

THE INFLUENCE OF THE EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION AND ORGANIZATIONAL CULTURE ON THE IMPLEMENTATION OF INTERNAL CONTROL AND ITS IMPACT ON FRAUD PREVENTION IN REGIONAL GENERAL HOSPITALS IN THE WEST JAVA REGION

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Abstract: This research aims to determine how the effectiveness of the internal audit function and organizational culture influence fraud prevention through the implementation of internal control in the West Java Regional Regional Hospital. The factors tested in this research are the effectiveness of the internal audit function and organizational culture as independent variables, the implementation of internal control as a mediating variable, while fraud prevention as the dependent variable. The research method used is explanatory. The population in this study was all 57 hospitals in the West Java region. The sampling technique used was a probability sampling technique with a simple random sampling method, so that the research sample was all 41 hospitals in the West Java region. The analysis method used is Structural Equation Modeling--Partial Least Square (SEM-PLS) using SmartPLS software. The research results show that the effectiveness of the internal audit function and organizational culture has a direct influence on the implementation of internal control, the effectiveness of the internal audit function and organizational culture has a direct influence on fraud prevention, the implementation of internal control has a direct influence on fraud prevention, as well as the effectiveness of the internal audit function and culture Organizations have an indirect influence on fraud prevention mediated by the implementation of internal controls.

Keywords: Effectiveness of the Internal Audit Function, Organizational Culture, Implementation of Internal Control, and Fraud Prevention.

INTRODUCTION

One way to improve a healthy society is by establishing health service institutions such as hospitals, community health centers, clinics, pharmacies, health laboratories, and independent practice places for Health Workers. Based on the Peraturan Menteri Kesehatan Nomor 3 Tahun 2020 Tentang Klasifikasi Dan Perizinan Rumah Sakit explains that a hospital is a health service institution that provides complete individual health facility services consisting of inpatient care, outpatient care and emergency installations. In the development of the health sector, hospitals were established by various parties such as the central government, regional government or the private sector. Acts of fraud in the Indonesian health sector have emerged since the implementation of the National Health Insurance (JKN) system on January 1 2014 through the national health Social Security Administering Agency (BPJS). This occurred due to changes in the health funding system from direct payments (out of pocket) to payments through health insurance using the Indonesian Case Base Groups (INA-

CBGs) claims payment mechanism for hospitals.

The INA-CBGs payment system is used by health services based on treatment packages or disease diagnosis. The payment value in the INA-CBG system may not always be the same as the actual costs incurred by the hospital to treat each patient. Sometimes the costs are higher, and sometimes lower than the actual costs incurred. Therefore, there is the potential for fraudulent acts to occur in an effort to seek profit, in accordance with research conducted by Saleh (2018) which shows the potential for upcoding or excessive use of diagnosis codes in health service claims to BPJS Health at hospitals in Ambon City. This is caused by the lack of internal hospital verification functions and feedback from BPJS Health as a form of monitoring of fraudulent acts. The Corruption Eradication Commission (KPK) found several indications of fraud committed by hospitals or advanced health facilities in implementing the JKN program. Of the approximately 7,000 hospitals that collaborate with BPJS Health in Indonesia, around 898 hospitals submitted claims that did not comply with the service class standards that should be provided to patients. The results of the KPK investigation also revealed that there were different class standards used by 4 different hospitals in submitting claims, and as a result, BPJS Health paid more than Rp. 33 billion to these hospitals as overpayment or excessive payment. The results of this investigation also calculated that if all 898 hospitals submitted claims according to standards, BPJS Health could save up to Rp. 6.6 trillion from excessive spending or overpayment (Gunawan, 2020).

Several factors that can influence fraud prevention include the effectiveness of the internal audit function, organizational culture, and the implementation of internal controls. This research has been carried out a lot before, but the research is still an interesting topic to study further, because there are still many cases of fraud in various agencies, one of which is in local government hospital agencies. Apart from that, there are still many inconsistencies in the results of previous research, making researchers interested in further research regarding the influence of the effectiveness of the internal audit function and organizational culture on preventing fraud by implementing internal control as an intervening variable.

The Institute of Internal Auditors (2018) states that internal control is a similar concept with an emphasis on operational efficiency and effectiveness, reliability of financial reports, protection of assets, compliance with laws and other policies and regulations. According to COSO in Reding et al (2013) states that the dimensions of internal control include 1) Control Environment; 2) Risk Assessment; 3) Control Activities; 4) Information and Communication (Information and Communication); 5) Monitoring Activities.

