

APIP Capability and Local Financial Supervision in Corruption Prevention: An Islamic Economic Perspective in Jambi

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ABSTRACT

Purpose – This study aims to analyse the effect of Good Corporate Governance (GCG), Local Financial Management (LFM), and APIP Capability on Corruption Prevention in local governments of Jambi Province.

Design/methodology/approach – The research employed a quantitative approach with a causalcomparative design. The population consisted of 12 local governments in Jambi Province, all included as research samples through a total sampling technique. Data were collected from secondary sources, including MCP KPK, SAKIP, SPBE, and APIP capability reports issued by BPKP for the period 2020–2022. Statistical analysis was performed using multiple linear regression with SPSS 25. The measurement model was tested for validity and reliability, with all indicators showing loading factors > 0.70, AVE > 0.50, and CR > 0.70, indicating acceptable construct validity and reliability.

Finding/Results – The results show that the model is significant overall (F-test $p = 0.018$) with an explanatory power of $R^2 = 0.521$, meaning 52.1% of corruption prevention is explained by GCG, LFM, and APIP capability. However, partial testing indicates that only APIP capability significantly influences corruption prevention ($\beta = 11.027$; $p = 0.011$), while GCG ($\beta = 0.042$; $p = 0.895$) and LFM ($\beta = 0.183$; $p = 0.372$) are not significant.

Originality/Value – This study contributes to the literature by emphasizing the dominant role of internal government supervision (APIP) in preventing corruption at the regional level, where previous studies focused primarily on external anti-corruption institutions. The integration of agency theory and institutional theory highlights why internal monitoring mechanisms are more effective than normative governance frameworks in reducing corruption risks.

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1. Introduction

Corruption is one of the fundamental problems that continues to plague governance in Indonesia, both at the central and regional levels. Indonesia's Corruption Perception Index (CPI) remains stagnant at a score of 34/100 (Transparency International, 2024), reflecting the weak oversight and accountability systems in state financial management (Marselina et al., 2024) (Wijaya, 2023).

Table 1. APIP Supervision Data Matrix

Year	CPI Score of Indonesia	Number of Corruption Cases	Regional APIP Supervision Budget (Million IDR)	Number of APIP Auditors
2018	38	300	500	1000
2019	37	280	550	1050
2020	36	260	600	1100
2021	34	240	650	1150

Source: (Transparency International, 2024)

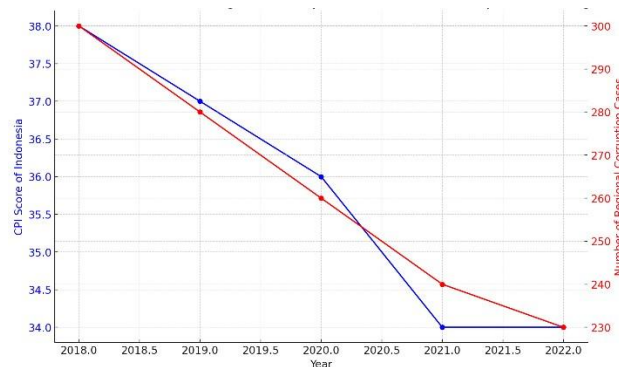


Figure 1. Trends of Indonesia CPI, Regional Corruption Cases, and APIP Supervision Budget

At the regional level, particularly in Jambi Province, various corruption cases, such as the KPK's sting operation against regional heads, show that internal oversight mechanisms are not yet adequate (Hafiz, 2022). One of the strategic actors mandated to carry out this oversight function is the Government Internal Oversight Agency (APIP). However, the Effectiveness of APIP in carrying out this role is still questionable, both in terms of technical capabilities, institutional independence, and moral integrity (Kusuma & Reskino, 2024) (Saha & Sen, 2021). The Government Internal Supervisory Apparatus (APIP) is an essential element in the Indonesian government's supervisory system (Purnamasari et al., 2025)(Artopo & Wahyuni, 2024). Its strategic role lies in its ability to promote transparency and accountability in regional financial management (Gisladottir et al., 2022). However, the Effectiveness of APIP in carrying out its function as the front line in preventing corruption is still questionable (Hochstetter et al., 2023). Various studies note that the main problems lie in the low technical capabilities, lack of institutional independence, and weak moral integrity of internal auditors. Unfortunately, most studies discussing corruption issues in Indonesia still focus on macro policy aspects and anti-corruption institutions such as the KPK (Su et al., 2023) (Triatmanto & Bawono, 2023) (Alfada, 2019). Studies on the effectiveness of internal oversight mechanisms, particularly the role of APIP at the regional level, are still very limited (Zhang et al., 2023) . In fact, the local context has unique oversight dynamics, especially regarding the implementation of anti-corruption policies that are direct and operational in nature (Lu et al., 2022).

