The Effect of Internal Control, Compensation Suitability and Morality on Fraud Prevention in Procurement of Goods and Services at Eye Hospitals in Medan City

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Abstract

This study aims to analyze the influence of internal control, compensation suitability, and morality on *fraud prevention* in the procurement of goods and services at eye hospitals in Medan City. *Fraud* in the procurement process of medical equipment and health services has become a serious concern due to its high financial value and potential abuse of authority. This study uses a quantitative approach with primary data collected through questionnaires distributed to employees involved in procurement activities at eye hospitals in Medan City. The study sample consisted of 50 respondents that included medical and non-medical staff. Data analysis was performed using multiple linear regression analysis with the help of SPSS software. The results of the study show that internal control has a positive and significant effect on *fraud* prevention. Meanwhile, the suitability of compensation and morality partially had a positive but not significant effect on *fraud* prevention. Simultaneously, internal control, compensation suitability, and morality have a significant influence on *fraud prevention* in the procurement of goods and services. These findings show that strengthening the internal control system is very important to minimize the occurrence of *fraud* in the procurement process in health care institutions.

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Keywords: Internal Control, Compensation Suitability, Morality, Fraud Prevention , Procurement of Goods and Services.

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Introduction

The health system is a unit consisting of various components, such as hospitals, clinics, medical personnel, and health policies formulated by the government. All of these components have an important role in providing quality health services to the community. The quality of health services is the main indicator in assessing the effectiveness of the health system, which includes aspects of patient safety, patient satisfaction, and medical service results. (Ministry of Health of the Republic of Indonesia, 2018)

According to the Regulation of the Minister of Health of the Republic of Indonesia Number 4 of 2018, hospitals are health service institutions that provide services Individual health in full, including inpatient services, outpatient services, and emergency services. Meanwhile, according to the World Health Organization (WHO), hospitals are an integral part of a social and medical organization that functions to provide comprehensive health services that include healing (curative) and disease prevention (preventive) efforts.

In practice, hospitals face various challenges in operational and financial management, one of which is the potential for *fraud*. *Fraud* is an act of dishonesty that is intentionally committed by an individual or group to obtain certain benefits by violating the applicable law or ethical norms. In the context of organizations, *fraud* often occurs through data manipulation, abuse of authority, and irregularities in the procurement process of goods and services. (*Association of Certified Fraud Examiners* [ACFE], 2021)

The process of procuring goods and services in hospitals usually involves a considerable budget, especially in the procurement of medical devices, medicines, and medical consumables. This condition opens up opportunities for irregularities if it is not accompanied by an adequate supervision system.

Table 1. Fraud case

No	Kasus	Kerugian
1	Pengadaan alat kesehatan Rumah Sakit Rujukan Banten dan Puskesmas kota Tanggerang Selatan APBD Tahun anggaran 2012.	Rp. 94,3 Miliar
2	Pengadaan alat kesehatan dan laboratorium RS Tropik Infeksi di Universitas Airlangga	Rp. 14,1 Miliar
3	Suap perizinan pembangunan rumah sakit di Cimahi	Rp. 3,2 Miliar
4	Suap Perizinan dan pengurusan penempatan jabatan definitif Kepala Dinas Kesehatan Kabupaten Jombang	Rp. 434 Juta
5	Suap perizinan pembangunan Rumah Sakit Umum Daerah Barabi,Kabupaten Hulu Sungai Tengah ,Kalimantan Selatan	Rp. 3,6 Miliar
6	Dana insentif Tenaga Kesehatan di Rumah Sakit Umum Daerah Pelabuhan Ratu Kabupaten Sukabumi.	Rp. 5,4 Miliar
7	Korupsi pengadaan uang makan minum tenaga kesehatan covid 19 tahun 2020	Rp. 600n Juta

Sumber : KPK 2023

Several cases of corruption in the health sector show that *fraud* practices are still frequent. One example is the case of alleged corruption in the procurement of medical devices at the Ministry of Health in 2022 through an e-catalog system with a contract value of IDR 2.7 trillion. In this case, it was found that the price mark-up and state surveillance involving officials of state-owned pharmaceutical companies.

