
PREVENTING FRAUD THROUGH INTERNAL AUDIT AND WHISTLEBLOWING SYSTEM

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Abstract: This study aims to analyze the effect of Internal Audit and Whistleblowing System on Fraud Prevention at PT TASPEN (Persero) Bandung Main Branch Office. The factors tested in this study are internal audit and the violation reporting system as independent variables. Meanwhile, fraud prevention is the dependent variable. The research design used in this research is explanatory. The population in this study were 50 employees who were at PT TASPEN (Persero). The sampling technique used in this study is to use a saturated sample because the population size is known with certainty. While the analytical method used in this study is multiple linear regression analysis at a significance using the Program (SPSS) Version 25. The results of hypothesis testing indicate that the internal audit and whistleblowing system have a significant effect on fraud prevention and contribute to fraud prevention So that the better the level of internal audit and whistleblowing system in a company, the higher the level of fraud prevention.

Keywords: Internal Audit, Whistleblowing System, Fraud Prevention

INTRODUCTION

The development of the business world which is increasingly complex has triggered the emergence of fraudulent acts such as corruption, misuse of assets and other frauds. This fraud occurs in various sectors, both the government sector, the private sector, and even community organizations are also involved in it. The high rate of fraud crimes in these sectors has been considered to be the root of the problem throughout the world, including in Indonesia. Many cases of fraud that have occurred in Indonesia recently have received special attention from the government and the public. Fraud (fraud) is a form of fraud that is deliberately carried out so that it can cause losses without realizing it by the aggrieved party and provide benefits to the perpetrator of the fraud. Cheating generally occurs due to pressure to commit fraud or the urge to take advantage of existing opportunities / opportunities (Rahmawati and Idjang 2012).

The factors that cause the high level of fraud are the high culture of life, apathetic society and lack of understanding of corruption, the high culture of bribery, lack of supervision and detection, and finally the lack of awareness and commitment to oneself not to commit the fraud Fraud generally occurs because of the pressure to commit fraud, the urge to take advantage of the opportunities that exist and the existence of rationalization of the action. (Fraud Triangle). In response to the authors, management must therefore be careful about the possibility of fraud and take precautions as early as possible

According to (Tugiman, 2016) Internal audit is an independent assessment

function within an organization to test and evaluate organizational activities carried out. According to (institute of internal audit - IIA) quoted by Messier (2005) internal audit is an independent activity, objective belief, and consultation designed to add value and improve the operating activities of an organization. Internal audit helps the organization achieve its objectives by taking a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The emergence of the problem of fraud is no exception in the management of state-owned companies or BUMN. The role of BUMN is felt to be quite dominant, with the number reaching hundreds of companies and their assets totaling hundreds of trillions of rupiah with the scope of business that on average can be classified as strategic. Therefore, it is not surprising that BUMN is in the public spotlight. Internal auditor is a profession that has an important influence in a company. The internal audit activity must be independent and internal auditors must be objective in carrying out their duties. (IPPF Standards, 2017). no matter how good the Internal Control System in BUMN does not rule out fraud if the individual is not committed to avoiding fraud. So the initial prevention of fraud requires consideration that involves multiple signals (multi-cues judgment) inherently difficult to do without the support of decision aids, even by experts (Eining et al. 1997). Based on this description, the authors raised the research title as follows: "The Effect of Internal Audit and Whistleblowing System Against Fraud Prevention" (Survey Study at PT Taspen (Persero) Bandung Main Branch Office).

The whistleblowing system can be used by any company in developing a violation reporting system manual for each company. Of course, this communication channel also needs to be socialized to workers so that the reporting system can be identified and run more effectively (Semendawai, et al, 2011). There is no certainty and rule that can be set as a general proportion in understanding fraud, because it includes surprising crimes, deceit, cunning and unfair ways by other frauds. Only the limits which make sense of it are those which limit the honesty of man. Fraud, in short, is a misrepresentation or concealment of material facts to influence someone to want to take part in something valuable.

METHODS

This type of research used in this research is descriptive verification. Descriptive research is a type of conclusive research with the main objective of describing something, such as an explanation of characteristics or functions (Uma Sekaran; 2013). While research verification research that tests the truth of a (knowledge) in an existing field and is used to test hypotheses using statistical calculations. The research method used is an explanatory method. According to Sugiyono (2012) Explanatory research is a research method that intends to explain the position of the variables under study and to have a causal relationship between one variable and another. The unit of analysis in this research is PT. Taspen using a sample of 50 employees. While the data analysis used multiple regression analysis with SPSS 25 software.