Furthermore, the approaches used in previous literature tend to be normative and technocratic, and are highly dependent on administrative indicators such as the KPK's MCP and SAKIP. This has led to a gap in more substantial and reflective studies. One largely untouched dimension is the integration of religious ethical values, particularly within the framework of Islamic economics (Ghulamallah et al., 2021) (Uluyol, 2024) (Haruna et al., 2024), into the public financial oversight system (Ma'ruf & Nurul Fikri, 2023). Principles such as amanah (trust), hisbah (social supervision), and maslahah (public benefit) have the potential to provide a strong moral and spiritual foundation in strengthening the regional supervision system (Utomo et al., 2023). In this context, this study aims to fill this knowledge gap by analyzing the Effectiveness of APIP's role in regional financial supervision and exploring how Islamic economic values (Zhuang & Wei, 2023) can support the improvement of the integrity and professionalism of internal auditors (Rumihin et al., 2023). This study highlights explicitly the province of Jambi as the study area, given the high risk of corruption and weak oversight in the region.

This study has two main contributions. First, it broadens the understanding of APIP capacity through an integrative approach that combines agency theory and sharia values (Rastgar et al., 2023) (Salojärvi & Jensen, 2021). Second, to offer a multidisciplinary approach to explain how internal motivation and spiritual dimensions can strengthen sustainable regional financial supervision, a comprehensive strategy is needed. Specifically, this study aims to: (1) analyze the extent to which APIP capabilities in Jambi Province can prevent corrupt practices through internal control mechanisms (Su et al., 2023), and (2) examine how Islamic economic principles can be integrated into the oversight framework implemented by APIP (Rastgar et al., 2023). The method used is a qualitative-descriptive approach with literature study and document analysis techniques (Helou et al., 2022). Data were collected from various sources, such as KPK MCP reports, SAKIP, and APIP oversight documents for the 2020–2024 period. The analysis was conducted using a combined theoretical framework of agency theory and Islamic economic principles to understand the Effectiveness of public oversight comprehensively.

2. Literature Review & Hypothesis Development

2.1 Theoretical Background

Agency theory explains the contractual relationship between the principal (the public/central government) and the agent (local government) (Amin et al., 2024) (Xing et al., 2025), where conflicts of interest and information asymmetry have the potential to trigger opportunistic behaviour, including corruption (Chefor et al., 2025) (Khandelwal et al., 2023). In the context of local government, agents have discretion in managing public resources, while principals often face limited access to information. This condition requires effective governance and oversight mechanisms to minimize the risk of abuse of authority.

Internal control mechanisms such as security guards and regional financial management systems function as monitoring mechanisms to align the interests of principals and agents, while reducing the potential for moral hazard (Liu et al., 2025) (Yohou, 2023). APIP plays a role in providing adequate assurance of compliance, efficiency, Effectiveness, and accountability in government administration (Ma et al., 2025) (Li et al., 2024; Sun & Shang, 2025). The Financial and Development Supervisory Agency (BPKP) measures APIP capabilities on a sixlevel scale, ranging from Initial (Level 1) to Optimised (Level 6). Previous studies have shown that the higher the level of APIP capability, the more effective its role in detecting, preventing, and addressing potential regional financial irregularities (Aswar et al., 2021).

Regional financial supervision is a process that ensures all stages of financial management, from planning, budgeting, and implementation to reporting, are carried out in accordance

with the principles of transparency, accountability, and compliance with regulations (Shen et al., 2025) (Arrigoni & Rivolti, 2022). This oversight function is preventive, to detect potential fraud before it occurs, and corrective, to improve weaknesses in control and governance systems (Yun & Jia, 2025). International studies and research (Krah & Mertens, 2023) show that a strong financial oversight system is positively correlated with low levels of corruption in local government.

From an Islamic economic perspective, state financial management is a form of amanah (trust) that must be upheld, in line with the principles of maqāsid al-syarī'ah, particularly hifz al-māl (preserving wealth) and hifz al-nafs (preserving life) (Menne et al., 2023) (Sharif & Faisal, 2025). The concept of amanah teaches that public officials are custodians of public funds (al-amwāl al-'āmmah) that must be managed for the benefit of society; Hisbah, as a mechanism of public oversight, demands transparency, accountability, and fairness in every transaction and financial decision of the state (Togan et al., 2025). The prohibition of bribery (corruption) is emphasized in the Qur'an (QS. Al-Baqarah: 188) and the hadith of the Prophet, which prohibits all forms of misappropriation of public funds (Huda & Ispriyarso, 2019).

