraud Prevention. Therefore, it can be concluded that Hypothesis 1 (H1) namely the Internal Control System has an effect on Accounting Fraud Prevention can be accepted.

Then, on the interaction path of Financial Reporting Compliance (KPK) on Accounting Fraud Prevention (PKA) has a t-statistic value of 3.174 > 1.96 and a p-value of 0.002 < 0.05. While the coefficient value is positive at 0.419. This indicates that Financial Reporting Compliance has a significant influence with a positive direction on Accounting Fraud Prevention. Therefore, it can be concluded that Hypothesis 2 (H2) namely Financial Reporting Compliance influences Accounting Fraud Prevention can be accepted.

b. Moderation Effect Test

The following are the results of the moderation effect test.

Table 18. Results of the Moderation Effect Test

Track	Coefficient	Direction of Influence	T statistics	P values	Conclusion
Corporate Social Responsibility (CSR) -> Accounting Fraud Prevention (PKA)	-0.046	Negative	0.360	0.719	Not Significant
Corporate Social Responsibility x Internal Control System (CSR x SPI) -> Accounting Fraud Prevention (PKA)	-0.476	Negative	1,975	0.048	Can Moderate
Corporate Social Responsibility x Financial Reporting Compliance (CSR x KPK) -> Accounting Fraud Prevention (PKA)	0.470	Positive	2,140	0.032	Can Moderate

Source: Data Processed with SmartPLS 4.1.1.4, 2025

The explanation from the table above is that the interaction path of Corporate Social Responsibility x Internal Control System (CSR x SPI) on Accounting Fraud Prevention (PKA) has a t-statistics value of 1.975> 1.96 and a p-value of 0.048 <0.05. While the coefficient value is negative at -0.476. This indicates that the Internal Control System has a significant influence with a negative direction on Accounting Fraud Prevention when moderated by CSR. This negative direction means that CSR weakens the positive influence of the Internal

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Control System on Accounting Fraud Prevention. The type of moderation is pure moderation because the interaction path of CSR on Accounting Fraud Prevention is not significant and the interaction path of CSR x Internal Control System (CSR x SPI) on Accounting Fraud Prevention is significant. So it can be concluded that Hypothesis 3 (H3) namely CSR can moderate the influence of the Internal Control System on Accounting Fraud Prevention can be accepted.

Then, the interaction path of Corporate Social Responsibility x Financial Reporting Compliance (CSR x KPK) on Accounting Fraud Prevention (PKA) has a t-statistics value of 2.140 > 1.96 and a p-value of 0.032 < 0.05. While the coefficient value is positive at 0.470. This indicates that Financial Reporting Compliance has a significant influence with a positive direction on Accounting Fraud Prevention when moderated by CSR. This positive direction means that CSR strengthens the positive influence of Financial Reporting Compliance on Accounting Fraud Prevention. The type of moderation is pure moderation because the interaction path of CSR on Accounting Fraud Prevention is not significant and the interaction path of CSR x Financial Reporting Compliance (CSR x KPK) on Accounting Fraud Prevention is significant. So it can be concluded that Hypothesis 4 (H4) namely CSR can moderate the effect of Financial Reporting Compliance on Accounting Fraud Prevention can be accepted.

4.1.5 Visual Presentation of Results

The research results are presented using tables to enhance the clarity and readability of the data. All tables are systematically arranged and used to present respondent characteristics, descriptive statistics, data quality test results, structural model analysis results, and hypothesis testing and moderating effects. Each table is given a clear title and is explicitly explained in the discussion of the research results.

4.2 Research Discussion

4.2.1 Interpretation of Key Findings

a. The Influence of Internal Control Systems on the Prevention of Accounting Fraud

The results of this study indicate that the Internal Control System (ISC) has a significant, positive influence on Accounting Fraud Prevention (AKA). This finding indicates that the better and more effective the ISC implementation in an organization, the higher the organization's ability to prevent accounting fraud. This positive influence confirms that strong and appropriate internal controls are able to identify, reduce, and control the risk of fraud, thereby minimizing the opportunity for fraud or manipulation in financial reporting. Thus, efforts to strengthen ISC directly contribute to improving the integrity and reliability of the financial reporting process, free from fraud.