The Institute of Internal Auditors (2018) states that internal audit is the function of an independent assessor established within an organization to examine and evaluate as a service to the organization. Dimensions of the effectiveness of the internal audit function include 1) Audit Quality; 2) Professional Capabilities of Internal Auditors; 3) Organizational settings.

Robbins & Judge (2017) explain that organizational culture is a shared meaning that is shared and believed by all members of an organization, and this makes the organization different from other organizations. Dimensions of organizational culture include 1) Attention to detail; 2) Norms; 3) People Orientation. 4) Aggressiveness.

Tunggal (2016) states that fraud prevention is a series of actions taken to prevent acts of fraud or fraud in an organization, which aims to reduce the risk of fraud, protect

assets, and maintain integrity and transparency in business operations. Dimensions of fraud prevention include 1) Developing an appropriate monitoring process; 2) Eliminate opportunities for fraud.

Below, a diagram of the framework for thinking in this research will be presented, namely as follows:

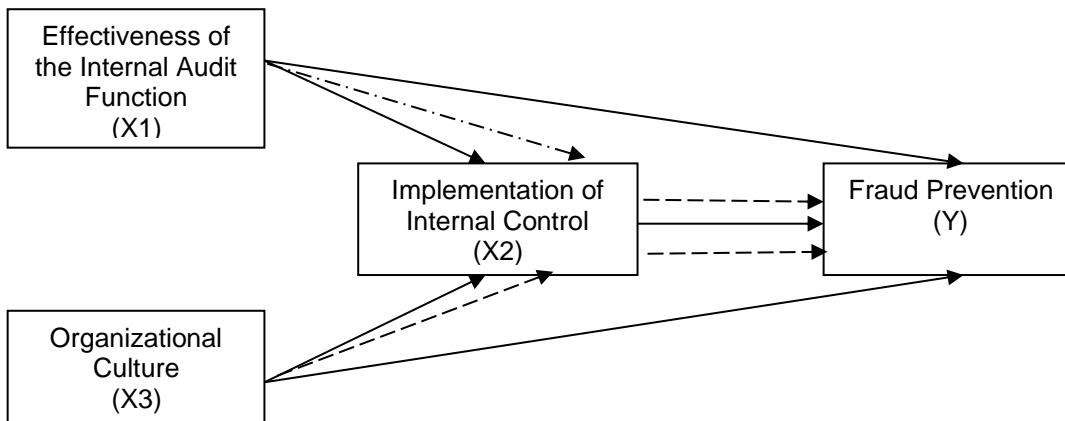


Figure 1. Framework

Source: Framework (2024)

Based on the description of the framework above, the research hypothesis formed is:

- H₁: There is a direct influence on the effectiveness of the internal audit function on the implementation of internal control.
- H₂: There is a direct influence of organizational culture on the implementation of internal control.
- H₃: There is a direct influence on the effectiveness of the internal audit function on fraud prevention.
- H₄: There is a direct influence of organizational culture on fraud prevention.
- H₅: There is a direct influence of the implementation of internal control on fraud prevention.
- H₆: There is an indirect influence on the effectiveness of the internal audit function on fraud prevention through the implementation of internal control.
- H₇: There is an indirect influence of organizational culture on fraud prevention through the implementation of internal control.

METHODS

his type of research is included in quantitative research. The research method used is the explanatory method. The research population was all 57 Regional General Hospitals (RSUD) in the West Java region. The sampling technique is probability sampling using simple random sampling, the number of samples is 41 Regional General Hospitals (RSUD) in the West Java region. The independent variable is the effectiveness of the internal audit function and organizational culture, the intervening variable is the implementation of internal control, and the dependent variable is fraud prevention. The data collection technique used was through a research questionnaire with a Likert scale

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type. The data analysis used is Structural Equation Modeling--Partial Least Square (SEM-PLS) analysis using SmartPLS software.

