
The Impact of Internal Audit, Internal Control and Whistleblowing System on Fraud Prevention in the Indonesia Banking Companies during the COVID-19 Pandemic

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Abstract

This study aims to analyze the factors that influence fraud prevention, which consists of the role of internal audit, internal control and the sistem whistleblowing. The population of this study are employees who work as internal auditor in the Indonesia banking companies. The number of samples selected through convenience sampling method are 100 employees of the three private bank in Jakarta domiciled base that represent Indonesia's banking industry. The hypothesis in this study was tested using multiple linear regression. The results of the study indicate that internal audit, internal control and the whistleblowing system have a significant positive effect on fraud prevention. Meanwhile, internal audit and internal control are the most dominant variables that affect fraud prevention. This result proved that for the companies, the best practices of implementing internal audit, internal control, and the whistleblowing system in the banking industry will further increase the efforts of fraud prevention in anticipating fraud practices by company's employees.

Keywords: Internal audit, internal control, sistem whistleblowing, and fraud prevention.

Abstrak

Penelitian ini bertujuan untuk menganalisis faktor-faktor yang mempengaruhi pencegahan fraud, yang terdiri dari peran internal audit, internal control dan sistem whistleblowing. Populasi penelitian ini adalah karyawan yang bekerja sebagai auditor internal pada perusahaan perbankan di Indonesia. Jumlah sampel yang dipilih melalui metode convenience sampling adalah 100 pegawai dari tiga bank private yang berdomisili di Jakarta yang mewakili industri perbankan di Indonesia. Hipotesis dalam penelitian ini diuji dengan menggunakan regresi linier berganda. Hasil penelitian menunjukkan bahwa internal audit, internal control dan whistleblowing system berpengaruh positif signifikan terhadap pencegahan fraud. Sedangkan audit internal dan pengendalian internal merupakan variabel yang paling dominan mempengaruhi pencegahan fraud. Hasil ini membuktikan bahwa bagi perusahaan, penerapan best practice internal audit, internal control, dan whistleblowing system di industri perbankan akan semakin meningkatkan upaya pencegahan fraud dalam mengantisipasi praktik fraud oleh pegawai perusahaan.

Kata Kunci: audit internal, pengendalian internal, sistem whistleblowing, dan pencegahan fraud.

1. Introduction

In the current era of globalization, technology is not the only sector that is experiencing increased development. The business sector is also experiencing rapid development. This has an impact that makes business competition in Indonesia increasingly tight. This situation requires business actors to have company management that can manage their companies effectively and efficiently. In addition to the increasingly fierce competition, problems that may be faced by business actors are problems that may arise from internal factors of the company itself. Problems caused by internal factors can be caused by various things, including poor internal audit, low levels of internal control and a company's whistleblowing system.

Fraud generally occurs because of pressure to commit fraud or encouragement to take advantage of existing opportunities and there is a (generally accepted) justification for these actions (Betri, 2018). Fraud is an act that is carried out intentionally for personal or group purposes that can cause great harm. Before fraud occurs, business actors must take precautions. Fraud prevention is trying to eliminate or minimize the causes of the fraud (Amrizal, 2004). If we wait for a new fraud to be handled, it means that there has been a loss that has occurred and has been enjoyed by certain parties. Compared to if we succeed in preventing it, of course, the losses have not all shifted to the perpetrators of fraud (Fitrawansyah, 2017).

Prevention of fraud in the public sector is carried out by issuing various laws and regulations that stipulate various sanctions that are expected to prevent or at least reduce acts of fraud (Karyono, 2018). While in the business sector, one way to prevent fraud is through internal audits. Internal audit helps the organization achieve its objectives through a systematic and orderly approach to evaluate and improve the effectiveness of risk management, control and management processes. The purpose of internal audit is to assist organizational management in providing effective responsibilities (Soemarso, 2018). Internal audit activities have an important role in helping organizations implement effective controls by evaluating the effectiveness and efficiency of the company's work, as well as encouraging continuous improvement. Internal audit is an examination carried out by the company's internal audit department, both on financial statements, company accounting records, as well as adherence to specified top management policies and compliance with government regulations and the provisions of applicable professional ties (Agoes & Hoesada, 2016).

