

THE INFLUENCE OF INDEPENDENCE, OBJECTIVITY, PROFICIENCY AND PROFESSIONAL ACCURACY OF INTERNAL AUDITORS ON FRAUD PREVENTION IN X HOSPITAL

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Abstract: Hospital is a health service institution that provides complete individual health services that provide inpatient, outpatient and emergency services. In carrying out hospital operations, it is possible for fraud to occur. This study aims to determine whether the independence, objectivity, skills, and professional accuracy of the internal auditors affect the prevention of fraud in X Hospital. This research uses a population with a total of 54 respondents. The type of data used in this study is quantitative data using primary data sources derived from questionnaires distributed to employees at X Hospital and then processed using SPSS. The results of the study show that (1) the independence of the internal auditors has a significant effect on fraud prevention, (2) the objectivity of the internal auditors has a significant effect on fraud prevention, (3) the competence of the internal auditors has a significant effect on fraud prevention and (4) the professional accuracy of the internal auditors has a significant effect on fraud prevention.

Keywords: *Independence, Objectivity, Proficiency, Professional Accuracy, Internal Auditor, Fraud Prevention*

INTRODUCTION

Hospital is a health service institution that provides complete individual health services that provide inpatient, outpatient and emergency services. In carrying out hospital operations, it is possible for fraud to occur. According to The Institute of Internal Auditors (2017), fraud is any illegal action characterized by deception, concealment, or abuse of trust. Fraud can be committed by parties and organizations to obtain money, assets or services, to avoid payment or loss of services or to obtain personal or business gain. Fraud prevention can reduce company risk and increase the effectiveness of company operations so that companies can avoid losses caused by fraud.

Based on a survey conducted by the Association of Certified Fraud Examiners (ACFE, 2020), it shows that the most detrimental fraud in Indonesia is corruption. Consecutively as many as 167 respondents or 69.9% stated that corruption is the most detrimental act of fraud in Indonesia. In second place is the misuse of state and company assets or wealth which causes losses with a total of 50 respondents or 20.9%. Meanwhile, in the third place, 22 respondents or 9.2% stated fraud on financial statements which caused losses.

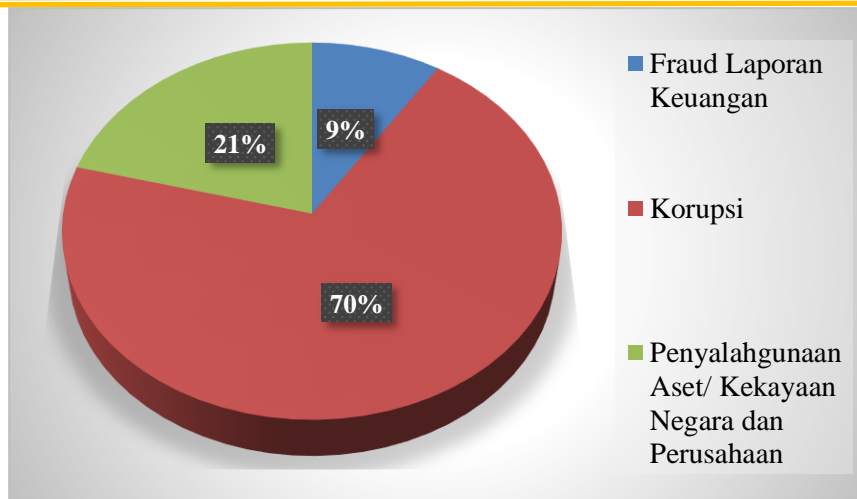


Figure 1. The most common types of fraud in Indonesia

Source: Association of Certified Fraud Examiner (ACFE) (2020)

Based on a survey conducted by the Association of Certified Fraud Examiners (ACFE, 2020), it was stated that the highest fraud in Indonesia occurred in the Financial and Banking Industry at 41.4%, while the Health Industry was in fourth place with a percentage of 4.2%.