2.2. The Direct Influence of GCG (Good Corporate Governance) on Corruption Prevention

Good Corporate Governance (GCG) is a set of principles that regulate how organizations or institutions are run in a transparent, accountable, and responsible manner. The practical implementation of GCG aims to ensure that every decision and policy made by public officials is accountable and effectively supervised (Kaufmann & Lafarre, 2021). In this context, GCG plays a vital role in preventing potential abuse of authority and corruption in the management of public budgets or policies (Ali Gull et al., 2023). With clear transparency and accountability, the space for corrupt practices can be minimized. Meanwhile, in overseeing financial management and public policy, APIP (Government Internal Supervisory Apparatus) has a vital role. The capabilities of APIP, which include human resource (HR) competencies, technology, and existing monitoring systems, influence the Effectiveness of the monitoring carried out (Hogue, 2023). The better the capabilities of APIP, the greater its ability to detect potential abuse of authority or corruption. With more careful and comprehensive oversight, APIP can provide recommendations for improvements that prevent corrupt practices (Johnson & George, 2023). The implementation of good GCG directly strengthens APIP's ability to conduct oversight. GCG provides a clear structure for organizational management, ensuring that every decision made by public officials is accountable and supervised. With the transparency promoted by GCG, APIP has easier access to the information needed to audit and evaluate policies and financial management. In addition, the principle of accountability in GCG enhances internal oversight, enabling APIP to detect potential corruption more quickly (She & Michelon, 2023). The hypothesis in this study states that the capabilities of APIP have a positive effect on corruption prevention. This means that the better APIP's capabilities in conducting oversight, the more effective corruption prevention can be. The implementation of GCG, which supports the improvement of APIP's capabilities, strengthens oversight of public policy. This, in turn, will reduce the potential for abuse of power and corruption.

H1: GCG (Good Corporate Governance) has a positive effect on APIP capabilities and corruption prevention

2.3. The Direct Effect of Regional Financial Management on Corruption Prevention

Good regional financial management covers three crucial aspects, namely transparent and accountable budget planning, implementation, and reporting (Ray Biswas & Rahman, 2023). Transparency in budget management allows the public and supervisory agencies to monitor budget use in real time, while accountability ensures that every expenditure can be clearly accounted for (Jin & Wang, 2025). To improve transparency and efficiency in regional financial management, implementing non-cash transaction systems and digitising financial

reporting are crucial strategic steps (Meili & Stucki, 2023). The Government Internal Supervisory Apparatus (APIP) plays a central role in overseeing regional financial management (Artopo & Wahyuni, 2024)(L. Chen et al., 2025). The ability of APIP to conduct audits, evaluations, and provide recommendations for improvement greatly influences the effectiveness of corruption prevention. Therefore, increasing the capacity of APIP through training, the use of information technology, and strengthening the internal control system is crucial (Masdar et al., 2021). Thus, APIP can be more effective in detecting potential budget misuse early on.

H2: Transparent and accountable regional financial management has a positive effect on preventing corruption at the local government level.

2.4. Good Corporate Governance (GCG) and Corruption Prevention

Good Corporate Governance (GCG) is a framework that ensures an organisation is managed transparently, accountably, responsibly, independently, and relatively (Buchetti et al., 2025). In the context of local government, the application of GCG not only functions as a managerial instrument but also as a mechanism for preventing corruption (Sarhan & Gerged, 2023). The principle of transparency requires the open provision of financial information and public policy, thereby reducing information asymmetry between local governments and the public (Chen & Ganapati, 2023). The principle of accountability ensures that every policy is legally and ethically accountable, while the principle of independence prevents interference from interested parties that could affect the integrity of decisions. Previous studies show that consistent implementation of GCG has a significant effect on reducing corruption in the public sector (Karunia et al., 2023). Within the agency theory framework, GCG provides a control mechanism that narrows the space for opportunistic behaviour by agents (local governments) by increasing the monitoring capacity of principals (the public and central government). The integration of Islamic economic values such as amanah (trust) and hisbah (social supervision) in GCG strengthens the moral legitimacy of governance, so that supervision is not only based on formal rules but also on ethical values.

H3: The implementation of good GCG has a positive effect on the prevention of corruption in local government.