The Internal Control System (ISC) plays a vital role in preventing accounting fraud through policies and procedures that maintain the integrity of financial statements and company assets. ISC encompasses the control environment, risk assessment, control activities, communication, and monitoring. Effective ISC implementation oversees all operations and financial reporting, minimizing the potential for fraud through clear rules, segregation of duties, and ongoing oversight. ISC also creates transparency and accountability, for example through transaction authorization controls, accurate documentation, and routine risk evaluations that facilitate anomaly detection and fraud prevention. Internal audits and codes of ethics reduce individuals' intentions to commit fraud through regular oversight and evaluation. As the primary line of defense, ISC limits opportunities for fraud, particularly the opportunity element, according to the Fraud Hexagon theory. Weak oversight, lack of reporting mechanisms, and weak segregation of functions open up opportunities for fraud. Through independent audits and

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whistleblowing systems, companies minimize the opportunity for fraud and expedite its detection.

The results of this study are in line with the findings Pratiwi and Setiyawati (2023) and Megawati and Reskino (2023) which states that effective internal control reduces the risk of fraud. However, this is contrary to Pratopo and Wuryani (2023) and Eka Wiji Kuswati (2023) which found an insignificant or negative impact due to operational pressure from tight controls that reduced employee performance. Therefore, the positive impact of SPI on fraud prevention underscores the importance of implementing standardized and consistent procedures, particularly in the infrastructure sector, to prevent fraud early, strengthen reporting integrity, and maintain optimal company credibility.

b. The Impact of Financial Reporting Compliance on Accounting Fraud Prevention

The results of this study reveal that Financial Reporting Compliance (FCR) has a significant, positive effect on Accounting Fraud Prevention (FAC). This finding confirms that the higher the level of compliance of an organization or individual in complying with financial reporting rules and standards, the greater their ability to prevent accounting fraud. This positive influence indicates that reporting compliance can function as an effective oversight mechanism. Accurate, transparent, and compliant financial reporting can directly reduce the opportunity for manipulation or deviations that have the potential to lead to fraud. Therefore, high compliance with reporting standards contributes to strengthening the integrity of financial data and minimizing the risk of fraud in the reporting process.

Financial reporting compliance encourages the preparation of accurate and transparent reports in accordance with regulations, thereby reducing the risk of manipulation and fraud. Through accurate documentation and clear accountability, the process of detecting irregularities is easier, reducing the opportunity for fraud. Compliance serves as a crucial prevention tool by creating a culture of discipline and responsibility. Regulatory reporting creates a deterrent effect due to rigorous audits, reducing the intention and opportunity for fraud. Compliance also supports transparency, which is the foundation of accountable financial management. A high level of compliance reflects a company's integrity in presenting honest and reliable financial information, supporting the prevention of manipulation.

The results of this study are in line with the findings Bosko et al. (2023) and Oktris et al. (2025) which emphasizes the role of compliance in strengthening governance and preventing fraud. However, several studies such as Ditaningtyas and Triyono (2024) and Riani Putri and Kisnawati (2024) states that formal compliance is insignificant in preventing fraud, as regulations are often merely formalities without effective oversight and enforcement. Morality, internal control, and organizational culture are more dominant factors. Therefore, the positive influence of reporting compliance on fraud prevention confirms that strong regulatory compliance minimizes the risk of fraud, strengthens reporting integrity, and increases stakeholder trust. Optimal compliance implementation, supported by oversight mechanisms such as whistleblowing, provides effective protection against fraud.

c. The Influence of Corporate Social Responsibility (CSR) as a Moderating Variable Between Internal Control Systems and the Prevention of Accounting Fraud

The The results of this study indicate that Corporate Social Responsibility (CSR) can moderate the influence of the Internal Control System (ISC) on Accounting Fraud Prevention (AKA) in a negative direction, which indicates that CSR actually weakens the positive influence of the Internal Control System (ISC) on Accounting Fraud Prevention (AKA). This finding reveals an asymmetric moderating

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effect because CSR does not operate in the same way across all fraud prevention mechanisms. The distinction can be understood by differentiating between formal control mechanisms and ethical or reputational mechanisms. ISC represents a formal control mechanism based on structured procedures, risk assessment, segregation of duties, monitoring, and oversight, whereas CSR is more closely associated with ethical commitments, stakeholder relationships, and corporate reputation. Therefore, the negative moderating effect may indicate that the presence of CSR does not automatically reinforce the operational control mechanisms through which ISC prevents fraud. This negative direction illustrates that when a company is very focused on implementing CSR, especially on social and ethical aspects, attention and resources that should be used to strengthen ISC can be distracted. This condition causes the effectiveness of internal control in preventing fraud to be less than optimal because the priority is greater on CSR activities than internal control. In other words, although CSR has an important role, if not managed in a balanced manner, CSR can reduce the effectiveness of ISC in preventing accounting fraud. Therefore, a balance is needed between the implementation of CSR and strengthening ISC for fraud prevention to be effective.