In addition, various cases *of fraud* were also found in the procurement of medical devices in several hospitals in Indonesia. Data from the Corruption Eradication Commission (KPK) shows that from 2004 to

In 2022, there were hundreds of corruption cases involving the health sector. This shows that the health sector still has a high risk of fraudulent practices.

One of the factors that can trigger *fraud* is the weak internal control system in the organization. Internal control is a system designed to provide sufficient confidence in achieving organizational objectives, including operational effectiveness, reliability of financial statements, and compliance with applicable regulations. A strong internal control system can minimize the chances of *fraud* through segregation mechanisms, clear authorizations, and continuous supervision. (Robbins & Judge, 2017)

In addition to internal control, another factor that can affect the occurrence of *fraud* is the suitability of compensation received by employees. Compensation that does not match workload or responsibilities can lead to dissatisfaction that has the potential to encourage individuals to commit acts of deviance.

According to M Irrsan and Yulisfan (2024), the consistent application of high ethics can strengthen audit quality, increase the trust of financial statement users, and assist auditors in identifying and reporting objective audit findings. On the other hand, ethical violations have been shown to worsen audit quality, reduce auditors' credibility, and pose risks to organizations. Organizations need to strengthen their code of conduct, training programs, and internal oversight to ensure that internal auditors adhere to high ethical standards, so that audit quality can be maintained.

Another important factor is the morality of the individual. Individuals who have a high level of morality tend to uphold the values of honesty, responsibility, and integrity in carrying out their duties. On the other hand, individuals with low morality are more likely to commit actions that are

(Kohlberg, 1981)

Eye Hospitals have quite complex procurement characteristics because they are related to the procurement of diagnostic tools and high-value surgical instruments, such as ophthalmology lasers, surgical microscopes, and various other specialist medical devices. This condition increases the potential for *fraudulent* practices if it is not supported by an adequate internal control system.

Yola et al. (2026) stated that fraud is a serious problem that can harm organizations both financially and non-financially, as well as reduce public trust. effective prevention efforts are needed through strengthening the internal control system and the implementation of Good Corporate Governance (GCG). Fraud prevention cannot be done by relying only on one control mechanism but requires an integrated approach between internal control and Good Corporate Governance (GCG).

According to Amanda et al. (2025), it is identified that the synergy between human resource competencies, internal control systems, SAP implementation, and information technology are the main determinants in producing accountable information and the phenomenon of low quality financial statements is often rooted in weak managerial and technical aspects. The quality of financial statements does not depend only on one aspect, but is the result of the integration of individual competencies, the effectiveness of internal control systems, compliance with standards (SAP), and information technology support

Based on this description, this study aims to analyze the influence of internal control, compensation suitability, and individual morality on *fraud* prevention in the procurement of goods and services at Eye Hospitals in Medan City.

Problem Formulation

Based on the research background, the formulation of the problem in this study is:

1. Does internal control affect the prevention of *fraud* in the procurement of goods and services at the Eye Hospital in Medan City?
2. Does the suitability of compensation affect the prevention of *fraud* in the procurement of goods and services at the Eye Hospital in Medan City?
3. Does individual morality affect the prevention of *fraud* in the procurement of goods and services at the Eye Hospital in Medan City?
4. Do internal controls, compensation suitability, and morality simultaneously affect the prevention of *fraud* in the procurement of goods and services at the Eye Hospital in Medan City?

Research Objectives This research aims to:

1. Analyzing the influence of internal control on *fraud prevention* in the procurement of goods and services at Eye Hospital in Medan City.
2. Analyzing the effect of compensation suitability on fraud prevention in the procurement of goods and services at Eye Hospital in Medan City.
3. Analyzing the influence of individual morality on *fraud prevention* in the procurement of goods and services at Eye Hospital in Medan City.
4. Analyze the effect of internal control, compensation suitability, and morality simultaneously on

Fraud Prevention in Procurement

Literature Review Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) was put forward by Ajzen (1991) which states that individual behavior is influenced by the intention to perform an action. The intention is formed from three main factors, namely attitude *toward behavior*, *subjective norms*, and *perceived behavioral control*. Attitudes towards behavior are related to individual beliefs about the consequences that will be obtained from an action. Subjective norms are related to the social pressure felt by individuals from the surrounding environment, while behavioral control is related to the individual's perception of the ease or difficulty in performing an action (Ajzen, 1991).