2.5. Moderating Effect of APIP Independence

The independence of APIP refers to the ability of government internal auditors to conduct assessments and provide recommendations without pressure or intervention from the audited party (Sargiacomo et al., 2024). High independence allows APIP to assess policies and budget use objectively, so that audit results can be used as a basis for improvement and prevention of abuse of authority (Lucuț et al., 2025). As a moderating variable, APIP independence can strengthen the relationship between GCG and corruption prevention. GCG provides a framework and oversight procedures, but without adequate independence, the implementation of these principles is prone to bias or data manipulation. International research confirms that audit Effectiveness increases significantly when auditors have complete autonomy in determining the scope, methodology, and delivery of audit results (Hosseinnikani et al., 2024).

H4: APIP independence strengthens the relationship between regional financial oversight and corruption prevention.

2.6. Moderating Influence of Leadership Style

The leadership style of local bureaucracies can influence the effectiveness of GCG implementation. Leaders who apply transformational leadership tend to encourage innovation, integrity, and cross-sector collaboration. Conversely, authoritarian and closed leadership styles can hinder transparency and even promote a culture of disregarding corrupt practices. As a moderator, leadership style can strengthen or weaken the effect of GCG on corruption prevention (Pizzolitto et al., 2023). Under visionary and ethical leadership, GCG

principles are more easily internalized into the organizational culture. However, under leadership that is permissive of violations, GCG has the potential to become nothing more than a formal document without real implementation. **H5:** Ethical leadership style strengthens the influence of GCG on corruption prevention.

2.7. APIP Independence as a Moderator

The independence of APIP is the ability to conduct audits and provide recommendations objectively, without pressure from the audited party (Robertson, 2023). As a moderating variable, APIP independence strengthens the relationship between good regional financial management and APIP capabilities, as it allows auditors to work without bias. Without independence, audits can be influenced by external factors, rendering recommendations ineffective (Lin, 2023). The study (Grace & Thorogood, 2023) shows that full autonomy for auditors significantly increases audit effectiveness. APIP independence is key to the effectiveness of internal oversight. An independent APIP can access and analyze local financial reports objectively. Without adequate autonomy, even if local financial management is transparent, the data may not be optimally utilized by the APIP.

H6: APIP independence moderates the relationship between regional financial management and APIP capabilities.

2.8. Institutional Independence and Internal Control Effectiveness

Institutional independence ensures that internal control runs without external intervention. This allows APIP to perform its functions objectively, produce credible recommendations, and strengthen the internal control system (Wang et al., 2023). Thus, institutional independence is a key pillar for creating effective governance. **H7:** Institutional independence has a positive effect on the effectiveness of internal control.

2.9. Internal Control Effectiveness and Corruption Prevention

Effective internal control includes a systematic monitoring, evaluation, and supervision system for financial processes. A robust system can reduce opportunities for abuse of authority and budget leakage. (Ceschel et al., 2022) shows that reasonable internal control significantly reduces the risk of corrupt practices.

H8: The effectiveness of internal control has a positive effect on the prevention of corruption

2.10. Audit Quality as a Moderator

Audit quality is an essential factor in determining the effectiveness of internal controls in preventing corruption (Saeed et al., 2024). However, in some cases, audits that are too focused on administrative compliance actually weaken the role of internal controls; (Min et al., 2025). This occurs when auditors only focus on the formalities of documents without exploring the root causes of substantive problems (Austin, 2023). Therefore, audit quality should be designed to strengthen, not replace, the effectiveness of internal controls.

H9: Audit quality moderates the relationship between internal control effectiveness and corruption prevention.

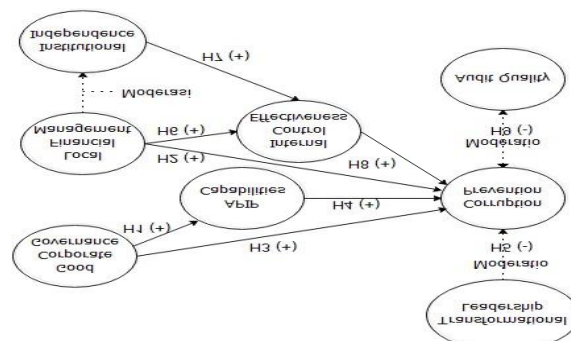


Figure 2. Research Framework

3. Methodology

3.1 Research Design

This study uses a quantitative approach with a causal-comparative design to examine the effect of Good Corporate Governance (GCG) (Castiglione et al., 2025) (Wu et al., 2024) (Ljungstrom et al., 2025), Regional

Financial Management (PKD), and APIP Capabilities on Corruption Prevention, involving mediating variables (APIP Capabilities, Internal Control Effectiveness) and moderating variables (Transformational Leadership, Audit Quality, and Institutional Independence). This design was chosen because it allows researchers to assess the causal relationships between variables empirically through statistical analysis.