This phenomenon explains that excessive focus on CSR can divert attention and resources from strengthening the Internal Control System (ISC), thereby reducing the effectiveness of ISC in preventing accounting fraud. CSR that is not integrated with internal control can weaken ISC, as more resources are allocated to social and environmental activities rather than internal oversight. Furthermore, a CSR orientation toward external imagery can create the illusion of fulfilling responsibilities, thus neglecting internal oversight. However, the explanation that CSR may be oriented toward external image should be interpreted only as a possible explanation rather than a direct empirical conclusion of this study, because CSR orientation and symbolic CSR behavior were not measured separately in the research instrument. CSR has the potential to act as an image shield that masks weaknesses in internal control. Thus, the observed negative moderation should not be interpreted as evidence that the sampled companies engaged in symbolic CSR practices. Rather, the finding suggests that CSR may not necessarily complement formal internal control mechanisms when the two are not sufficiently integrated. The incongruence between the social and long-term focus of CSR and the ISC, which emphasizes operational risk control, creates disharmony, so that the positive effect of ISC on fraud prevention decreases when moderated by CSR. This distinction helps explain the asymmetry observed in the moderation results: ISC primarily operates through formal organizational safeguards, while CSR may operate through broader ethical and reputational mechanisms that do not directly substitute for those safeguards. If CSR is viewed solely as an external obligation and marketing tool without the support of an internal commitment to governance, the priority of internal control is neglected. Again, this interpretation represents a possible mechanism for the observed relationship and was not directly tested in this study. Consequently, even if ISC is effective independently, its role is weakened when CSR is not synergistic. Therefore, synergistic integration between CSR and ISC is crucial to prevent CSR from diverting focus from strengthening internal control, thus maintaining optimal fraud prevention effectiveness. Theoretically, CSR is expected to strengthen ISC because companies committed to CSR tend to have effective internal control and maintain integrity.

Study Abed et al. (2022) and Yulianti et al. (2024) support this. However, the results of this study suggest otherwise, indicating the complexity of CSR's role, which depends on context and implementation, especially if CSR is merely used as a public relations tool without strengthening internal controls. In conclusion, CSR should be positioned as a complement, not

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a substitute for SPI. Integrating the two will strengthen protection against accounting fraud. Without proper integration, CSR has the potential to be a double-edged sword, weakening the effectiveness of internal controls in preventing fraud.

d. The Influence of Corporate Social Responsibility (CSR) as a Moderating Variable Between Financial Reporting Compliance and Accounting Fraud Prevention

The results of this study indicate that Corporate Social Responsibility (CSR) can moderate the effect of Financial Reporting Compliance (FCR) on Accounting Fraud Prevention (AKA) in a positive direction. This finding indicates that CSR strengthens the positive effect of Financial Reporting Compliance (FCR) on Accounting Fraud Prevention (AKA). Unlike the relationship between ISC and fraud prevention, the positive moderation of CSR on the FRC–fraud prevention relationship can be understood from the complementary nature of formal compliance and ethical or reputational mechanisms.

Financial Reporting Compliance is a formal mechanism that requires organizations to follow reporting rules, standards, documentation procedures, and accountability requirements, while CSR can reinforce ethical expectations, transparency, stakeholder accountability, and reputational concerns. These mechanisms may therefore operate in the same direction, allowing CSR to strengthen the contribution of financial reporting compliance to fraud prevention. This positive direction indicates that company involvement in CSR activities that reflect a commitment to ethical principles and social responsibility not only improves the company's reputation but also strengthens integrity and transparency in financial reporting. With strong CSR, financial reporting compliance becomes more effective in preventing fraud because companies that care about social responsibility tend to be more disciplined in complying with reporting standards and maintaining the honesty of their financial reports. In short, CSR plays an added value that strengthens the influence of financial reporting compliance in preventing accounting fraud by improving the company's ethical culture and accountability.