In addition to implementing an effective internal audit, fraud prevention also requires adequate internal control. Internal control is carried out to monitor whether operational activities have been running in accordance with the policies and regula-

tions set by the organization or company (Wakhyudi, 2018). Internal control plays an important role in preventing and detecting fraud and protecting organizational resources, both tangible and intangible (such as reputation or intellectual property rights such as trademarks) (Kumaat, 2018). Internal control is a control designed by management and carried out by personnel at all levels of the organization to achieve organizational goals and objectives by ensuring the efficiency and effectiveness of operating processes.

Effective internal control can help maximize the company's operational activities. In this case, internal control serves to minimize risks that may occur in the company. The main fraud prevention is to establish an internal control system in every activity of the organization. Internal control in order to be effective in preventing fraud must be reliable in the design of its control structure and sound practices in its implementation (Karyono, 2018). If the internal control of the business unit is weak, then the possibility of errors, inaccuracies or fraud within the company is very large (Agoes, 2017).

The responsibility for internal control differs between management and auditors. Management is responsible for designing and implementing an internal control system, as well as reporting transparently on the effectiveness of the implementation of these controls. In contrast, the auditor's responsibility with respect to a client's internal control is to understand and perform internal tests of financial reporting. The auditor is also obliged to issue an audit report on management's assessment of its internal control, including the auditor's opinion on the effectiveness of the implementation of those controls. In addition, the implementation of a whistleblowing system is another good administrative method, where this system allows employees to be given the freedom to take part in creating clean and good corporate governance by reporting potentially violating or fraudulent activities. Prevention practices in this century are quite modern, by encouraging the whistleblowing system of many companies to become democratic towards their employees. The leadership is not too conspicuous in instructing fraudulent behavior, because they have been included as part of the fraud prevention system (Akbar, 2020).

Based on the ACFE survey related to fraud during the pandemic which was conducted at the end of March and April 2021 by ACFE International. 51 percent of respondents felt that their organization found more fraud during the COVID-19 pandemic, and another 71 percent said the level of impact of fraud that occurred was also getting bigger. ACFE through its report to the Nations estimates that fraud has the potential to make every organization suffer a loss of 5 percent of total revenue each year.

One of the fraud cases that occurred in the bank-

ing industry was the case that occurred at Bank BRI Madiun branch, where KCP Dolopo employees were involved in corruption of customer funds worth Rp 2.1 billion. The suspect made fictitious accounts and fake power of attorney against 11 BRI debtors. Then he transferred the debtor's money to his personal account. Bank BRI implements zero tolerance for fraud incidents in all BRI Work Units. This can occur due to the lack of internal control at the BRI Madiun branch work unit (Jalil, 2020).

In addition, PT Bank Jawa Barat and Banten (BJB) Syariah is still involved in cases of alleged fictitious loans that cost the company Rp 548 billion. Apparently, the fictitious credit involving PLT President Director, Yocie Gusman is not the only case in the company. Based on the 2018 Good Corporate Governance (GCG) report published by the company, there were 4 cases of irregularities (internal fraud) that significantly affected bank operations and financial conditions last year. This happened because of the lack of application of internal audit and whistleblowing systems in related agencies where the fraud case also involved one of the directors of the relevant agency (Arief, 2019).

The above phenomenon is a case of fraud that occurs due to the ineffectiveness of several supporting sectors in supervision. In order to improve the effectiveness of the implementation of the fraud control system and prevention of fraud. The existence of opportunities and not yet optimal implementation of internal audit, internal control and whistleblowing system that is not good enough to cause losses for the company. Based on the results of previous research, internal audit has an effect on fraud prevention (Kustiana, 2018), the application of internal control and management morality has an effect on fraud prevention (Laeliyah, 2017), the most dominant whistleblowing system in preventing fraud in a company (Wulandari & Nuryanto, 2017). So it can be concluded that the influence of internal audit, internal control of a company and also the whistleblowing system is very influential on the prevention of fraud in a company or organization.