3.2 Population, Sample, and Sampling Technique

The research population consists of all regency/city governments in Jambi Province, totalling 12 local government entities. Given that the population size is relatively small and can be fully reached, this study uses a total sampling method (saturated sample). Thus, all population entities are used as research samples, so that the data obtained is representative of the condition of local government governance in Jambi Province.

3.3 Research Procedure

The research stages were carried out as follows:

1. Collection of secondary data through official government documents, including:
 - Monitoring Centre for Prevention (MCP) KPK scores,
 - Government Agency Performance Accountability System (SAKIP) scores,
 - Electronic-Based Government System Index (SPBE),
 - APIP capability reports published by BPKP.
2. Longitudinal data processing for the 2020–2022 period, to capture the dynamics of variable changes from year to year.
3. Development of a research model with independent variables (Good Corporate Governance, Local Financial Management, Institutional Independence), mediating variables (APIP Capabilities, Internal Control Effectiveness), moderating variables (Transformational Leadership, Audit Quality), and dependent variables (Corruption Prevention).
4. Data analysis using multiple linear regression with moderation and mediation interaction testing, conducted using SPSS 25 software.

3.4 Observed Parameters

The research parameters refer to indicators standardized for measuring governance, supervisory effectiveness, and corruption prevention indices. The primary focus is on:

- The KPK's MCP score as a representation of the success of corruption prevention,
- SAKIP and SPBE scores as a representation of GCG quality and regional financial management,
- The APIP capability level from BPKP is a representation of internal oversight competence,
- Moderation factors include transformational leadership and audit quality.

Description of Research Variables

Table 2. Item Measurements

Variable	Dimension	Item	Source
GCG (Good Corporate Governance)	<ul style="list-style-type: none"> ▪ Transparency ▪ Accountability ▪ Participation 	<ul style="list-style-type: none"> ▪ GCG1: Availability and accessibility of public information ▪ GCG2: Openness in the planning and budgeting process ▪ GCG3: Performance reporting obligations ▪ GCG4: Stakeholder participation in policy 	(Tjahjadi et al., 2021) : audit quality, GCG, transformational leadership; auditor performance
LFM (Local Financial Management)	<ul style="list-style-type: none"> ▪ Financial Planning ▪ Implementation ▪ Evaluation 	<ul style="list-style-type: none"> ▪ LFM1: Consistency of RKPD and APBD ▪ LFM2: Effectiveness of regional expenditure realization ▪ LFM3: Timeliness of Financial Reporting ▪ LFM4: Efficiency of budget utilization 	(Resce, 2022) : enterprise risk management & fraud prevention in local government Tandfonline
II (Institutional Independence)	<ul style="list-style-type: none"> ▪ Institutional Structure ▪ Autonomy ▪ Function 	<ul style="list-style-type: none"> ▪ II1: Position of APIP in the organizational structure (directly under the regional head or not) ▪ II2: Degree of independence in conducting internal audits ▪ II3: Legal protection for APIP functions 	(Campbell & Danar, 2025) : independence, professionalism & integrity; fraud prevention, leadership style moderation
AC (APIP Capabilities)	<ul style="list-style-type: none"> ▪ Human Resource ▪ Competencies ▪ Systems and Technology Independence 	<ul style="list-style-type: none"> ▪ AC1: APIP capability level (Level 1–5) ▪ AC2: Technical training and auditor certification ▪ AC3: Ability to use audit technology ▪ AC4: Independence in audit implementation 	(Bua et al., 2024) : The role of APIP and SPIP capabilities in achieving SDGs : APIP resource capability in financial audits