This demonstrates that sound CSR implementation significantly strengthens the influence of financial reporting compliance in preventing accounting fraud. CSR instills the values of ethics, integrity, and transparency, resulting in more accurate, honest, and trustworthy financial reports. A company's commitment to social responsibility also enhances its reputation among stakeholders, motivating strict compliance to maintain trust and the company's image. As a moderating factor, CSR supports the synergy between reporting compliance and fraud prevention effectiveness. Companies with integrated CSR tend to have stronger internal controls and oversight mechanisms, as well as an organizational culture that prioritizes accountability. Therefore, CSR not only enhances formal compliance but also strengthens the social values underlying transparent and responsible reporting practices.

The results of this study are in line with the findings Abed et al. (2022) which shows that corporate social responsibility plays an important role in improving the quality of financial reporting and reducing creative accounting practices Ashma' and Laksmi (2023) confirms that CSR is effective in preventing accounting fraud. Therefore, companies with a strong commitment to CSR will be more effective in implementing transparent and accountable financial reporting, significantly minimizing the potential for fraud through the synergy between formal compliance and internalized social values.

4.2.2 Comparison with Previous Studies

The results of this study indicate that the Internal Control System (ISC) and Financial Reporting Compliance (FCR) have a positive and significant effect on Accounting Fraud Prevention (ACF). These findings support

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previous research conducted by Pratiwi and Setiyawati (2023), Megawati and Reskino (2023), Bosko et al. (2023), as well as Oktris et al. (2025), which states that effective internal controls and compliance with financial reporting standards can reduce the risk of fraud. These consistent results indicate that internal oversight mechanisms and regulatory compliance remain key instruments in creating transparency, accountability, and integrity in financial reporting.

However, the results of this study also show differences with several previous studies Pratopo and Wuryani (2023) as well as Eka Wiji Kuswati (2023) found that internal controls do not have a significant effect on fraud prevention because overly strict controls can actually create operational stress and reduce employee flexibility. Furthermore, Ditaningtyas and Triyono (2024) and Riani Putri and Kisnawati (2024) stated that financial reporting compliance is not necessarily effective in preventing fraud if it is merely a formality without adequate oversight. These differences in results indicate that the effectiveness of SPI and reporting compliance are significantly influenced by the quality of implementation, organizational culture, and commitment to corporate governance.

In terms of moderation, the research results show that Corporate Social Responsibility (CSR) weakens the influence of SPI on PKA, but strengthens the influence of KPK on PKA. This asymmetric pattern suggests that CSR operates differently depending on the underlying mechanism through which the independent variable contributes to fraud prevention. The ISC–fraud prevention relationship is primarily based on formal organizational control mechanisms, such as monitoring, risk assessment, segregation of duties, and established control procedures. By contrast, the FRC–fraud prevention relationship is directly connected to formal reporting requirements and accountability, which can be reinforced by the ethical, transparency, and reputational dimensions associated with CSR. Thus, CSR may complement financial reporting compliance more readily than it complements operational internal control mechanisms. This finding provides a new perspective in the previous literature Abed et al. (2022) and Yulianti et al. (2024) stated that CSR can strengthen a company's governance and internal control. However, this study found that CSR can weaken the effectiveness of SPI if its implementation is more oriented towards external image rather than strengthening internal governance. The external-image explanation, however, should be regarded as a possible interpretation rather than a directly established mechanism because this study did not specifically measure whether CSR activities were symbolic, substantive, internally oriented, or primarily directed toward external reputation. Conversely, the results of this study are in line with Ashma' and Laksmi (2023) which confirms that CSR is able to increase transparency and integrity of financial reporting thereby supporting fraud prevention.

Thus, this study enriches the literature on the relationship between SPI, financial reporting compliance, CSR, and accounting fraud prevention by showing that the role of CSR is contextual and depends on the level of integration between social responsibility and corporate governance systems.

4.2.3 Theoretical Contributions

This research provides a theoretical contribution by strengthening and expanding the Fraud Hexagon Theory, particularly on the opportunity element, which explains that the opportunity for fraud can be minimized by strengthening the Internal Control System (ISC). The research findings demonstrate that an effective ISC can reduce the opportunity for individuals to manipulate and commit accounting irregularities through oversight mechanisms, separation of functions, internal audits, and ongoing risk evaluation.