RESULTS AND DISCUSSION

Table 1. Recapitulation of Respondents' Responses Regarding the Variables of Internal Audit Function Effectiveness, Organizational Culture, and Fraud Prevention

No	Variable	Actual Score	Ideal Score	%	Mean Score	Category
1	Effectiveness of the Internal Audit Function	1629	2460	66,22	3,31	Good Enough
2	Implementation of Internal Control	2876	4305	66,81	3,34	Good Enough
3	Organizational Culture	1131	1640	68,96	3,45	Good
4	Fraud Prevention	966	1435	67,32	3,37	Good Enough

Source: Processed Data (2024)

Based on Table 1 above, it shows that the overall effectiveness of the internal audit function, implementation of internal control, and fraud prevention shown by the West Java Regional Regional Hospital is in the quite good category. Meanwhile, the organizational culture shown by the West Java Regional Regional Hospital as a whole is included in the good category.

Table 2. Coefficient of Determination Test Results

Construct	R Square
Implementation of Internal Control	0,810
Fraud Prevention	0,896

Source: Data Processing (SmartPLS) (2024)

Based on Table 2 above, it shows that the R Square value of the internal control implementation variable is 0.810, meaning that the variability of the latent variable, namely the implementation of internal control, can be explained by the latent variable, namely the effectiveness of the internal audit function and organizational culture, which is 81.0%. Meanwhile, the R Square value of the fraud prevention variable is 0.896, meaning that the variability of the latent variable, namely fraud prevention, can be explained by the latent variable, namely the effectiveness of the internal audit function, organizational culture and internal control implementation, which is 89.6%.

Table 3. Results of Direct Parameter Coefficient Testing

Parameter Coefficient	Original Sample (O)
Effectiveness of the Internal Audit Function -> Implementation of Internal Control	0,631
Organizational Culture -> Implementation of Internal Control	0,329
Effectiveness of the Internal Audit Function -> Fraud Prevention	0,348
Organizational Culture -> Fraud Prevention	0,262
Implementation of Internal Control -> Fraud Prevention	0,403

Source: Data Processing (SmartPLS) (2024)

Based on Table 3 above, it shows that the effectiveness of the internal audit function and organizational culture have a positive influence on the implementation of internal control. The effectiveness of the internal audit function and organizational culture have a positive influence on fraud prevention. Apart from that, the implementation of internal control has a positive influence on fraud prevention.

Table 4. Indirect Parameter Coefficient Test Results

Parameter Coefficient	Original Sample (O)
Effectiveness of the Internal Audit Function -> Implementation of Internal Control -> Fraud Prevention	0,254
Organizational Culture -> Implementation of Internal Control -> Fraud Prevention	0,132

Source: Data Processing (SmartPLS) (2024)

Based on Table 4 above, it shows that the effectiveness of the internal audit function and organizational culture have a positive influence on fraud prevention which is mediated by the internal control implementation variable.

Table 5. Results of Direct Hypothesis Testing (Direct Effect)

Hypothesis Test	T Statistics	T Tabel	Result
Effectiveness of the Internal Audit Function -> Implementation of Internal Control	4,685	1,687	H ₁ Accepted
Organizational Culture -> Implementation of Internal Control	2,450	1,687	H ₂ Accepted
Efektivitas Fungsi Audit Internal -> Fraud Prevention	1,778	1,687	H ₃ Accepted
Organizational Culture -> Fraud Prevention	1,691	1,687	H ₄ Accepted
Implementation of Internal Control -> Fraud Prevention	2,157	1,687	H ₅ Accepted

Source: Data Processing (SmartPLS) (2024)

Based on Table 5 above, it shows that the effectiveness of the internal audit function and organizational culture have a direct influence on the implementation of internal control. The effectiveness of the internal audit function and organizational culture have a direct influence on fraud prevention. In addition, the implementation of internal control has a direct influence on fraud prevention.

Table 6. Results of Indirect Hypothesis Testing (Indirect Effect)

Pengujian Hipotesis	T Statistics	P Values
Effectiveness of the Internal Audit Function -> Implementation of Internal Control -> Fraud Prevention	1,949	0,029
Organizational Culture -> Implementation of Internal Control -> Fraud Prevention	1,789	0,040

Source: Data Processing (SmartPLS) (2024)

Based on Table 6 above, the effectiveness of the internal audit function has an indirect influence on fraud prevention, mediated by the implementation of internal control. In addition, organizational culture has an indirect influence on fraud prevention, mediated by the implementation of internal controls.