ICE (Internal Control Effectiveness)	<ul style="list-style-type: none"> ▪ Monitoring and Evaluation ▪ Monitoring and Evaluation 	<ul style="list-style-type: none"> ▪ ICE1: Availability of internal control SOPs ▪ ICE2: Frequency of internal control evaluation ▪ ICE3: Ratio of audit findings followed up ▪ ICE4: Early detection of irregularities 	(Paino et al., 2023) : IAF, internal control & fraud prevention, governance
TL (Transformational Leadership)	<ul style="list-style-type: none"> □ Inspirational Leadership <ul style="list-style-type: none"> ▪ □ Ethical Exemplary □ Support for Change 	<ul style="list-style-type: none"> ▪ TL1: Anti-corruption vision and mission of regional leaders ▪ TL2: Commitment to integrity ▪ TL3: Ability to motivate and inspire staff ▪ TL4: Encouragement of oversight innovation 	(CHAU et al., 2021) : transformational leadership's impact on auditor performance : leadership style & APIP capability context
AQ (Audit Quality)	<ul style="list-style-type: none"> ▪ Timeliness ▪ Recommendation Quality 	<ul style="list-style-type: none"> ▪ AQ1: Compliance of audit with examination standards ▪ AQ2: Speed of audit report issuance ▪ AQ3: Level of acceptance of audit recommendations by management - ▪ AQ4: Effectiveness of followup 	(Awan et al., 2025) : audit quality's effect on auditor performance
CP (Corruption Prevention)	<ul style="list-style-type: none"> ▪ Prevention of Gratuities ▪ Complaint ▪ Channel MCP Assessment 	<ul style="list-style-type: none"> ▪ CP1: KPK MCP score per year ▪ CP2: Number of public complaints followed up on ▪ CP3: Gratification mechanisms in place ▪ CP4: Compliance with MCP indicators 	(Umar et al., 2024) : internal audit, internal control & fraud prevention on governance

4. Result and Discussion

The author needs to report the results in sufficient detail so that the reader can see which statistical analysis was conducted and why, and later to justify their conclusions.

The “Discussion and Analysis” part, highlights the rationale behind the result answering the question “why the result is so?” It shows the theories and the evidence from the results. The part does not just explain the figures but also deals with this deep analysis to cope with the gap that it is trying to solve.

4.1 Respondent Profile

Table 4 presents an analysis of respondent demographics based on 12 local governments in Jambi Province that were sampled for this study. Of the total respondents, 75% were from regency governments (9 regions) and the remaining 25% were from city governments (3 areas). This shows that the majority of respondents came from regencies, which are indeed more numerous than cities in Jambi Province. When viewed based on work unit, most respondents came from the Regional Financial and Asset Management Agency (BPKAD) at 41.7%, followed by the Regional Inspectorate at 33.3%, and the rest from Bappeda and other technical OPDs at 25%. This composition confirms that respondents have a strategic role in both financial management and internal control functions. Based on position, around 50% of respondents held the position of head of division or head of department, while 33.3% were inspectors or functional supervisory officials, and the remaining 16.7% were technical financial staff. This shows that the majority of respondents had authority in the process of planning, managing, and supervising the regional budget.

In terms of education level, respondents with a bachelor's degree (S1) dominated with a percentage of 58.3%, followed by master's degree (S2) holders at 33.3%, and doctoral degree (S3) holders at 8.4%. The high level of education of the respondents ensures that they have sufficient academic capacity to understand governance and the principles of public accountability. In terms of work experience, most respondents had been working for more than 5 years. A total of 41.6% had 5–10 years of experience, the same number (41.6%) had more than 10 years of experience, while only 16.7% of respondents had been working for less than 5 years. This shows that the majority of respondents are experienced officials who understand the dynamics of bureaucracy and regional financial management. Overall, the profile of respondents in this study shows that the majority come from regencies, hold strategic structural positions, have a higher education background, and have extensive work experience. This strengthens the validity of the data because the respondents are key actors in regional financial management and corruption prevention in Jambi Province.

Table 3. Respondent’s Demography

Category	Sub-category	Frequency	Percentage
Local Government Type	District	9	75
	City	3	25
Work Unit	BPKAD	5	41.7
	Inspectorate	4	33.3
	Regional Development Planning Agency/Other	3	25
	Regional Government Agencies		
Job Position	Head of Division/Department	6	50
	Internal Auditor/Functional Officer	4	33.3
	Technical Financial Staff	2	16.7
Education Level	Bachelor's Degree (S1)	7	58.3

Work Experience	Master's Degree (S2)	4	33.3%
	Doctorate (S3)	1	8.4
	< 5 years	2	16.7
	5–10 years	5	41.6
	> 10 years	5	41.6



Figure 3. Respondent Demographics

4.2 Measurement Mode

The test results show that all indicators in the research construct have a loading factor value greater than 0.70, so they can be categorized as valid. The AVE value for all variables is also above 0.50, which means that more than 50% of the indicator variance can be explained by each construct. In terms of reliability, the Composite Reliability (CR) and Cronbach's Alpha values for all variables are above 0.70, indicating that the instruments used in this study are reliable;

Table 4. Measurement Model (Construct Validity and Reliability)