Indicators in *the Theory of Planned Behavior*
Includes:

1. Attitude *toward behavior*
2. Subjective *norms*
3. Perception Control Behavior (*perceived behavioral control*)
4. Behavioral *intention*
5. Actual behavior

In the context of this study, *the Theory of Planned Behavior* is used to explain the tendency of individuals to commit or prevent *fraud*. Internal control is related to *perceived behavioral control* because a strong control system can limit the chances of cheating. Compensation suitability relates to *attitude toward behavior* because satisfaction with rewards can affect an individual's attitude toward fraudulent actions. Morality relates to subjective norms because ethical values and social norms influence an individual's decision to act.

Thus, *the Theory of Planned Behavior* is relevant to explain employee behavior in relation to *fraud prevention* in organizations.

Fraud Theory and Fraud Prevention

Fraud is an act that is carried out deliberately to gain personal gain by violating applicable rules. According to Cressey (1953) in the *Fraud Triangle* theory, fraud occurs due to three factors, namely pressure, opportunity, and *rationalization*. Pressure can come from economic needs, opportunities arise due to weak internal controls, and rationalization occurs when individuals justify actions taken.

In addition to *the Fraud Triangle*, another theory that explains fraud is *the Fraud Diamond* proposed by Wolfe and Hermanson (2004) which adds one factor, namely *capability*. *Capability* shows that a person can commit *fraud* if he has the ability and position to commit fraud.

Fraud prevention *is* an effort made by organizations to reduce the chances of fraud through the implementation of an internal control system, increased integrity, and effective supervision. According to Tuanakotta (2012), *fraud* prevention can be done through strengthening the control system, increasing transparency, and implementing strict sanctions.

In the health sector, *fraud* often occurs in the procurement process of goods and services because it involves large transaction values and complex technical specifications that require strict supervision.

Internal Control

Internal control is a process

According to COSO (2013), internal control consists of five main components, namely:

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring

Good internal control can reduce the chance of *fraud* because each activity has clear procedures and is systematically supervised. Arens et al. (2015) stated that weak internal control is one of the main causes of fraud in organizations.

In this study, internal control is used as a variable that is suspected to have an effect on *fraud prevention* in the procurement of goods and services.

Compensation Suitability

Compensation is a reward given to employees for contributions made to the organization. According to Robbins and Judge (2017), fair compensation can increase employee job satisfaction, motivation, and loyalty. Conversely, inappropriate compensation can lead to dissatisfaction that can prompt individuals to take actions that are detrimental to the organization. In the *Fraud Triangle* theory, economic pressure is one of the factors that can cause *fraud*. The suitability of compensation can reduce such pressure so that it can reduce the tendency of individuals to commit cheating.

Thus, the suitability of compensation is suspected to have a relationship with *fraud prevention*.

Morality

Morality is an ethical value that individuals have in determining right and wrong behavior. According to Kohlberg (1981), a person's moral development influences the way individuals make ethical decisions. Individuals with high levels of morality tend to avoid actions that violate the rules despite having the opportunity to do so.

Morality is also related to subjective norms in *the Theory of Planned Behavior*, where the values that individuals adopt will affect the intentions and behaviors that are carried out. Individuals with high morality have a lower tendency to commit *fraud* because they have strong self-control.

In this study, morality was used as a variable that is suspected to have an effect on *fraud prevention*.

Research Methodology Research Approach

This study uses a quantitative approach with a type of causal associative research. This approach aims to examine the relationship and influence between several variables, namely internal control, compensation suitability, and individual morality on *fraud prevention*.

A quantitative approach is used to test research hypotheses through numerical data processing using statistical methods. According to Sugiyono (2017), quantitative research is a research method used to research a specific population or sample with the aim of testing a hypothesis that has been formulated beforehand.

This approach was chosen because the research aims to identify and analyze the influence of independent variables on dependent variables empirically through statistical analysis.

This research was conducted on health workers and Energy No Health The Work in Hospitals are health service organizations that have a high level of complexity in the management of human resources, finance, and procurement of medical goods and services. Therefore, internal control, compensation suitability, and individual morality are important factors in maintaining organizational integrity and preventing *fraud*.