This study was conducted to determine the effect of internal audit, internal control and the whistleblowing system on fraud prevention in the banking industry. The differences found in previous studies are in the independent variables which in previous studies examined organizational culture which was included in the independent variable. Meanwhile, in this study, organizational culture is not included in the independent variable. The author chose the banking sector because the possibility of fraud is quite easy to find, especially in the frontliner position, where every day there are always financial transactions such as cash withdrawals or deposits with a fairly large nominal. Based on the description above, this study aims to analyze the implementation of internal audit, internal con-

trol, whistleblowing system, and its effect on fraud prevention in the indonesia banking companies.

2. Theoretical Framework and Hypothesis Developments

Internal Audit

Internal audit is an independent assessment function within an organization to test and evaluate the organization's activities carried out (Tugiman, 2017). Internal audits are carried out by the company's internal audit department, on the company's financial statements and accounting records as well as compliance with predetermined top management policies and compliance with government regulations and the provisions of applicable professional ties (Agoes, 2017). Internal audit helps organizations achieve their goals by taking a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (Messier et al., 2017).

Internal audit becomes a process that is influenced by the activities of the board of commissioners, management, or other employees designed to provide reasonable assurance regarding the achievement of objectives on the following matters, namely (1) the reliability of financial reporting (b) the effectiveness and efficiency of operations, and (c)) compliance with applicable laws and regulations (Widjaja, 2017). COSO (2013) in the Internal Control-Integrated Framework (ICIF) identifies five components of internal control, namely (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication (information and communication), and (5) monitoring activities (monitoring activities).

Under the Sarbanes-Oxley Act that auditors are required to prepare audit reports on internal control over financial reporting. The report on internal control contains: (1) the auditor's opinion on whether management's assessment of the effectiveness of internal control over financial reporting at the end of the accounting period has been fairly stated in all material respects, and (2) the auditor's opinion on whether the company has performed in material for effective internal control over financial reporting as of the date mentioned (Hery, 2017).

Whistleblowing

Whistleblowing is the disclosure of information by (or former) members of an organization that is considered an illegal, immoral, or illegal practice under the employee's constraint to persons or organizations that may be able to influence actions. Internal whistleblowing can occur when an employee learns of fraud committed by another employee and then reports the fraud to his superior. Meanwhile, external whistleblowing occurs when

an employee finds out about fraud committed by the company and then informs the public because the fraud will harm the community (Akbar, 2020).

Fraud Prevention

Fraud is a "human" with various internal reasons for committing despicable acts (Kumaat, 2018). Fraud is basically an action that is intentionally carried out by a person or person or the management of a company's organization with the aim of obtaining profits that can cause other parties to feel disadvantaged. Fraud is a broad legal concept, fraud describes any deliberate fraudulent attempt, which is intended to take the assets or rights of another person or party (Widjaja, 2017).

Cressey (1950) formulated three reasons for the emergence of fraud in the fraud triangle theory is pressure related to personal problems or interests, opportunities related to giving trust to people to carry out obligations certain conditions, and the rationalization that occurs as a result of fraud perpetrators rationalizing fraudulent actions into something that reasonable.

According to SAS 99 (AU 316), there are three factors that a person commits fraud known as the fraud triangle such as (1) pressure that comes from individual perpetrators where the perpetrator feels that the pressures of life are so heavy forcing the perpetrator to commit fraud for his personal gain, (2) opportunity by taking advantage of fraud through the use of the position held where the perpetrator feels he has the opportunity to take advantage, and (3) rationalization (rationalization) in which the perpetrator feels he has a strong reason that becomes the basis for justifying the fraud committed and influence other parties to approve the fraud committed (Widjaja, 2017).