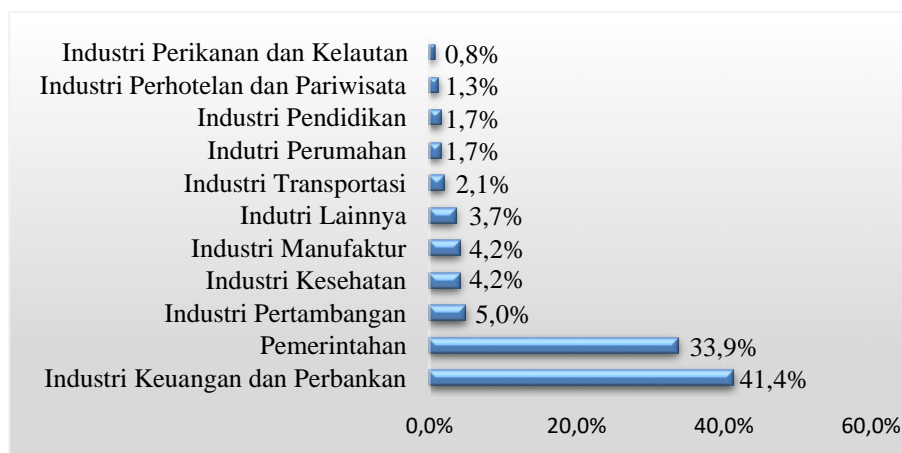


Figure 2. Types of Industries that are the Most Lost Due to Fraud

Source: Association of Certified Fraud Examiner (ACFE) (2020)

Based on Permenkes Number 16 of 2019 concerning Prevention and Handling of Fraud and the Imposition of Administrative Sanctions Against Fraud in the Implementation of the Health Insurance Program, it defines fraud as an act that is carried out intentionally to gain financial benefits from the Health Insurance program in the National Social Security System through fraudulent acts that are not in accordance with the provisions of the legislation. Acts of fraud in the implementation of the Health Insurance program can be carried out by participants, BPJS Health, health facilities or health service providers, providers of drugs and medical devices and other stakeholders.

In health services, the potential for fraud to occur is increasing due to pressure from the ongoing financing system, opportunities due to lack of monitoring and justification for carrying out fraudulent activities. The government received quite a lot of criticism from various parties, one of which came from the Hospital Management. The change in the fee system from fee for service to the INA-CBGs pattern which was felt to be inadequate, became one of the main complaints and included as the basis for "justification" for committing potential fraud. Types of fraud that can occur in health service providers in hospitals, namely (1) manipulation of diagnoses and/or actions, (2) excessive coding of diagnoses (upcoding), (3) false claims (phantom billing), (4) plagiarism claims from other patients (cloning), (5) inflating bills for medicines and/or medical devices (inflated bills), (6) separation of service episodes according to medical indications and/or not in accordance with medical indications, (7) pseudo-referrals (self -referrals), (8) billing or repeated claims (repeat billing), (9) extending the length of stay, (10) manipulation of room charges, (11) making claims for actions that not carried out, (12) carrying out treatment actions that are not in accordance with medical indications, (13) repeated admissions (re-admission), (14) charging fees from BPJS Health participants/patients not in accordance with statutory provisions, (15) giving and/or obtaining bribes and/or compensation related to health insurance, (16) falsifying a license to practice health workers and a license to operate a health facility.

Internal audit is an independent and objective assurance and consulting activity with the aim of increasing value and improving company operations through a systematic approach by evaluating and improving the effectiveness of risk management, control and corporate governance processes (The Institute of Internal Auditors, 2017; Tuanakotta, 2019). Fraud prevention can be done if the internal audit process is implemented effectively in each company (Arens et al., 2012; Urton et al., 2018). According to Reding (2009) in Internal Auditing: Assurance & Consulting Service and Zamzami et al. (2018) there are pillars in the effectiveness of internal audit services are independence, objectivity, skill and professional accuracy. According to Sawyer (2003), professional internal auditors need to have an attitude of independence in providing objective, unbiased and unrestricted opinions, fulfilling professionalism obligations, expressing problems as they are. Independence in auditing means a mental attitude that is free from influence, not controlled by other parties, not dependent on other people.

According to Colbert (1993) objectivity determines the extent to which a person does not support the arrangement of his perception of reality so that it is possible to carry out tasks objectively. Proficiency is a collective term that describes the skills, knowledge and other competencies needed by internal auditors to carry out their responsibilities effectively (The Institute of Internal Auditors, 2017). Internal auditors must use professional care and judgment when conducting an examination (Tugiman, 2016).