The Influence of the Effectiveness of the Internal Audit Function on the Implementation of Internal Control

The research results show that the effectiveness of the internal audit function has a direct influence on the implementation of internal control. This is in accordance with the theoretical basis in the previous discussion which stated that to achieve maximum efficiency, internal control must also be controlled and directed by internal audit to ensure that the implementation of the control functions well. The internal audit function influences the organization positively through service guarantees and monitoring between control processes within the organization, so that internal control can provide change and create control within the organization (Bubilek, 2017). The existence of an internal audit in a company is believed to be useful in supporting the effectiveness of internal control. Good internal control in its implementation will ensure smooth productivity and operations and help increase company profits. If internal audit is adequate, it can support the effectiveness of internal control. Internal audit influences the effectiveness of internal control (Simanjuntak, 2018).

The internal audit function in an organization is one of the most significant factors that in principle influences internal control. Implementing the internal audit function objectively will result in quality internal control. The internal audit function in an organization has a significant effect on the quality of internal control (Oussii & Taktak, 2018). The implementation of internal audit affects the internal control system. Internal audit has an important role in controlling an agency, especially in supervising the internal control system. The results of this research are supported by the results of previous research conducted by Bubilek (2017), Simanjuntak (2018), Oussii & Taktak (2018), Yukmi et al (2020), and Fayyadh et al (2022) which show that the internal audit function has a significant effect on control. internal.

The Influence of Organizational Culture on the Implementation of Internal Control

The research results show that organizational culture has a direct influence on the implementation of internal control. This is in accordance with the theoretical basis in the previous discussion which states that organizational culture is very important for the effectiveness of internal control processes and systems. Organizational culture is the foundation for all components of the internal control system. Integrity and ethical behavior represent important determinants in an entity's organizational culture. However, organizational culture does not only refer to that but also to the demonstration and transmission of some values within the group as well as the way people build connections within their respective entities, to develop creative internal control. When the organizational culture is not appropriate, there is no effective and efficient internal control system. The attitudes and actions of organizational members influence internal control, because the attitudes and actions of organizational members are influenced by organizational culture. Organizational culture and the company's internal control system are a unit that is interconnected with one another. A company's internal control system cannot run optimally without the support of a good organizational culture, because unethical behavior within the company can lead to deviations. With an organizational culture that influences every member's behavior in the organization in acting in accordance with applicable business ethics, the internal control system can run without obstacles. This happens because the success of the company will not be achieved if

there is no intervention from members of the organization within it. Organizational culture has a significant influence on the internal control system (Maharani & Sulistyowati, 2020). One of the functions of organizational culture is to assist in redesigning the internal control system. Having a good organizational culture can influence a person's behavior to implement a good internal control system within the organization (Putra et al., 2022). Organizational culture influences the implementation of the government's internal control system. Organizational culture is the personality of an organization that influences the way individuals act in the organization. The higher the implementation of good organizational culture, the higher the effectiveness of the government's internal control system (Sembiring et al., 2023). The results of this research are supported by the results of previous research conducted by Domnisoru et al (2017), Maharani & Sulistyowati (2020), Putra et al (2022) Sembiring et al (2023), Monica et al (2023), Nguyen et al (2023) which shows that organizational culture has a significant effect on the implementation of internal control.

The Influence of the Effectiveness of the Internal Audit Function on Fraud Prevention

The research results show that the effectiveness of the internal audit function has a direct influence on fraud prevention. This is in accordance with the theoretical basis in the previous discussion which states that internal audit has a large role in the company to control and evaluate company activities, especially in preventing fraud. The role of internal audit is to always evaluate the effectiveness of the control system and provide internal recommendations for improvement if weaknesses are found. As a supervisory function, internal audit is also required to detect fraud so that it can eliminate opportunities to commit fraudulent acts (Sugiman, 2017). There is a positive relationship between the effectiveness of the internal audit function and fraud detection, where the existence of an internal audit department in an organization can increase fraud detection and prevention activities. Companies with a good internal audit function detect more fraudulent acts than companies with a poor internal audit function or even no internal audit department (Drogalas et al., 2017). Internal audit has a role in ensuring that all operational activities that take place in the organization can run according to the goals that have been set and do not deviate. Internal audit has a positive effect on fraud prevention (Rahman, 2020). Research by (Novatiani et al., 2022) states that the effectiveness of the internal audit function is one of the factors that influences the prevention of fraudulent financial reporting.