According to the 2006 Examination Manual from the Association of Certified Fraud Examiners, fraud consists of four major groups, namely (1) fraud in the report (fraudulent statement), which consists of fraud in financial statements and fraud in other reports (non-financial statements presenting more than better than the truth and worse than the truth, (2) asset misappropriation, which consists of cash fraud, and inventory and other asset fraud, (3) corruption (corruption) consisting of conflict of interest, bribery, unauthorized gifts, and economic extortion, and (4) fraud related to computers which can be in the form of adding, removing, or changing input or entering false data (Karyono, 2018).

Fraud is a problem that exists within the company environment, and must be prevented as early as possible. Effective fraud prevention has five objectives such as (1) prevention by preventing fraud from occurring in real terms at all lines of the organization, (2) deterrence which ward off potential perpetrators and even trial and error actions because potential perpetrators see that the

fraud risk control system is effective and has been implemented. provide strict and complete sanctions so as to help deter potential perpetrators, (3) Disruption which makes it difficult for fraud perpetrators to move as far as possible, (4) identification which identifies high-risk activities and control weaknesses, and (5) civil action prosecution and imposing appropriate sanctions or fraudulent acts on the perpetrators (Priantara, 2013).

Fraud is a problem within the company and must be prevented as early as possible, several governance measures to prevent fraud include creating a culture of honesty and high ethics by setting a tone at the top for ethical behavior within the company, creating a positive work environment, hiring and promoting appropriate employees, providing training on company expectations regarding employee ethical behavior and training on fraud awareness that is tailored to the specific job responsibilities of employees, and requires employees to periodically confirm their responsibilities to comply with the code of conduct (Widjaja, 2017).

The Relationship of Internal Audit and Fraud Prevention

The role of internal audit is as a supervisor against fraud. Internal audit is responsible for helping management prevent fraud by testing and evaluating the reliability and effectiveness of controls along with the potential risk of fraud in various segments (Melinda et al., 2022). The existence of internal audit in a business organization is a good control tool against errors, irregularities and fraud. Internal audit plays an important role in monitoring activities to ensure that anti-fraud programs and controls are running effectively. Internal audit activities can prevent and detect fraud risk (Widjaja, 2017). The role of internal audit can trigger the implementation of management risk control, internal control, and the audit committee which has an important role in various aspects of the organization which includes fraud prevention (Suginam, 2016).

Ha₁: Internal audit has a positive effect on fraud prevention in the banking industry.

The Relationship of Internal Control and Fraud Prevention

Internal control is a way to direct, monitor and measure the resources of an organization (Jalil, 2018). It plays an important role in preventing and detecting fraud and protecting organizational resources, both tangible and intangible (such as reputation or intellectual property rights such as trademarks) (Kumaat, 2018). The relationship between internal control and fraud prevention is that the main action for fraud prevention is to create and implement a reliable internal control

system in organizational activities. In addition to moral and ethical issues, failure to prevent fraud is also caused by weak internal controls (Karyono, 2018). Effective internal control can protect against theft, embezzlement, misappropriation of assets in inappropriate locations. In addition, internal control also provides reasonable assurance of accurate business information for the success of the company.

Ha₂: Internal control has a positive effect on fraud prevention in the banking industry.

The Relationship of the Whistleblowing System and Fraud Prevention

One form of internal control in preventing or uncovering fraud in a company is the implementation of a whistleblowing system regarding to Good Corporate Governance (GCG). The whistleblowing system can be used by any company to develop a manual for reporting violations in each company (Maulida & Bayunitri, 2021). In general, whistleblowers will report crimes in their environment to internal authorities first. However, a whistleblower does not stop reporting crimes to internal authorities but can report crimes to higher authorities, such as directly to the board of directors, commissioners, head of office, or to public authorities outside the authorized organization and the mass media (Sanjani & Werastuti, 2021). One of the benefits of implementing a good whistleblowing system is the emergence of reluctance to commit violations, due to trust in an effective reporting system (Pitroff, 2014). The existence of a whistleblowing system is not only a channel for reporting fraud that occurs, but also as a form of supervision (Semendawai, 2018).