The research results of Nofianna (2019; Saepuloh, 2020; Siagian, 2015) Yuniarti et al., 2020) show that independence has an effect on fraud prevention. The research results of Nofianna (2019) shows that objectivity has an effect on fraud prevention. The research results of Siagian (2015) shows that skills influence fraud prevention. The research results of Kautsar (2017; Nofianna, 2019; Saepuloh, 2020) show that the professional accuracy of internal auditors has an effect on fraud prevention. Based on the background above, it shows the importance of the influence of independence, objectivity, skill and professional accuracy of internal auditors on fraud prevention.

METHODS

The research method used is Explanatory Research which is research that aims to test the hypotheses that have been formulated previously and the research results will be able to explain the causal relationship between variables by conducting hypothesis testing (Sugiyono, 2019). The variables used in this study consisted of 2 (two) variables, namely the dependent variable symbolized by the symbol (Y) and the independent variable symbolized by the symbol (X). The dependent variable in this study is fraud prevention which includes 5 dimensions and 27 indicators. The independent variables in this study are independence which includes 3 dimensions and 11 indicators, objectivity which consists of 1 dimension and 2 indicators, proficiency which consists of 2 dimensions and 4 indicators, professional accuracy which consists of 1 dimension and 4 indicators. The population in this study were management, internal auditors, the finance department and the operational division of X Hospital which were related to the National Health Insurance (BPJS Kesehatan) services, totaling 54 people. The sampling technique in this study was purposive sampling based on the following criteria (1) employees who were still working effectively as of December 2022 and (2) employees who had administrative links with Health Insurance Services (BPJS Health), namely hospital management, internal auditors, finance and operational division. With the limitations of the population, the sample taken is the entire population.

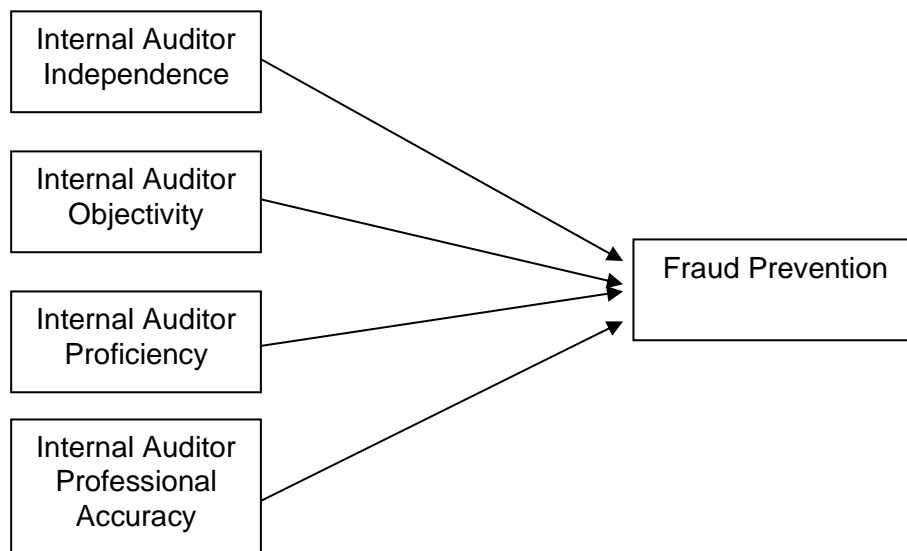


Figure 3. Conceptual framework

Source : (Author, 2023)

RESULTS AND DISCUSSION

Characteristics of Respondents

Respondents who filled out the questionnaire were 54 people according to the number of samples based on the research criteria. Characteristics of respondents based on gender showed that 42.59% were male and 57.41% were female. Characteristics of respondents based on age showed that 96.30% were under 40 years old and the remaining

Submitted: May 25, 2023; Revised: Auguts 11, 2023; Accepted: Auguts 11, 2023;

Published: Auguts 30, 2023; Website: <http://journalfeb.unla.ac.id/index.php/jasa>

3.70% were over 40 years old. Characteristics of respondents based on education level showed that diploma graduates (D3) were 31.48%, bachelor graduates (S1) were 64.81% and master graduates were 3.70%. Characteristics of respondents based on years of service showed that 38.89% had worked under 4 years and 61.11% had worked for more than 4 years. From the results of filling out the questionnaire carried out on the dependent variable and the independent variable, it shows the following data:

Table 1. Respondents' responses

No	Variable	Actual Value	The position is ideal	%	Average value
1	Fraud Prevention	6.284	7.290	86,20%	4,31
2	Internal Auditor Independence	1.908	2.430	78,52%	3,93
3	Internal Auditor Objectivity	1.195	1.350	88,52%	4,43
4	Internal Auditor Proficiency	1.645	1.890	87,04%	4,35
5	Internal Auditor's Professional Accuracy	931	1.080	86,20%	4,31

Source: Processed Data (2023)

Table 1 above shows that the highest average value is on the internal auditor objectivity variable, while the lowest average value is on the internal auditor independence variable.