Fraud prevention is an integrated effort that can reduce the factors that cause fraud with prevention efforts carried out by the company, which is expected to reduce the opportunity for fraud to occur. One way to improve fraud prevention is by increasing the role of internal auditors in carrying out the internal audit function. Internal audit is managerial supervision whose function is to measure and evaluate the control system with the aim of assisting all members of management in effectively managing their responsibilities by providing analysis, assessments, recommendations and comments related to the activities being reviewed. Meanwhile, an internal auditor is someone who works in a company whose task is to carry out internal audit activities. Internal auditors have a positive and significant effect on fraud prevention. The better the role of internal auditors in carrying out the internal audit function, the more influence it will have on the level of fraud prevention (Aisyah, 2023). The results of this research are supported by

the results of previous research conducted by Coram et al (2006), Olowolaju (2013), Petrascu & Tieanu (2014), Sugiman (2017), Drogalas et al (2017), Rahman (2020), Aisyah (2023) which shows that the effectiveness of the internal audit function has a significant effect on fraud prevention.

The Influence of Organizational Culture on Fraud Prevention

The research results show that organizational culture has a direct influence on fraud prevention. This is in accordance with the theoretical basis in the previous discussion which states that the most important preventive factor for acts of corruption is a company culture that prioritizes integrity, with strong knowledge of norms and a high level of acceptance of the company's anti-corruption program (Bussmann et al., 2018). Organizational culture is very necessary in a company because it can prevent fraud. Organizational culture influences fraud prevention (Afiah et al., 2019). Fraud can be prevented by improving organizational culture which can be done by implementing ethical culture principles. The higher the organizational culture, the more conducive the work environment will be, which will lead to higher levels of fraud prevention. Organizational culture has a positive and significant influence on fraud prevention (Tama et al., 2022). Increase workers' sense of belonging to the company, thereby reducing the possibility of fraudulent behavior. When the culture in the organization is considered very good, then fraud prevention measures will work well too (Lisdiono et al., 2023).

Organizational culture is a factor that can influence the tendency for accounting fraud to occur. This organizational culture is related to the third component of the fraud triangle theory, namely rationalization. Fraudulent actions usually occur in organizations with a bad culture, because a good organizational culture will not provide opportunities for individuals to engage in fraudulent activities. If organizational culture functions well, it will shape the character of individuals in the organization, foster a sense of belonging and identity. Organizational culture itself consists of norms, values, assumptions, beliefs and habits that are created and agreed upon by all members of the organization as guidelines or references that influence how work is done and how employees behave. A culture of honesty and high ethical values can prevent fraud in an organization (Soares et al., 2023). Research conducted by Soares et al (2023) shows that organizational culture has a significant positive impact on fraud prevention. This proves that the better the organizational culture implemented, the more effective it will be in minimizing the tendency for fraud to occur. The results of this research are supported by the results of previous research conducted by Bussmann et al (2018) Afiah et al (2019) Tama et al (2022) Lisdiono et al (2023) Soares et al (2023) which show that organizational culture has a significant effect on fraud prevention.

The Effect of Internal Control Implementation on Fraud Prevention

The research results show that the implementation of internal control has a direct influence on fraud prevention. The results of this research are supported by the theoretical basis in the previous discussion which states that fraud can occur because someone has the opportunity to commit intentional wrongdoing, which in fact can be controlled or prevented by the company by implementing effective internal controls. Internal control is a set of policies and procedures, one of which is to protect company assets from all forms of misuse. Implementation of internal control is an important effort for a company to protect organizational entities against the possibility of fraud or actions

that are contrary to the rules set by a company. The success of implementing internal control is determined by the existence of an internal control guideline that is well prepared and socialized to every device within an organization. Poor implementation of internal controls can lead to weak controls which can create opportunities for fraudulent behavior to occur. If the implementation of internal control is effective, assets can be secured, managerial systems and financial reporting will be guaranteed and trustworthy. Effective internal controls can also prevent fraud (Marciano et al., 2021).

Various types of fraud in companies, internal control is the most effective fraud prevention approach to prevent and detect various forms of fraud in companies (Rashid et al., 2022). The fraud hexagon theory proposed by Vousinas (2019) explains the development of the fraud triangle theory which posits a new thing, namely collusion. Collusion is a term that refers to cooperation between two or more people with the aim of carrying out detrimental actions, often related to fraud or fraud opportunities or opportunities which are referred to as situations that open up opportunities for fraud to occur. One way to minimize this is by implementing effective internal controls. An internal control system is a way to monitor, direct and measure the resources of an organization, and has an important role in preventing and detecting acts of fraud. An internal control system that is not running effectively can open up opportunities for fraud. Therefore, internal control within the organization must be implemented effectively so that fraud can be prevented. Internal control has a positive effect on fraud prevention (Noya et al., 2023).