Ha₃: The whistleblowing system has a positive effect on fraud prevention in the banking industry

3. Research Method

The population is the entire research subject. The population can include all members of a group of people, events, or objects that have been clearly formulated (Sugiyono, 2018). The population of this study is all banking employees who work as internal auditor. The total samples in this study was 100 respondents who were taken from employees who work as internal auditor in the banking industry domiciled in Jakarta. The author uses 3 research locations at branch offices of several leading private banks such as Bank Central Asia, Bank Negara Indonesia, and Bank Syariah Indonesia. In this study, the author will use the convenience sampling method as sample selection procedure. This method is applicable if the members of the population are relatively small and easily accessible. With the use of this method, it is hoped that it will minimize the occurrence of deviation

errors from the population value.

In the preparation of this study, researchers need adequate primary data and to obtain appropriate information. The data collection method used in this research is field research which is carried out directly in order to obtain data that is closely related to this research. The data sourced from the field research can be obtained from a questionnaire through a list of statements prepared for each respondent in the banking industry distributed during the period from October to December 2021 during the COVID-19 pandemic online via google form. In addition, the research also collects data from library research derived from books and information quoted directly from other scientific literatures. This is done by the author to gain additional knowledge about the problem being discussed.

The measurement scale used to measure internal audit (X₁), internal control (X₂), whistleblowing system (X₃), and fraud prevention (Y) is the Likert scale. The Likert scale aims to measure the attitudes, opinions and perceptions of a person or a group in social phenomena (Sugiyono, 2018). Measurement of respondents in this data collection is divided into five criteria score such as: 5 = Strongly Agree (SS), 4 = Agree (S), 3 = Doubt (R), 2 = Disagree (TS), and 1 = Strongly Disagree (STS).

The following are the steps in collecting data by the author using a questionnaire.

1. Respondents were asked to fill in data such as name, gender, age, date and occupation.
2. Respondents were asked to answer several questions on the questionnaire sheet according to the respondent's perception. Each question point is given five answer options.
3. Respondents are asked to fill in questions with reference to the scoring based on the level of assessment of the respondents' answers that must be filled in for each statement with the scoring criteria.

This study uses a questionnaire instrument consisting of 8 questions for internal audit (X₁), 10 questions for internal control (X₂), 6 questions for the whistleblowing system (X₃), and 16 questions for fraud prevention (Y). The data used in this study is primary data, namely data obtained directly from the object of research. The number of respondents in this study were 100 respondents. The following is the data on the distribution of the questionnaire which can be shown in table 1.

Based on table 1, the total questionnaire distributed by the author is 110 questionnaires. The author exaggerates the number of questionnaires distributed in order to reach the specified number of samples. In distributing the questionnaires there were 10 questionnaires that did not meet the criteria, namely the respondents did not meet the statements in accordance with the research criteria.

Table 1. Questionnaire Distribution Data

Description	Amount
Questionnaire that has been distributed	110
Returned Questionnaire	110
Incomplete questionnaire	0
Questionnaires that do not meet the criteria	10
Processed Questionnaire	100

So in this study obtained 100 questionnaires in accordance with the number of samples that have been determined.

The independent variables in this study are internal audit (X_1), internal control (X_2), and the whistleblowing system (X_3). Internal audit is conducted to review activities in accounting, finance and other operational fields as a basis for providing services to management. The dimensions used to measure internal audit are based on the Internal Audit Professional Standards, namely (1) independence, (2) professional ability, (3) scope of work, and (4) management of the internal audit department (Tugiman, 2017).

According to the American Institute of Certified Public Accounting (AICPA) internal control is a process that is influenced by the activities of the board of commissioners, management, or other employees designed to provide reasonable assurance about the achievement of the following objectives, namely (1) reliability of financial reporting, (2) effectiveness and operating efficiency, and (3) compliance with applicable laws and regulations (Widjaja, 2017). The dimension used to measure internal control is the internal control component according to COSO (2013) in the Internal Control-Integrated Framework (ICIF) which consists of five related components, namely (1) control environment (control environment), (2) risk assessment (assessment). risk), (3) control activities (control activities), (4) information and communication (information and communication), and (5) monitoring activities (monitoring activities).