Testing the Quality of Research Measuring Instruments

Before processing the research data, it is necessary to test the quality of the research measuring instrument (questionnaire). The test is carried out to ensure whether the questionnaire used can measure precisely and accurately what is to be measured (valid) and consistent (reliable) to be able to be used as a research measuring tool. The results of the validity test carried out using the Pearson Product Moment correlation coefficient test on all questionnaire statements for the dependent variable and independent variables show valid data. This is indicated by the r-count value on each questionnaire instrument having a value above the r-table value (0.2681). The results of the reliability test carried out using the Cronbach Alpha method are said to be reliable or consistent if the Cronbach Alpha value is > 0.60 and the results of research on all questionnaire statements for the dependent variable and independent variables have Cronbach Alpha values > 0.60 then all of these statements are declared reliable.

Classical Assumption Testing

The initial stage that needs to be done before multiple linear regression analysis is the classical assumption test. The classic assumption test was carried out to show that the tests carried out had passed data normality, multicollinearity, autocorrelation and heteroscedasticity. The results of the data normality test performed using the One Sample Kolmogrov Smirnov test showed an Asymp Sig (2-tailed) value of $0.684 > 0.05$, so it can be concluded that the residual values are normally distributed. In other words, it can be said that the data normality test is fulfilled. The multicollinearity test results show that the tolerance value for each variable > 0.10 is the independence variable of 0.804, the

objectivity variable is 0.505, the skill variable is 0.310 and the professional accuracy variable is 0.391. The VIF value for each variable < 10 is the independence variable of 1.244, the objectivity variable is 1.982, the proficiency variable is 3.230 and the professional accuracy variable is 2.559. It can be concluded that there is no multicollinearity between variables in the regression model.

The results of the autocorrelation test using the run test obtained an Asymp Sig (2-tailed) value of 0.583 > 0.05, so it can be concluded that there are no signs of autocorrelation. The results of the heteroscedasticity test using the Sperm rank test show that the sig (2-tailed) value for each variable > 0.05 is the independence variable is 0.750, the objectivity variable is 0.771, the proficiency variable is 0.366 and the professional accuracy variable is 0.504. It can be concluded that there are no symptoms of heteroscedasticity.

Model Fit Test

The coefficient of determination test (R^2) was conducted to measure the ability of the model or independent variable to explain changes in the dependent variable. Based on the results of testing the coefficient of determination using SPSS, it shows an Adjusted R Square value of 0.745 which means that the variability of the dependent variable, namely Fraud Prevention, can be described by the independent variable, namely Internal Auditor Independence, Internal Auditor Objectivity, Internal Auditor Proficiency and Internal Auditor Professional Accuracy in the study amounted to 74.5%, while the remaining 25.5% was described by other variables outside the research model.

Multiple Linear Regression Analysis

The regression model equation used in this study is the multiple linear regression model equation with the model obtained from SPSS as follows:

$$Y = 1.232 + 0.584 X_1 + 1.451 X_2 + 1.246 X_3 + 1.417 X_4 + e$$

Testing this hypothesis basically aims to describe how far the influence of one independent variable individually in explaining the dependent variable.

Table 2. Multiple Linear Regression Test (T Test)

		Coefficients ^a			t	Sig.
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.232	10.406		.118	.906
	Independence	.584	.277	.163	2.106	.040
	objectivity	1.451	.471	.301	3.079	.003
	Proficiency	1.246	.432	.359	2.884	.006
	Professional Due Diligence	1.417	.686	.229	2.066	.044

Dependent Variable: Fraud Prevention

Source: Processed Data (2023)

Table 2 above shows that the significant value of T for each independent variable is smaller than α (5%) and T count for each independent variable > T table (2.009) so that all

variables are Independence, Objectivity, Proficiency and Professional Accuracy individually and significantly affect the variable Fraud Prevention.