Continuous monitoring of internal controls is necessary when assessing an organization's productivity. Extensive testing is required to assess the new risk management capabilities and suitability of the internal control system. The effectiveness of implementing internal controls can be measured by identifying, analyzing and monitoring pre-existing procedures designed to prevent the risk of fraud. Adequate internal control cannot be implemented without a reliable monitoring mechanism. Regular monitoring of processes and transactions is necessary to detect anomalies or early warning signs of fraud risk. Fraud prevention and detection relies heavily on strong internal controls (Ghanem & Awad, 2023). The results of this research are supported by the results of previous research conducted by Dimitrijevic et al (2015), Zakaria et al (2016), Wicaksono et al (2017), Rahman (2020), Marciano et al (2021) Rashid et al (2022), Noya et al (2023) Ghanem & Awad (2023) which shows that the implementation of internal control has a significant effect on fraud prevention.

The Influence of the Effectiveness of the Internal Audit Function on Fraud Prevention Through the Implementation of Internal Control

The research results show that the effectiveness of the internal audit function has an indirect influence on fraud prevention, mediated by the implementation of internal control. The results of this research are supported by the theoretical basis in the previous discussion which states that one of the functions of internal audit in a company is to fight fraud through implementing internal controls in determining fraud risk assessments. The better the implementation of the internal audit function in a company, the stronger the company's internal control system will have an impact on increasing fraud prevention and detection activities (Đorđević & Đukić, 2015). Prevention of fraud will be easier than detecting fraud when it occurs. Internal auditors are responsible for helping prevent fraud by examining and evaluating the adequacy of the effectiveness of implementing internal

controls, as well as the level of potential risk in various operating segments of the organization. Checking and evaluating the adequacy of internal control effectiveness can be carried out through the implementation of the internal audit function. Internal audit plays an important role in monitoring activities to ensure that anti-fraud programs and internal controls are running effectively. Internal audit activities can prevent and detect possible fraud. Internal audit will help prevent fraud by checking and evaluating internal controls to reduce the risk of fraud. If an internal control system has been put in place and is running well, the chances of undetected fraud will be greatly reduced. Fraud examiners must know and understand each element in the internal control structure well so they can evaluate and look for weaknesses in the internal control system. For this reason, the better the implementation of the internal audit function in evaluating the company's internal control system, the better the implementation of the company's internal control will be so that internal control can carry out its function in carrying out fraud prevention measures. The role of internal auditors has a positive and significant effect on fraud prevention through the implementation of an internal control system (Zelmiyanti & Anita, 2015).

Internal audit ensures that internal controls are well developed so that the organization's operational activity processes become more effective. The internal audit function will make the internal control system better and enable better risk management. This provides higher assurance that operational activities, risks and decision making are managed well (Bubilek, 2017). The existence of an internal audit department in an organization can improve the company's internal control so that it can increase fraud prevention activities (Drogalas et al., 2017). Internal audit is managerial supervision whose function is to measure and evaluate the control system with the aim of assisting all members of management in effectively managing their responsibilities by providing analysis, assessments, recommendations and comments related to the activities being reviewed. Meanwhile, an internal auditor is a person who works in a company whose task is to carry out inspection activities. Internal auditors have a big role in the company to control and evaluate the effectiveness of the internal control system and provide internal recommendations for improvement if weaknesses are found. Implementing a good internal audit function can increase the effectiveness of the company's internal control system, thereby also having an impact on increasing fraud prevention activities (Aisyah, 2023). The results of this research are supported by the results of previous research conducted by (Olowolaju, 2013), Đorđević & Đukić (2015), Zelmiyanti & Anita (2015), Bubilek (2017), Drogalas et al (2017), and Aisyah (2023) which show that Internal audit has a significant effect on fraud prevention through internal control.