Furthermore, this study broadens the perspectives of governance and compliance theory by demonstrating that Financial Reporting Compliance (FCR) serves not only as an administrative obligation but also as a

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strategic instrument for creating organizational transparency and accountability. These findings reinforce the view that compliance with reporting regulations can build the integrity of financial information and minimize the potential for fraud.

Another theoretical contribution lies in the findings regarding the moderating role of CSR. This study shows that CSR does not always strengthen the effectiveness of corporate governance. CSR is proven to strengthen the relationship between financial reporting compliance and fraud prevention, but actually weakens the relationship between SPI and fraud prevention. This finding challenges the common assumption in the literature that CSR automatically improves corporate governance quality. Therefore, this study introduces the perspective that CSR effectiveness is highly dependent on the quality of integration between CSR programs and a company's internal control mechanisms.

Academically, this study provides added value by presenting empirical evidence regarding the complex relationship between SPI, financial reporting compliance, CSR, and accounting fraud prevention in the infrastructure sector, which is still relatively limited in previous research.

4.2.4 Practical and Policy Implications

The results of this study have practical implications for companies, management, internal auditors, and regulators in strengthening accounting fraud prevention efforts. Companies need to improve the effectiveness of their Internal Control Systems (ISCs) through regular risk evaluations, strengthening the internal audit function, implementing a whistleblowing system, and establishing a clear segregation of duties to minimize the potential for fraud.

Furthermore, companies need to ensure that Financial Reporting Compliance (FCP) is not merely an administrative formality, but is consistently implemented through transparent financial reporting, effective internal oversight, and enhanced human resource competency in accounting and financial reporting. Optimal compliance can enhance stakeholder trust and maintain the company's credibility.

In terms of CSR, companies need to integrate CSR programs with internal governance and corporate controls to ensure that CSR implementation is not solely focused on external image building. This integration is crucial for CSR to support an organizational culture of ethics, transparency, and accountability without diminishing the focus on strengthening internal controls.

For regulators and policymakers, this study highlights the importance of monitoring corporate governance implementation, strengthening financial reporting regulations, and evaluating the effectiveness of corporate social responsibility (CSR) programs. Regulators should also encourage the implementation of more effective internal control standards and reporting mechanisms to strengthen fraud protection, particularly in the high-risk infrastructure sector.

4.2.5 Integration with the Research Gaps

This study successfully addresses the research gap identified in previous literature reviews regarding the inconsistency of research findings on the influence of Internal Control Systems (ISCs) and Financial Reporting Compliance (FCR) on Accounting Fraud Prevention (ACF). Some previous studies have shown that ISCs and reporting compliance significantly influence fraud prevention, while others have found insignificant or even negative results. This study provides empirical evidence that ISCs and ISCs remain important in preventing fraud when implemented effectively and consistently.

Furthermore, this study addresses the limitations of previous research, which rarely examined Corporate Social Responsibility (CSR) as a moderating variable in the relationship between corporate governance and fraud prevention. The findings demonstrate that CSR plays a complex and contextual role, strengthening the effectiveness of financial reporting compliance while also potentially

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weakening the effectiveness of SPI if not properly integrated into a company's internal governance.

The novelty of this research lies in the simultaneous examination of the relationship between SPI, the Corruption Eradication Commission (KPK), CSR, and accounting fraud prevention in the context of the infrastructure sector. Thus, this study provides a new empirical contribution that enriches the literature on corporate governance, financial reporting, and fraud prevention.

4.2.6 Acknowledgement of Study Limitations

This research is limited to data from management, accounting staff, and project managers at IDX infrastructure companies, potentially exposing them to information bias. Not all companies disclose internal control and fraud data. The focus on the Indonesian sector and context limits the generalizability of the results. The quantitative survey method does not delve deeply into fraud motives and is susceptible to social bias. The model does not include important intervening variables such as management pressure and organizational culture. Narrative CSR measures are difficult to quantify, and cross-sectional data do not capture temporal dynamics or the impact of external events.