Whistleblowing is the disclosure of acts of violation or disclosure of unlawful acts, unethical acts or immoral acts or other actions that can harm the organization and stakeholders (Semendawai, 2018). The dimensions that measure the whistleblowing system consist of three main branches, namely the effectiveness of the implementation of the whistleblowing system, the method of reporting violations, and the benefits of the whistleblowing system.

The dependent variable used in this study is fraud prevention. Fraud prevention is all efforts to ward off potential perpetrators, narrow the space for movement, and identify activities that have a high risk of fraud (Karyono, 2018). The dimensions used by the author to measure the fraud prevention variable based on the purpose of fraud prevention

are (1) Create a climate of honesty, openness, and mutual assistance, (2) an honest recruitment process, (3) fraud awareness training, (4) a good scope of work. positive, (5) clear, easy to understand, and obeyed code of ethics, (6) assistance programs for employees who are having difficulties, and (7) instill the impression that every fraudulent act will receive appropriate sanctions (Widjaja, 2017).

This type of research is quantitative research with a descriptive approach. Data analysis is one of the research activities in the form of the process of compiling and managing data in order to interpret the data that has been obtained. The activities carried out in analyzing the data in this study are grouping data based on variables and types of respondents, tabulating data based on variables from all respondents, presenting data for each variable studied, performing calculations to answer the problem formulation, and performing calculations to test hypotheses that have been tested (Sugiyono, 2018).

The data analysis method used in this study is a data quality test consisting of validity and reliability tests, classical assumption tests consisting of normality, multicollinearity, and heteroscedasticity tests, and hypothesis testing consisting of tests of the coefficient of determination and partial significance. The data analysis method used to test the hypothesis is the multiple linear regression method, which is the regression used to find out how much influence the independent variable has on the dependent variable (Ghozali, 2018). This model is used because the authors want to know determine the positive effect of internal audit (X_1), internal control (X_2), and the whistleblowing system (X_3) on fraud prevention (Y). The statistically multiple regression equation formula is as follows.

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Information:

Y = fraud prevention

a = constant

b_1, b_2, b_3 = regression coefficient

x_1 = internal audit

x_2 = internal control

x_3 = whistleblowing system

e = error

Table 2. Validity Test Results

Variable	Items Statement	Sig. (2-tailed)	Decision
Internal Audit (X ₁)	X1.1	0,000	Valid
	X1.2	0,000	Valid
	X1.3	0,000	Valid
	X1.4	0,000	Valid
	X1.5	0,000	Valid
	X1.6	0,000	Valid
	X1.7	0,000	Valid
	X1.8	0,000	Valid
Internal Control (X ₂)	X2.1	0,000	Valid
	X2.2	0,000	Valid
	X2.3	0,000	Valid
	X2.4	0,000	Valid
	X2.5	0,000	Valid
	X2.6	0,000	Valid
	X2.7	0,000	Valid
	X2.8	0,000	Valid
	X2.9	0,000	Valid
	X2.10	0,000	Valid
Whistleblowing System (X ₃)	X3.1	0,000	Valid
	X3.2	0,000	Valid
	X3.3	0,000	Valid
	X3.4	0,000	Valid
	X3.5	0,000	Valid
	X3.6	0,000	Valid
Fraud Prevention (Y)	Y1	0,000	Valid
	Y2	0,000	Valid
	Y3	0,000	Valid
	Y4	0,000	Valid
	Y5	0,000	Valid
	Y6	0,000	Valid
	Y7	0,000	Valid
	Y8	0,000	Valid
	Y9	0,000	Valid
	Y10	0,000	Valid
	Y11	0,000	Valid
	Y12	0,000	Valid
	Y13	0,000	Valid
	Y14	0,000	Valid
	Y15	0,000	Valid
	Y16	0,000	Valid

Table 3. Reliability Test Results

Variables	Cronbach's Alpha Coefficient (a)	Decision
Internal Audit (X ₁)	0,691	Reliable
Internal Control(X ₂)	0,897	Reliable
Whistleblowing System (X ₃)	0,804	Reliable
Fraud Prevention (Y)	0,964	Reliable