Construct	Indicators	Loading	AVE	Value	
				CR	Cronbach's Alpha
Good Corporate Governance	GCG1 – GCG4	0.71–0.85	0.63	0.87	0.81
Local Financial Management	LFM1 – LFM4	0.69–0.82	0.61	0.86	0.79
APIP Capability	APIP1 – APIP4	0.73–0.88	0.66	0.89	0.83
Corruption Prevention	CP1 – CP4	0.72–0.86	0.64	0.88	0.82

These results indicate that all constructs meet the criteria for convergent validity (loading > 0.70 and AVE > 0.50) and reliability (CR and Cronbach's Alpha > 0.70). Thus, the measurement model of this study is acceptable and can proceed with the structural model analysis.

4.3 Goodness of Fit Model

The test results show that the Corruption Prevention construct has an **R²** value of **0.521**, which means that

52.1% of the variation in corruption prevention can be explained by Good Corporate Governance (GCG), Local Financial Management (LFM), and APIP Capability. Other factors outside the research model influence the remaining 47.9%. This value falls into the **moderate fit** category, indicating that the model has sufficient explanatory power. The **Q² Predictive Relevance** value = **0.467** (> 0.35) suggests that the model has strong predictive power. Meanwhile, the **SRMR** value = **0.071** (< 0.08) shows that the model has good data suitability. The **NFI** index = **0.912** (> 0.90) also confirms that the structural model built is at an acceptable level of feasibility.

Table 5. Goodness of Fit Model

Fit Index	Value	Threshold	Result
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SRMR	0.071	< 0.08	Good Fit
NFI	0.912	> 0.90	Acceptable
R² (CP)	0.521	> 0.50	Moderate Fit
Q² Predictive	0.467	> 0.35	Large Effect

4.4 Hypothesis Testing

Hypothesis testing was conducted to determine the effect of each independent variable on corruption prevention, both simultaneously and partially. The F test shows that overall, the research model is significant ($p = 0.018$), which means that GCG, LFM, and APIP Capability collectively influence corruption prevention. However, the t-test results show differences in the partial effects of each variable. Only APIP Capability has a significant impact on corruption prevention ($\beta = 11.027$; $p = 0.011$). Conversely, Good Corporate Governance ($p = 0.895$) and Local Financial Management ($p = 0.372$) have no significant effect.

Table 6. Hypothesis Test Results

Hypothesis	Relationship Path	Coefficient (β)	t-value	p-value	Decision
H1	GCG; Corruption Prevention	0.042	0.132	0.895	Not Supported
H2	LFM; Corruption Prevention	0.183	0.895	0.372	Not Supported
H3	APIP Capability: Corruption Prevention	11,027	2,615	0.01	Supported

4.5 Discussion

The results of this study provide empirical evidence that only APIP capabilities have a significant effect on corruption prevention, while Good Corporate Governance (GCG) and Local Financial Management (LFM) are not proven to be substantial. Simultaneously, all three variables do contribute to corruption prevention with a model significance level of $p = 0.018$, but the primary influence comes from the role of APIP.

APIP Capabilities as a Key Factor

Partial analysis shows that APIP capability has a regression coefficient of $\beta = 11.027$ with a significance value of $p = 0.011$. This value means that every increase in APIP capability will significantly increase the effectiveness of corruption prevention. In other words, the higher the competence, independence, and technological support possessed by APIP, the more effectively they carry out their supervisory functions. This finding reinforces the agency theory perspective that emphasizes the role of internal oversight in reducing bureaucratic moral hazard. The book (Al Amr & Jaradat, 2025) also shows similar results, where good internal auditor capabilities can improve the quality of oversight and reduce the risk of fraud (Yin et al., 2025). The BPKP (2024) report also confirms that local governments with high-level APIPs tend to have higher KPK MCP scores, reflecting success in preventing corruption.

Good Corporate Governance is Not Significant

Partial test results show that GCG does not have a significant effect on corruption prevention ($\beta = 0.042$; $p = 0.895$). This indicates that although the principles of transparency, accountability, and participation are already part of the system through SAKIP and SPBE, their implementation has not been effective in curbing corrupt practices. With a p-value well above 0.05, it is evident that GCG at the regional level is still more oriented towards administrative compliance than the internalization of governance values. The study on the ineffectiveness of good corporate governance in preventing corruption in BUMN found different results, namely that GCG can reduce the number of BPK audit findings. This

difference can be explained by the context of Jambi Province, where the application of GCG has not addressed the aspect of bureaucratic culture and remains procedural in nature.