5. Conclusion

5.1 Summary of Key Findings

Based on the results and discussion that have been presented, the conclusions of this study are as follows. Internal Control System (ICS) has a significant positive effect on Accounting Fraud Prevention (AFP). Financial Reporting Compliance (FRC) has a significant positive effect on Accounting Fraud Prevention (AFP). Corporate Social Responsibility (CSR) moderates the relationship between the Internal Control System (CSR × ICS) and Accounting Fraud Prevention (AFP) in a negative direction, or weakens the positive effect of the Internal Control System (ICS) on Accounting Fraud Prevention (AFP). Corporate Social Responsibility (CSR) moderates the relationship between Financial Reporting Compliance (CSR × FRC) and Accounting Fraud Prevention (AFP) in a positive direction, or strengthens the positive effect of Financial Reporting Compliance (FRC) on Accounting Fraud Prevention (AFP).

5.2 Theoretical Contributions

This research provides a theoretical contribution by strengthening the relevance of Fraud Hexagon Theory and Agency Theory in the context of accounting fraud prevention in infrastructure companies in Indonesia. The findings regarding the positive influence of Internal Control Systems (ISCs) on Accounting Fraud Prevention (ACF) support Fraud Hexagon Theory, particularly in the dimensions of organizational control and oversight in minimizing the opportunity for fraud.

Furthermore, the positive influence of Financial Reporting Compliance (KPK) on Accounting Fraud Prevention (PKA) strengthens the Agency Theory, which explains that compliance with financial reporting standards can reduce information asymmetry and conflicts of interest between agents and principals.

Another theoretical contribution lies in the role of Corporate Social Responsibility (CSR) as a boundary condition that produces different moderating effects. CSR has been shown to weaken the relationship between SPI and PKA, but strengthen the relationship between KPK and PKA. This finding broadens theoretical understanding that CSR does not always have a uniform impact on corporate governance mechanisms, but rather depends on the context of implementation and integration of organizational policies.

Thus, this study contributes to the development of literature on corporate governance, fraud prevention, and corporate sustainability by showing that the integration between internal control, financial reporting compliance, and corporate social responsibility needs to be understood in a more dynamic and multidimensional manner.

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5.3 Practical and Policy Implications

The results of this study provide practical implications for company management, regulators, and other stakeholders in increasing the effectiveness of accounting fraud prevention. For infrastructure companies, strengthening their Internal Control Systems (ISC) requires implementing an integrated control framework, such as the COSO framework, and utilizing Enterprise Resource Planning (ERP) technology to enhance the effectiveness of automated monitoring and audits. Companies also need to ensure that resource allocation for CSR programs does not diminish the effectiveness of internal control functions. Furthermore, companies are advised to improve their Financial Reporting Compliance (KPK) by implementing integrated reporting, which transparently combines financial and sustainability aspects. This approach can increase investor confidence and strengthen efforts to prevent accounting fraud. In the context of CSR policies, companies need to prioritize CSR programs that address ethical, legal, and corporate governance aspects rather than merely symbolic philanthropic activities. A CSR strategy aligned with the principles of transparency and accountability can strengthen an organizational culture that supports the integrity of financial reporting and fraud prevention. For regulators such as the government and capital market authorities, the results of this study can serve as a basis for strengthening regulations related to internal control, transparency of financial reporting, and the implementation of CSR that is more integrated with the principles of good corporate governance.

5.4 Limitations of the Study

This research is limited to data from management, accounting staff, and project managers at IDX infrastructure companies, potentially exposing them to information bias. Not all companies disclose internal control and fraud data. The focus on the Indonesian sector and context limits the generalizability of the results. The quantitative survey method does not delve deeply into fraud motives and is susceptible to social bias. The model does not include important intervening variables such as management pressure and organizational culture. Narrative CSR measures are difficult to quantify, and cross-sectional data do not capture temporal dynamics or the impact of external events.

5.5 Directions for Future Research

Future research is recommended to develop the research model by incorporating CSR dimensions based on Carroll's pyramid, such as economic, legal, ethical, and philanthropic, as both moderating and mediating variables. This development is expected to provide a more comprehensive understanding of the role of CSR in preventing accounting fraud. Future research can also add external variables, such as the effectiveness of regulatory oversight, corporate governance quality, organizational culture, management pressure, or digital technology factors to expand the research model. Furthermore, future research is recommended to use a mixed methods approach or qualitative methods to more deeply explore the motives and behaviors of fraud within organizations. The use of longitudinal data is also important for analyzing the dynamics of relationships between variables over the long term. To increase the generalizability of the results, further research can be conducted in other industrial sectors and across countries with different regulatory and governance characteristics. Researchers are also advised to use the Multi-Group Analysis (MGA) approach in PLS-SEM to test model consistency across sample groups and perform invariance testing on the results.