RESULTS AND DISCUSSION

Based on data obtained from 50 respondents in this study, that the majority of respondents in this study were male respondents at 70.00% while female respondents were 30.00%. And the most respondents aged > 40 years, namely 72.00%, the least respondents aged between 31-35 years of 2.00%. Of the 50 people who were respondents in this study, it was seen that the respondents who had the most education

levels were S1 at 84.00% while the diploma was 12.00% and S2 was 4.00%. In terms of length of work, respondents who worked between 21-30 years were the most respondents, namely 66.00%, respondents who worked between 11-20 years and > 30 years were the least respondents, namely 8.00% respectively. This section will present the results of the research and discussion obtained from distributing questionnaires to respondents as a source of data in this study and a literature study conducted to complement the main data. The questionnaire consists of 46 statement items with details of 15 statements regarding internal audit variables, 18 statements regarding whistleblowing system variables, and 13 statements regarding fraud prevention variables. The method used to process and analyze the data in this study is validity and reliability testing, Pearson correlation analysis, classical assumption test, multiple linear regression analysis, hypothesis testing, and coefficient of determination analysis.

Analysis of Respondents' Answers

This section will present the results of the research and discussion obtained from distributing questionnaires to respondents as a source of data in this study and a literature study conducted to complement the main data. The questionnaire consists of 46 statement items with details of 15 statements regarding internal audit variables, 18 statements regarding whistleblowing system variables, and 13 statements regarding fraud prevention variables. The method used to process and analyze the data in this study is validity and reliability testing, Pearson correlation analysis, classical assumption test, multiple linear regression analysis, hypothesis testing, and coefficient of determination analysis.

Validity and Reliability Test

Based on any questionnaire consisting of 15 statements (internal audit), 18 statements (whistleblowing), and 13 statements regarding fraud prevention, the average value is above 0.3. This implies that each statement item in this study is valid. The reliability testing is as follows:

Table 1. Reliability Test

Variable	Reliability value	Information
Audit Internal	0,884	Reliable
Whistleblowing System	0,945	Reliable
Fraud prevention	0,867	Reliable

Source: SPSS) Version 25

Normality test

The normality test is carried out in testing whether a regression model, an independent variable (independent) and a dependent variable (dependent) or both have a normal distribution or not (Ghozali, Imam, 2016).

**Table 2. Normality test Kolmogorov-Smirnov
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		50
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	.47421731
Most Extreme Differences	Absolute	.084
	Positive	.082
	Negative	-.084
Kolmogorov-Smirnov Z		.734
Asymp. Sig. (2-tailed)		.654

a. Test distribution is Normal.

b. Calculated from data.

Source: SPSS) Version 25

Based on the table with a significance value of 0.654, it can be concluded that the data has been normally distributed as indicated by a significance value of 5% or 0.05. Thus, this results in a normally distributed data result.

Multikolinearity test

The multicollinearity test aims to determine whether the regression model has a correlation between the independent (independent) variables (Ghozali, Imam, 2016).

Table 3. Multikolinearity test

Model	Coefficients ^a		T	Sig.	Collinearity Statistics	
	Unstandardized Coefficients B	Standardized Coefficients Beta			Tolerance	VIF
1 (Constant)	2.539		3.622	.001		
Audit Internal	.434	.163	2.821	.003	.927	1.078
Whistleblowing System	.301	.039	3.377	.018	.976	1.024

a. Dependent Variable: Fraud prevention

Source: SPSS) Version 25

The results of the tolerance value on the Internal Audit variable data, and the Whistleblowing System respectively produce a tolerance value > 0.10, which is 0.927 and 0.976. The value of variance inflation factor (VIF) < 10.00 is 1.078 and 1.019. It means that the data of the independent variables has no multicollinearity symptoms.

Hypothesis Test

The t-test aims to determine whether or not there is a partial (own) effect given by the independent (free) variable on the dependent (bound) variable. According to (Ghozali, Imam, 2016) revealed that the t statistical test shows how far the influence of one independent variable (independent) on the dependent variable (dependent).