Research Location and Time Research Location

This research was carried out at an eye hospital in Medan City which was the object of the research. The selection of the research location is based on the consideration that hospitals are organizations that have a potential risk *of fraud*, especially in financial management and procurement of medical devices.

Research Time

This research was carried out from January 2025 to July 2025, which included activities of preparing proposals, collecting data, analyzing data, and preparing research reports.

Population and Population Sample

According to Widiyanto (2010), population is a total research object that has certain characteristics that are set by researchers to be studied and then drawn conclusions.

The population in this study is employees who work in eye hospitals in Medan City, both medical and non-medical personnel. The population was chosen because they had direct or indirect involvement in hospital operational activities that could potentially be related to *fraudulent* practices. The total population in this study is 58 employees.

Sample

According to Sugiyono (2017), samples are part of the number and characteristics possessed by the population.

The sampling technique in this study uses simple random sampling, which is a sampling technique that is carried out randomly without paying attention to strata in the population.

The determination of the number of samples using the Krejcie and Morgan formula is as follows:

$$n = \frac{X^2 \times N \times P(1-P)}{(N-1)d^2 + X^2 P(1-P)}$$

Keterangan:

n = ukuran sampel
N = ukuran populasi
X^2 = nilai chi-square
P = proporsi populasi
d = margin of error

The results of the calculation showed that **from 58 populations, the number of samples was obtained as much as**

50 respondents, who were considered to have represented the characteristics of the population in this study.

Conceptual Framework

The conceptual framework is a description of the relationship between independent variables and dependent variables used in research. In this study, the independent variables consisted of internal control, compensation suitability, and morality, while the dependent variable was *fraud prevention*.

Internal control is a system designed to ensure that all organizational activities run in accordance with established procedures. A good internal control system can reduce the chance of fraud because every activity is supervised and has a clear control mechanism (COSO, 2013).

Appropriate compensation can increase job satisfaction and employee loyalty so that it can reduce the tendency to commit *fraud* (Robbins & Judge, 2017).

Morality is an ethical value that individuals have in determining right and wrong behavior. Individuals with high morality tend to avoid actions that violate the rules despite having the opportunity to do so (Kohlberg, 1981).

Fraud prevention is an effort made by organizations to reduce the chances of fraud through strengthening internal control, increasing integrity, and effective supervision (Tuanakotta, 2012).

Based on the Theory of Planned Behavior (Ajzen, 1991), individual behavior is influenced by attitudes, subjective norms, and behavior control. In this study, internal control is related to behavior control, compensation suitability is related to attitude, and morality is related to subjective norms, so these three variables are suspected to affect *fraud prevention*.

Thus, the relationship between variables in this study can be described in the following conceptual framework.

Hypothesis

The hypothesis is an initial explanation that is still temporary which will be further proven to be true after empirical data is obtained. From the above definition, the hypothesis of this research is as follows:

1) Internal control affects the prevention of *fraud* in the procurement of goods/services.
2) Compensation Suitability has an effect on the prevention of *fraud* in the procurement of goods/services.
3) Morality has an effect on the prevention of *fraud* in the procurement of goods/services. Internal control, compensation suitability and morality simultaneously affect the prevention of *fraud* in the procurement of goods/services.

Results Description of Respondents Characteristics of Respondents

The respondents in this study amounted to 50 people consisting of medical and nonmedical personnel at an eye hospital in Medan City. Data collection was carried out using questionnaires that were distributed directly to respondents. Based on the results of data processing, all shared questionnaires can be returned and can be used in research analysis.

Table 2. Characteristics of Respondents

Characteristics	Categories	Number (People)	Percentage (%)
Gender	Male	14	28%
	Women	36	72%
Age	18-25 Years	5	10%

	26-35 Years	25	50%
	36–45 years old	12	24%
	46–55 years old	6	12%
	>56 years old	2	4%
Education	High School	1	2%
	Diploma (D3)	16	32%
	Bachelor (S1)	30	60%
	Master (S2)	3	6%
Tenure	1 year	2	4%
	2–3 years	10	20%
	4–6 years	5	10%
	>6 years old	33	66%

The characteristics of the respondents in this study were presented based on gender, age, education level, and working period. This presentation aims to provide an overview of the profile of the respondents who are the research sample.
This shows that the majority of the workforce at eye hospitals in Medan City is female. Judging from the age aspect, most of the respondents were in the age range of 26-35 years as many as 25 people or 50%. This age group is included in the productive age category, so it can be assumed that they have a high level of work energy and adaptation to the organizational system.