Regional Financial Management is Not Significant

The LFM variable also has no significant effect on corruption prevention ($\beta = 0.183$; $p = 0.372$). This means that improvements in the consistency of the regional budget, budget realization, and financial reporting do not necessarily prevent corruption. A p-value above 0.05 indicates that, although the regional economic system is becoming more transparent, weak supervision means that financial management has no real impact on preventing corruption. This finding is in line with the research (Robertson, 2023), which confirms that financial management in many regions focuses more on procedural compliance than on substantive accountability (Wong Michael, 2021).

Theoretical and Practical Implications

Theoretically, the results of this study reinforce agency theory by confirming that internal monitoring mechanisms are more critical than governance rules or financial management systems. An R^2 of 0.521 also shows that this model is able to explain 52.1% of the variation in corruption prevention, with the most significant contribution coming from APIP capabilities. Practically, this study proposes several recommendations:

- a. Strengthening APIP capabilities through continuous training, professional certification, and the use of digital audit technology.
- b. Maintaining the independence of APIP from the intervention of regional heads, so that the results of supervision are objective.
- c. Integrating APIP oversight with the KPK's MCP so that corruption prevention policies are more data-driven and results-oriented, rather than merely administrative formalities.

5. Conclusion and Suggestion

This study aims to analyse the influence of Good Corporate Governance (GCG), Local Financial Management (LFM), and APIP Capabilities on Corruption Prevention in local governments in Jambi Province.

The results of the multiple linear regression analysis indicate that the research model is significant (F-test $p = 0.018$) with an R^2 value of 0.521, meaning that 52.1% of the variation in corruption prevention is explained by these three variables.

However, the partial test results show that only APIP Capability has a significant effect ($\beta = 11.027$; $p = 0.011$), while GCG ($\beta = 0.042$; $p = 0.895$) and LFM ($\beta = 0.183$; $p = 0.372$) have no significant effect. These findings confirm that internal control functions through APIP are more effective in preventing corruption than merely implementing procedural governance and financial management systems.

Theoretical Implications

The results of this study provide critical theoretical contributions. First, this study reinforces Agency Theory, with empirical evidence that internal monitoring mechanisms (APIP) have a significant influence in controlling bureaucratic moral hazard ($\beta = 11.027$; $p = 0.011$). Second, this study supports the relevance of Institutional Theory, particularly in explaining the weak role of GCG. The implementation of GCG in the regions is still administrative (compliance-oriented) and not yet substantive, as indicated by insignificant results ($\beta = 0.042$; $p = 0.895$). Third, the value of $R^2 = 0.521$ reinforces the argument that corruption prevention does not solely depend on normative rules but is more determined by the effectiveness of internal supervisory institutions.

Practical Implications

This study provides practical recommendations for local governments and regulators:

1. Improve the capabilities of APIP through continuous training, certification programs, and the use of digital audit technology. Statistical test results show APIP as a dominant factor ($\beta = 11.027$; $p = 0.011$).
2. Ensuring the independence of APIP so that it is free from political intervention by regional heads makes the results of supervision more objective.
3. Integrate APIP functions with the KPK's MCP to make corruption prevention strategies more evidencebased and measurable. The relevance of this is evident from the Q^2 value of 0.467, which indicates that the model's predictive ability is quite strong.
4. Evaluate the implementation of GCG and LFM so that it does not stop at fulfilling administrative indicators, but truly forms a culture of integrity in governance.

6. Limitations and Future Research

Limitations

This study has several limitations:

1. The sample size is limited to only 12 local governments in Jambi Province, so the results cannot necessarily be generalised to the whole of Indonesia.
2. The use of secondary data (SAKIP, SPBE, MCP, APIP reports) tends to emphasise administrative aspects, so it does not fully reflect substantive governance practices.
3. The research model is limited to three main variables (GCG, LFM, APIP Capability). The R^2 value of 0.521 indicates that 47.9% of other factors influencing corruption prevention were not analysed, such as organisational culture, political leadership, or the role of the legislature.

Future Research Agenda

For future research, several suggested agendas are:

1. Expanding the sample coverage to more provinces and districts/cities so that the research results are more generalizable.
2. Using mixed methods, including primary surveys and interviews, to capture substantive aspects of GCG and LFM that cannot be measured through secondary data.
3. Adding new variables, such as transformational leadership, audit quality, organisational culture, or community participation, has the potential to strengthen the Effectiveness of corruption prevention.
4. Applying a longitudinal design with a longer time span (more than three years) so that trends and consistency in corruption prevention can be observed comprehensively.

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