Table 4. Hypotesis T

Model	Coefficients ^a				Collinearity Statistics		
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Tolerance	VIF
	B	Std. Error	Beta				
(Constant)	2.539	.701		3.622	.001		
Audit Internal	.434	.088	.163	2.821	.003	.927	1.078
Whistleblowing System	.301	.268	.039	3.377	.018	.976	1.024

Source: SPSS) Version 25

In the first hypothesis (H1) which states that there is an influence between internal audit on fraud prevention. The test results from processing the t test stated that the first hypothesis (H1) was accepted. This is obtained from the magnitude of the significance level t (sig.t) of 0.003 where this significance is smaller than the significance level used 0.05 or 5%. In the second hypothesis (H2) which states that the whistleblowing system has a significant effect on changes in stock prices. The observation results from the processing of the t test stated that the second hypothesis (H2) was accepted. This is obtained from the magnitude of the significance level t (sig.t) of 0.018 where this significance is smaller than the significance level used 0.05 or 5%.

Table 5. Simultaneous Hypothesis Test

Model	ANOVA ^a					
		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2058,169	3	1029,084	95,997	,000 ^b
	Residual	1039,831	25	10,720		
	Total	3098,000	28			

a. Dependent Variable: Fraud prevention

b. Predictors: (Constant), Whistleblowing system, Audit internal

Source: SPSS) Version 25

Based on the ANOVA test, the calculated F value is 95.997 with a significant value of 0.000 and the F table is 2.99. So when compared, the calculated $F > F$ table is $95.997 > 2.99$ so it can be concluded that the internal audit and Whistleblowing system have an effect on changes in fraud prevention. This means that the third hypothesis which states that the internal audit and whistleblowing system has an effect on fraud prevention is accepted.

Table 6. Coefficient of Determination

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,815 ^a	,664	,657	3,274

a. Predictors: (Constant), Whistleblowing system, Audit internal

b. Dependent Variable: Fraud prevention

Source: SPSS) Version 25

From the results of the table above, the coefficient of determination is 0.664, which means that this figure shows that the internal audit variable and the Whistleblowing system simultaneously affect the stock price change variable of 66.4%. While the remaining 33.6% is influenced by other variables outside of this study.

DISCUSSION

Based on the research results, it shows that internal audit has an effect on the Whistleblowing System. Based on the results of the calculations put forward by the researcher, it is known that whistleblowing system has a positive effect on fraud prevention. This can be seen from the results of multiple linear regression analysis which shows that the influence of internal audit on fraud prevention is stated by the t test statistic which is greater than t table ($4.402 > 2.01$). Partially, internal audit has an effect of 32.06% on fraud prevention. The test results that have a weak value are on the objectivity dimension in the questionnaire statement regarding access to internal auditors which is not limited to any area within the company when conducting investigations with a mean score of 3.78 or 75.6%. This is because the respondents who answered doubtful reached 30%. Based on the results of interviews with respondents, this happens because there are still respondents who do not fully understand internal audit procedures. Based on the research results, it shows that the internal audit and whistleblowing system has a significant effect on fraud prevention. The results of the calculation of the coefficient of determination show that these two variables have an influence on fraud prevention with a value of 66.4%, this indicates that the two variables make a significant contribution to preventing fraud at Taspen companies in the city of Bandung. Thus the third hypothesis is accepted.

CONCLUSION

Based on the results of the analysis and research findings using multiple linear analysis methods regarding the Effect of Internal Auditors and the Whistleblowing System on Fraud Prevention, the following conclusions can be obtained:

1. Based on the results of the study, it shows that internal audit has a significant effect on fraud prevention. The higher the internal audit, the higher the fraud prevention.
2. Based on the results of the study, it shows that the implementation of the whistleblowing system has a significant effect on preventing fraud. The higher the implementation of the whistleblowing system, the higher the prevention of fraud (fraud).
3. Based on the results of the study, it shows that internal audit has an effect on the whistleblowing system. The higher the internal audit implementation, the higher

the whistleblowing system implementation.

4. Based on the results of the study, it shows that internal audit and whistleblowing system have a significant effect on fraud prevention. The higher the internal audit and whistleblowing system, the higher the detection of fraud (fraud). The magnitude of the influence of internal audit and whistleblowing system on fraud prevention is 62.3%.

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