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Appendix 1. Heterotrait-Monotrait Ratio (HTMT)

Stage 1

Discriminant validity - Heterotrait-monotrait ratio (HTMT) - Matrix

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	CSR	CSR_D1	CSR_D2	CSR_D3	CSR_D4	KPK	KPK_D1	KPK_D2	KPK_D3	KPK_D4	PKA	PKA_D1	PKA_D2	PKA_D3	PKA_D4	PKA_D5	SPI	SPI_D1	SPI_D2	SPI_D3	SPI_D4	SPI_D5	CSR x SPI	CS
CSR																								
CSR_D1	1.021																							
CSR_D2	0.901	0.704																						
CSR_D3	0.934	0.677	0.616																					
CSR_D4	0.997	0.904	0.662	0.681																				
KPK	0.228	0.164	0.162	0.361	0.112																			
KPK_D1	0.153	0.093	0.151	0.188	0.097	0.901																		
KPK_D2	0.250	0.188	0.118	0.376	0.201	0.954	0.714																	
KPK_D3	0.152	0.104	0.126	0.245	0.058	0.894	0.561	0.639																
KPK_D4	0.209	0.165	0.149	0.404	0.018	0.942	0.624	0.711	0.661															
PKA	0.234	0.206	0.108	0.297	0.211	0.872	0.733	0.785	0.758	0.640														
PKA_D1	0.222	0.289	0.025	0.334	0.147	0.754	0.639	0.707	0.583	0.595	0.930													
PKA_D2	0.194	0.167	0.104	0.211	0.199	0.865	0.655	0.848	0.666	0.731	0.990	0.745												
PKA_D3	0.214	0.186	0.145	0.283	0.136	0.862	0.789	0.757	0.808	0.526	1.010	0.710	0.828											
PKA_D4	0.176	0.117	0.041	0.272	0.195	0.736	0.620	0.559	0.779	0.504	0.955	0.681	0.734	0.861										
PKA_D5	0.232	0.155	0.168	0.220	0.261	0.660	0.561	0.619	0.542	0.485	0.977	0.748	0.843	0.797	0.701									
SPI	0.131	0.092	0.085	0.157	0.125	0.668	0.513	0.575	0.590	0.561	0.890	0.676	0.821	0.775	0.853	0.832								
SPI_D1	0.141	0.105	0.059	0.169	0.163	0.622	0.578	0.546	0.450	0.509	0.809	0.646	0.791	0.725	0.684	0.753	0.977							
SPI_D2	0.087	0.059	0.098	0.093	0.048	0.453	0.379	0.385	0.425	0.328	0.758	0.511	0.635	0.624	0.933	0.671	0.947	0.776						
SPI_D3	0.124	0.114	0.069	0.108	0.141	0.666	0.526	0.589	0.530	0.590	0.839	0.666	0.838	0.664	0.667	0.892	0.999	0.990	0.793					
SPI_D4	0.068	0.061	0.054	0.085	0.037	0.662	0.495	0.593	0.569	0.562	0.807	0.670	0.759	0.733	0.759	0.668	0.950	0.787	0.853	0.778				
SPI_D5	0.175	0.078	0.104	0.255	0.177	0.619	0.340	0.490	0.699	0.552	0.813	0.566	0.693	0.761	0.817	0.782	0.916	0.742	0.716	0.797	0.731			
CSR x SPI	0.562	0.498	0.456	0.502	0.490	0.251	0.107	0.367	0.205	0.161	0.310	0.431	0.274	0.286	0.066	0.317	0.148	0.209	0.034	0.218	0.072	0.135		
CSR x KPK	0.507	0.447	0.414	0.440	0.454	0.250	0.060	0.319	0.226	0.236	0.311	0.349	0.300	0.260	0.140	0.329	0.274	0.311	0.112	0.354	0.194	0.268	0.944	

Stage 2

Discriminant validity - Heterotrait-monotrait ratio (HTMT) - Matrix

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	CSR	KPK	PKA	SPI	CSR x KPK	CSR x SPI
CSR						
KPK	0.238					
PKA	0.206	0.917				
SPI	0.117	0.702	0.914			
CSR x KPK	0.517	0.315	0.345	0.284		
CSR x SPI	0.574	0.265	0.340	0.169	0.945	