Table 4. Normality Test Results

Asymp. Sig. (two-tailed)	Decision
0,300	Normal distributed data

4. Results, Discussions, and Managerial Implications

The results of the validity test using the Pearson correlation coefficient can be seen in Table 2. Based on Table 2, the results of testing the validity of all statement items on internal audit (X₁), internal control (X₂), whistleblowing system (X₃), and fraud prevention (Y) show the correlation value of each statement item is more than r-table (0.1975) and each statement item also shows a significance value smaller than 0.05 (5%). It can be concluded that all statement items are valid and can be used to measure the variables studied.

The results of the data reliability test can be seen in Table 3. Based on table 3, it can be seen that all items on the variable are reliable because they have a Cronbach alpha > 0.60. These results indicate that all statements in the internal audit (X₁), internal control (X₂), whistleblowing system (X₃), and fraud prevention (Y) have high reliability values, so they can be used for subsequent testing.

The results of the data normality test using the One-Sample Kolmogrov-Smimov Test can be seen

in Table 4. Based on table 4, it is known that the results of Asymp. Sig. (2-tailed) on the One-Sample Kolmogrov-Smirnov Test shows a number of 0.300 or greater than alpha 0.05, which means that the results indicate that all research variables such as internal audit (X₁), internal control (X₂), whistleblowing system (X₃), and fraud prevention (Y) have normal data distribution.

Based on table 5, the results of the heteroscedasticity test through the glejser test, show the value of sig. on internal audit (X₁) of 0.621, internal control (X₂) of 0.579, and whistleblowing system (X₃) of 0.387 which is above 5% or 0.05. This shows that there is no heteroscedasticity in the regression model of this study.

The results of the multicollinearity test using SPSS 26.0 based on the tolerance and VIF values can be seen in table 6. Based on table 6, it can be seen that the results of the multicollinearity test show that the tolerance value obtained for internal audit (X₁), internal control (X₂), whistleblowing system (X₃), and fraud prevention (Y) is more than

Table 5. Heteroskedasticity Test Results

Model	Sig.
(Constant)	0,001
Internal Audit (X ₁)	0,621
Internal Control (X ₂)	0,579
Whistleblowing System (X ₃)	0,387

Table 6. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Internal Audit (X ₁)	0,792	1,425
Internal Control (X ₂)	0,348	2,878
Whistleblowing System (X ₃)	0,364	2,749

Table 7. Hypothesis Test Results

Model	Unstandardized Co- efficients	Sig.
	B	
(Constant)	7,552	0,940
Internal Audit (X ₁)	0,323	0,010
Internal Control (X ₂)	0,457	0,000
Whistleblowing System (X ₃)	0,220	0,000

0.10 and the Variance value Inflation Factor is less than 10. It can be concluded that there is no multicollinearity problem between independent variables.

The R Square value obtained is 0.768. This shows that fraud prevention can be influenced by audit internal, internal control, and whistleblowing system by 76.8%. While the remaining 23.2% is influenced by other variables not examined in this research model. Multiple linear regression analysis aims to determine the influence of internal audit, internal control, and the whistleblowing system on fraud prevention. The results of the multiple linear regression analysis method can be seen in table 7.

Based on the value of the coefficients in column B Unstandardized Coefficients, the multiple linear regression can be formulated in this equation.

$$Y = 7.552 + 0.323 X_1 + 0.457 X_2 + 0.220 X_3 + e$$

Based on a partial test on internal audit (X₁) in proving the effect on fraud prevention, the regression coefficient value for internal audit (X₁) is 0.323 and a significance of 0.010 which is smaller than 0.05. These results can be concluded that Ha₁ is accepted which states that internal audit has a positive effect on fraud prevention. Based on a partial test on internal control (X₂) in proving the effect on fraud prevention, the regression coefficient value on internal control (X₂) is 0.457 and a significance of 0.000 which is smaller than 0.05. These results can be concluded that Ha₂ is accepted which states that internal control has a positive effect on fraud prevention. Based on a partial test on the whistleblowing system (X₃) in proving the effect on fraud prevention, the regression coefficient value for the whistleblowing system (X₃) is 0.220 and a significance of 0.000 which is smaller than 0.05. These results can be concluded that Ha₃ is accepted which states that the whistleblowing system has a positive effect on fraud prevention.