Based on the level of education, the majority of respondents have a Bachelor's (S1) education of 30 people or 60%, followed by a Diploma (D3) of 32%. This shows that respondents have a relatively high level of education, which supports an understanding of internal control systems and work procedures.

Meanwhile, based on the length of service, most respondents have more than 6 years of work experience as many as 33 people or 66%. This indicates that the respondents have sufficient experience in understanding the operational conditions of the organization, so that they can provide more accurate answers in this study

Validity and Reliability Tests
The validity test results show that all question items have a correlation value greater than r of the table so that they are declared valid. The reliability test showed that the Cronbach Alpha value of each variable was greater than 0.60 so that all variables were declared reliable and could be used in the study.

Classic Assumption Test

A classical assumption test is performed to ensure that the regression model used meets the requirements of the analysis.

1. The normality test shows that the data is distributed normally.
2. The multicollinearity test showed that the VIF value was < 10 so that multicollinearity did not occur.
3. The heteroscedasticity test shows that there is no specific pattern so that the regression model is free of heteroscedasticity.

With Thus, Models Return can be used for hypothesis testing.

Multiple Linear Regression Analysis

Multiple linear regression analysis aims to evaluate the relationship between one dependent variable (prevention *of* fraud of goods/services (Y)) and independent variables of internal control (X1), compensation suitability (X2), and morality (X3). The model of the multiple linear regression equation is:

$$Y' = a + b1X1 + b2X2 + b3X3 + e$$

Where:

Y = Value of influence a
= Constant
b = Regression Coefficient
X = Value of Independent Variable e
= Standard Error

The method used to analyze this study uses SPSS software. The equations of the multiple linear regression model in this study are as follows:

Y = Prevention *Fraud*
a = Constant
b1 = Internal control coefficient b2
= Compensation Conformity Coefficient b3 = Morality coefficient
X1 = Internal Control Variable X2
= Compensation Conformity Variable x3 = Morality Variable

Interpretation of Regression Coefficients 1. Constant (Intercept) = -19,088

A constant value of -19.088 indicates that if all independent variables (internal control, compensation suitability, and morality) are considered constant or zero, then the fraud prevention value is estimated to be
-19,088. This negative value indicates that

2. Internal Control (X1) = 0.905 (Sig. 0.000)

A regression coefficient of 0.905 with a significance value of 0.000 (< 0.05) shows that internal control has a positive and significant influence on fraud prevention.
This means that every 1 unit increase in internal control will increase *fraud* prevention by 0.905 units. Therefore, internal control is the most dominant factor in this model. This shows that the better the control system such as separation of duties, authorization system, supervision, internal audit. So, the more effective fraud prevention efforts are in the organization.

3. Compensation Suitability (X2) = 0.165 (Sig. 0.410)

A regression coefficient of 0.165 with a significance value of 0.410 (> 0.05) indicates that compensation suitability has a positive but not significant effect on *fraud prevention*. This

means that each increase in compensation only increases fraud prevention by 0.165 units, but is statistically not strong enough to be considered effective. Thus, this shows that compensation is not the main factor in preventing *fraud*. Although fair compensation can increase job satisfaction, without a strong control system, compensation is not able to significantly reduce cheating.

4. **Morality (X3) = 0.623 (Sig. 0.073)** A regression coefficient of 0.623 with a significance value of 0.073 (> 0.05) indicates that morality has a positive but insignificant effect on fraud prevention.This means that every increase in morality will increase fraud prevention by 0.623 units, but this effect is not statistically significant. So, individual morality does contribute to preventing fraud, but it is not strong enough if it is not supported by the organizational system. This indicates that:

- Individual integrity is important
- However, it must be supported by a control system

The results of multiple linear regression analysis showed that the regression equation obtained was Y = −19.088 + 0.905X1 + 0.165X2 + 0.623X3. The internal control variable has a coefficient of 0.905 with a significance value of 0.000 (< 0.05), which means that it has a positive and significant effect on fraud prevention. Meanwhile, the suitability of compensation has a coefficient of 0.165 with a significance of 0.410 (>
0.05), and morality of 0.623 with significance of 0.073 (> 0.05), which indicates that the two variables have no partial significant effect. Thus, internal control is the most dominant factor in improving *fraud* prevention in this study.