The Influence of Organizational Culture on Fraud Prevention Through the Implementation of Internal Control

The research results show that organizational culture has an indirect influence on fraud prevention, mediated by the implementation of internal controls. The results of this research are supported by the theoretical basis in the previous discussion which states that research conducted by Zelmiyanti & Anita (2015) shows that organizational culture has a positive and significant effect on fraud prevention through the implementation of an internal control system. The better the organizational culture, the better the internal control, which will have an impact on increasing fraud prevention in the organization. Behavioral control has motivational implications for behavioral intentions. A good

organizational culture will suppress someone's intention to commit fraud. One of the functions of organizational culture is to help in redesigning the internal control system. With internal control and strengthened by a good organizational culture, it can influence a person's behavior to prevent fraud (Putra et al., 2022). Research conducted by Carataş et al (2013) shows that in maximizing organizational profits, internal control must match the organizational culture, and organizational culture can be considered as the basis for strong internal control. Therefore, one way to support fraud prevention and encourage the implementation of internal control requires a good and appropriate organizational culture. Organizational culture will influence the attitudes and behavior of employees in the company in supporting the implementation of good internal control. Organizational culture influences internal control. The better the organizational culture, the better the implementation of internal control (Nguyen et al., 2023). The effectiveness of internal control can be measured by identifying, analyzing and monitoring pre-existing procedures designed to prevent the risk of fraud. Fraud prevention and detection relies heavily on strong internal controls (Ghanem & Awad, 2023).

There is an interrelated relationship between organizational culture and the internal control system. An effective internal control system helps protect company assets, ensure reliable financial and managerial reporting, improve compliance with applicable rules and regulations, and reduce the risk of losses, irregularities and violations. However, an internal control system has one limitation, namely neglect by management (Reding et al., 2013). The fraud hexagon theory proposed by Vousinas (2019) explains the development of the fraud triangle theory which posits a new thing, namely collusion. Collusion is a term that refers to cooperation between two or more people with the aim of carrying out detrimental actions. Therefore, the implementation of internal control cannot function well without being supported by a good organizational culture, because unethical behavior can influence the prevalence of fraudulent acts. Therefore, it is important for an organization to implement a good organizational culture, so that it can support the implementation of good internal control within the organization. Research conducted by Steinmeier (2016) states that internal control and culture are effective factors in preventing fraud. Organizational culture through the internal control system has a significant influence on fraud prevention. The better the organizational culture that is implemented, the more effective internal control will be, so that it will also have an impact on increasing fraud prevention (Soares et al., 2023). The results of this research are supported by the results of previous research conducted by Zelmianti & Anita (2015), Putra et al (2022), Nguyen et al (2023), Ghanem & Awad (2023), Soares et al (2023) which show that organizational culture influences significant impact on fraud prevention through internal control.

CONCLUSION

The research results show that the effectiveness of the internal audit function and organizational culture have a direct influence on the implementation of internal control. The effectiveness of the internal audit function and organizational culture have a direct influence on fraud prevention. Implementation of internal control has a direct influence on fraud prevention. The effectiveness of the internal audit function has an indirect influence on fraud prevention, mediated by the implementation of internal controls. Apart from that, organizational culture has an indirect influence on fraud prevention, mediated

by the implementation of internal controls.

The suggestions put forward from the research results are increasing the effectiveness of the internal audit function by increasing inspection, testing and evaluation of information to support audit results. There is a policy requirement for internal audit units to have special certification such as Qualified Healthcare Internal Auditor and Certified Internal Auditor, as well as minimum requirements and suitability of employee placement in internal audit units with their educational background. Improving organizational culture by increasing analysis of work results precisely and accurately. Improving the quality of work based on standards of behavior originating from the professional code of ethics, hospital code of ethics, pharmacy code of ethics and nurses' code of ethics. Improving the implementation of internal control by implementing employee selection and recruitment policies, employee placement, employee rotation and promotion optimally.

Management's commitment to implementing and implementing a reward and punishment system to increase employee enthusiasm or motivation at work, as well as providing strict sanctions to employees who do not carry out their work in accordance with established regulations. Improving fraud prevention by increasing hospital management's commitment to human resource competence, increasing risk identification activities for every possible fraud that could occur, increasing management information system (SIM-RS) maintenance activities periodically at least once a year in a consistent and sustainable manner, there is openness on the part of management in communicating and coordinating work with external parties regarding the internal control function in order to find solutions for developing a better internal control system, as well as increasing supervision activities carried out by management on an ongoing basis over all operational activities and management follow-up on recommendations for results internal audit and external audit findings.

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