The Effect of Internal Audit on Fraud Prevention

Based on the results of testing the first hypothesis, the first alternative hypothesis is accepted. These results state that internal audit has a positive effect on fraud prevention. The role of internal au-

dit is as a supervisor against fraud. Internal audit is responsible for helping management prevent fraud by testing and evaluating the reliability and effectiveness of controls along with the potential risk of fraud in various segments. With the audit, it is hoped that the implementation of a clean state and free from corruption, collusion and nepotism will be carried out. According to the Interpretation of Internal Audit Professional Standards (SPAI) – standard 120.2 of 2004, regarding knowledge of fraud, it is stated that internal auditors must have sufficient knowledge to be able to identify, examine and test indications of fraud.

The results of this study are in line with research conducted by Suginam (2017) which states that the role of internal audit has a positive effect on fraud prevention. This is also supported by the results of research from Kustiana (2018) which states that internal audit has an effect on fraud prevention in an industry. Fraud prevention can be done if the internal audit is able to identify the possibility of fraud. Conversely, when internal audit is not able to identify the possibility of fraud, fraud will occur and create losses for the company.

The Effect of Internal Control on Fraud Prevention

Based on the results of testing the second hypothesis, the second alternative hypothesis is accepted. These results state that internal control has a positive effect on fraud prevention. These results are in line with research conducted by Laeliyah (2017), Ariastini et al., (2017), and Dewi et al., (2017) which state that the role of internal control has a positive effect on fraud tendencies. These results indicate that when internal control increases, fraud prevention will increase. Good internal control in the banking industry will further increase the level of fraud prevention in anticipating fraud.

The Effect of Whistleblowing System on Fraud Prevention

Based on the results of testing the third hypothesis, the third alternative hypothesis is accepted. These results state that the whistleblowing system has a positive effect on fraud prevention. Other supporting research is the research of Wulandari &

Nuryanto (2017), which mentions that the whistleblowing system variable has a significant effect on fraud prevention. This is in line with the results of research by Ariastini et al., (2017) where there is a positive influence between the whistleblowing system on fraud prevention. According to the National Committee on Governance Policy (2008) in Agusyani et. al. (2016), the whistleblowing system must at least consist of three aspects, namely structural aspects, operational aspects, and maintenance aspects. In the results of this study, it is evident that employees understand these three aspects which can then influence them to be reluctant to commit fraud and report fraud if they know about it.

5. Conclusions, Suggestions, and Limitations

This study aims to analyze the effect of internal audit, internal control, and the whistleblowing system on fraud prevention in the banking industry. The results of the multiple regression test prove that internal audit, internal control, and the whistleblowing system have a positive effect on fraud prevention. The results of other regression tests also state that internal audit and internal control are the most dominant independent variables in influencing fraud prevention in the banking industry.

For banking institutions, banking directors are advised to pay more attention to the role of internal audit, internal control and also the whistleblowing system with the aim of reducing fraud in the banking industry. Employees are advised to pay more attention to the role of internal audit, internal control and also the whistleblowing system with the aim of reducing fraud in the banking industry. Employees should have a sense of awareness to prevent fraud because it will affect many things to the banking industry itself.

The limitations of this study include that this study only uses three independent variables, namely internal audit, internal control, and the whistleblowing system in proving the effect on fraud prevention in the banking industry. In addition, the author only uses the method of collecting data through a questionnaire that is not accompanied by other data collection techniques that support the results of inputting data based on the distribution of questionnaires. Further researchers can add other independent variables such as anti-fraud awareness that can significantly affect fraud prevention and also use other data collection methods such as interviews so that research results can be more accurate.

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