T test (Partial)

The t-test was carried out to determine the influence of each partially independent variable on the dependent variable, namely Fraud Prevention. The results of the t-test are presented in the following table:

Table 3. T Test Results

Variable	t Count	Sig. (p-value)	Remarks
Internal Control	3,588	< 0.001	Significant
Compensation Suitability	0,832	0,410	Insignificant
Morality	1,832	0,073	Insignificant

Source : Primary Data Processed, 2025

The results of the t-test showed that:

1. The internal control variable (X1) had a calculated t-value of 3.588 with a significance level of < 0.001 (< 0.05). These results show that
   Thus, the hypothesis that internal control has an effect on fraud prevention is accepted. This indicates that the better the internal control system implemented, the higher the organization's ability to prevent *fraud*.
2. The compensation suitability variable (X2) has a calculated t-value of 0.832 with a significance level of 0.410 (> 0.05). These results show that compensation suitability has no significant effect on *fraud* prevention. Thus, the hypothesis that states the effect of compensation suitability on *fraud prevention* is rejected.

This means that the high or low compensation received by employees has not been statistically able to affect fraud prevention efforts.

3. The morality variable (X3) has a calculated t-value of 1.832 with a significance level of 0.073 (> 0.05). These results show that morality has no significant effect on *fraud* prevention at a significance level of 5%. Thus, the hypothesis that states the influence of morality on *fraud prevention* is rejected. Nevertheless, the direction of the positive coefficient indicates a tendency that an increase in Morality can improve *fraud prevention*, but it is not statistically strong enough.

Based on the results of the t-test, it can be concluded that only the internal control variable has a partial significant effect on fraud prevention, while the suitability of compensation and morality have no significant effect.

F Test (Simultaneous)

Table 4. F Test Results

Source of Variation	Sum of Squares	df	Mean Square	F Calculate	Sig.
Regression	339,634	3	113,211	4,705	0,006
Residual	1106,846	46	24,062		
Total	1446,480	49			

Source : Primary Data Processed, 2025

The F test is used to find out whether independent variables together (simultaneously) affect the dependent variables. Based on the test results, an F value was calculated of 4.705 with a significance level of 0.006 (< 0.05).

These results show that simultaneously the variables of internal control, compensation suitability, and morality have a significant influence on fraud prevention. Thus, the hypothesis that the three independent variables together have an effect on fraud prevention is accepted. This shows that *fraud* prevention is not only influenced by one factor, but is the result of a combination of various organizational and individual factors. Thus the fourth hypothesis is accepted.

Coefficient of Determination

The determination coefficient test was used to find out how much the regression model was able to explain the variation of the dependent variable, namely Fraud Prevention. The test results are shown in the following table:

Table 5. Determination Coefficient Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,485[a]	,235	,185	4,905

a. Predictors: (Constant), Moralitas, Pengendalian Internal , Kesesuaian Kompensasi

Source : Primary Data Processed, 2025

A determination coefficient value (R^2) of 0.235 showed that 23.5% of fraud prevention variables could be explained by internal controls, compensation suitability, and morality, while the remaining 76.5% were influenced by other variables outside the study.

Discussion of Research Results

The results of the study show that internal control has a positive and significant effect on *fraud prevention*. This finding is in line with *the Theory of Planned Behavior* (TPB) put forward by Icek Ajzen (1991), especially on the dimension of *perceived behavioral control*. Internal controls reflect an organization's ability to limit the chances of fraud through structured systems, procedures, and supervision. The stronger the internal control, the less likely an individual is to have the intention to commit *fraud*.

In addition, these findings also support *the Fraud Triangle Theory* put forward by Donald Cressey (1953), where one of the main factors for fraud is the existence of *opportunity* . Effective internal controls are able to close these gaps through separation of duties, authorization systems, and layered supervision. The results of this study are in line with the findings of Komalasari and Murtanto (2017) and Sudarman et al. (2019) who stated that internal control has a significant effect on suppressing fraud tendencies.