Discussion

The Effect of Internal Auditor Independence on Fraud Prevention

In the International Standards for the Professional Practice of Internal Auditing, Standard 1100 states that the internal audit activity must be independent and that internal auditors must be objective in carrying out their duties. Based on the SPSS output results, it was found that the sig.T value (0.040) < 0.05 means H_0 is rejected and H_1 is accepted, this means that all Internal Auditor Independence variables individually and significantly affect the Fraud Prevention variable. In addition, T count (2.106) > T table (2.009) then H_0 is rejected and H_1 is accepted, this means that the Internal Auditor Independence variable individually and significantly affects the Fraud Prevention variable. This illustrates that the higher the Independence of the Internal Auditor, the higher the Prevention of Fraud in X Hospital. This result is also in line with previous research conducted by Nofianna (2019; Saepuloh, 2020; Siagian, 2015) that Independence has an effect on Fraud Prevention.

The Effect of Internal Auditor Objectivity on Fraud Prevention

In the International Standards for the Professional Practice of Internal Auditing, Standard 1100 states that the internal audit activity must be independent and that internal auditors must be objective in carrying out their duties. Based on the SPSS output results in table 2, it is found that the sig.T value (0.003) < 0.05 means H_0 is rejected and H_1 is accepted, this means that all Internal Auditor Objectivity variables individually and significantly affect the Fraud Prevention variable. In addition, T count (3.079) > T table (2.009) then H_0 is rejected and H_1 is accepted, this means that the Internal Auditor Independence variable individually and significantly affects the Fraud Prevention variable. This illustrates that the higher the Objectivity of the Internal Auditor, the higher the Prevention of Fraud in X Hospital. This result is also in line with previous research conducted by Nofianna (2019) and Novatiani & Sitanggang (2015) that objectivity influences against Fraud Prevention.

The Influence of Internal Auditor Proficiency on Fraud Prevention

In the International Standards for the Professional Practice of Internal Auditing, Standard 1200 states that Engagements need to be performed using due professional care. Based on the SPSS output results in table 2, it is found that the sig.T value (0.006) < 0.05 means H_0 is rejected and H_1 is accepted, this means that all Internal Auditor Proficiency variables individually and significantly affect the Fraud Prevention variable. In addition, T count (2.884) > T table (2.009) then H_0 is rejected and H_1 is accepted, this means that the Internal Auditor Proficiency variable individually and significantly affects the Fraud Prevention variable. This illustrates that the higher the Internal Auditor's Proficiency, the higher the Fraud Prevention in X Hospital. This result is also in line with previous research conducted by Putro (2014; Siagian, 2015) that Internal Auditor Proficiency affects Fraud Prevention.

The Effect of Internal Auditor Professional Accuracy on Fraud Prevention

In the International Standards for the Professional Practice of Internal Auditing, Standard 1200 states that Engagements need to be performed using due professional care. Based on the SPSS output results in table 2, it is found that the sig.T value (0.044) < 0.05 means H_0 is rejected and H_1 is accepted, this means that all variables of the Internal Auditor's Professional Accuracy individually and significantly affect the Fraud Prevention variable. In addition, T count (2.066) > T table (2.009) then H_0 is rejected and H_1 is accepted, this means that the Internal Auditor's Professional Accuracy variable individually

and significantly affects the Fraud Prevention variable. This illustrates that the higher the Professional Accuracy of the Internal Auditor, the higher the Prevention of Fraud in X Hospital. This result is also in line with previous research conducted by Kautsar (2017; Nofianna, 2019; Saepuloh, 2020) that the Professional Accuracy of Internal Auditors influences Fraud Prevention. It also supports the previous studies (Christina et al., 2021; Christine & Apriwandi, 2022).

CONCLUSION

Based on the results of the analysis and discussion of the research, the following conclusions can be drawn. Independence, Objectivity, Proficiency and Professional Accuracy The Internal Auditor can be said to be good and has an influence on fraud prevention that can occur at Hospital X and is in line with expert opinion which states that internal auditors must be independent and objective in carrying out their duties and supported by professional skill and rigor. Independence, Objectivity, Proficiency and Professional Accuracy Internal Auditors can influence fraud prevention in this study by 74.5%, while 25.5% is influenced by other variables outside the research model. Based on the results of the discussion and conclusions in the research, the following suggestions can be put forward, Further research can be developed using a larger number of samples and carried out in several hospitals. Further research can be developed by adding or using other variables that can affect fraud prevention. The independence of the internal auditors in X hospital needs to be improved considering the result of the distribution of the questionnaires have the lowest value when compared to other variables.

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