On the other hand, the suitability of compensation has no significant effect on *fraud prevention*. In the perspective of SDGs, compensation is related to *attitude toward behavior*, which is how individuals assess an action based on the benefits or losses obtained. Theoretically, fair compensation can increase job satisfaction and reduce the intention to commit fraud (Robbins & Judge, 2017). However, the results of this study show that the compensatory factor is not is the main determinant in preventing fraud. These findings are in line with the research of Mahendra et al. (2019) who stated that compensation does not always have a significant effect on *fraud* if it is not supported by a strong control system.

Furthermore, morality has no significant effect on *fraud prevention*, although it has a positive relationship direction. In *the Theory of Planned Behavior* (TPB), morality is related to *subjective norms*, which are social values and norms that affect individual behavior. Theoretically, individuals with high morality tend to avoid deviant behavior (Kohlberg, 1981). However, the results of this study show that morality is not empirically strong enough in preventing *fraud*. This indicates that an individual's moral values can be influenced by the environmental conditions of the organization. This finding is supported by Pramesti and Wulanditya (2021) who state that morality needs to be supported by a strong supervisory system and organizational culture to be effective in suppressing fraud.

Simultaneously, the results of the study show that internal control, compensation suitability, and morality have a significant effect on *fraud prevention*. This strengthens the framework of *the Theory of Planned Behavior* (TPB) which states that individual behavior is the result of an interaction between *attitudes*, subjective *norms, and* perceived behavioral control. However, in this study, internal control was proven to be the most dominant factor. This shows that in an organizational context, a strong control system is more effective in shaping fraud prevention behavior than relying solely on individual factors.

Thus, the results of this study confirm that fraud prevention does not only depend on individual integrity or financial satisfaction, but is more determined by the strength of the internal control system that Capable Limiting Opportunities cheating.

Conclusion

Based on the results of the study on the influence of internal control, compensation suitability, and morality on *fraud* prevention in the procurement of goods and services at eye hospitals in Medan City, it can be concluded as follows:

1 Internal control has a significant effect on *fraud* prevention. This shows that the better the internal control system implemented in the organization, the less likely it is to cheat. Good

internal control can reduce Opportunities deviations due to clear procedures, strict supervision, and structured division of tasks.

2 The suitability of compensation has no significant effect on *fraud* prevention. These results show that the level of compensation received by employees is not always a major factor in preventing cheating from occurring. Although compensation is important to increase job satisfaction, *fraud* prevention is more influenced by the supervision and control system implemented by the organization.

3 Morality has no significant effect on *fraud* prevention. This shows that individual morality alone is not enough to prevent cheating if it is not supported by a strong internal control system. Individuals with good morals still need a work environment that has clear rules and supervision.

4 Simultaneously, internal control, compensation suitability, and morality have a significant effect on *fraud* prevention. This shows that fraud prevention cannot be done with just one factor, but requires a combination of a good control system, fair compensation, and high individual morality.

5 The determination coefficient value of 0.235 showed that 23.5% of *fraud* prevention could be explained by internal control variables, compensation suitability, and morality, while the rest was influenced by other factors that were not studied in this study.

Suggestions

Based on the results of the research that has been conducted, the suggestions that can be given are as follows:

1. The hospital is expected to improve the internal control system, especially in the procurement process of goods and services, because internal control has been proven to have a significant influence on *fraud prevention*.
2. Hospital management needs to pay attention to the provision of compensation that is in accordance with the workload in order to increase employee motivation and job satisfaction, although in this study compensation did not have a significant effect on *fraud prevention*.
3. Improving employee morale still needs to be done through coaching, training, and the implementation of the code of ethics, so that it can support the creation of an honest and responsible work environment.
4. Further research is expected to add other variables such as organizational culture, supervisory systems, work pressure, and compliance with rules to obtain more complete results.
5. Hospitals must strengthen internal controls, especially audits and separation of duties.
6. Regular evaluation and adjustment of the compensation system to improve job satisfaction without override supervision.
7. Conduct ethics and morality coaching and training to build an anti-fraud organizational culture.
8. Further research is recommended adding organizational culture variables and external pressures to Understanding more comprehensive.

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