

## Influencing Factors Fraud Prevention : Internal Control , Management Risk and Whistleblowing System

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Article Info	ABSTRACT
<b>Corresponding Author:</b> Nanin Pattingalloang E-mail: <a href="mailto:naninpattingalloang22@gmail.com">naninpattingalloang22@gmail.com</a>	Fraud prevention is remove chance or opportunity commit fraud with build and implement management risks ( esp management risk of fraud), Internal Control and honest Corporate Governance . Fraud Prevention Alone is activity combat fraud by cheap cost . Prevention fraud Can analogous with disease , that is more Good prevented than treated . This article discuss about influencing factors Fraud Prevention , ie Internal Control , Management Risk and Whistleblowing System . Writing purpose article This To use build hypothesis influence between variable For used in research furthermore . Results of this literature review article are : 1) Internal Control influential to Fraud Prevention ; 2) Management Risk influential to Fraud Prevention ; and 3) Whistleblowing System influential to Fraud Prevention.  <b>Keywords:</b> Fraud Prevention, Internal Control, Management Risk and Whistleblowing System

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### INTRODUCTION

All organization whatever type , scale operations and activities own risk happen fraud or normal called with fraud. Fraud is illegal, intentional actions that can done by someone or a group of people to interest himself or the group can bring loss for party other . Fraud cases that occurred in Indonesia include PT Asabri (Persero) in 2012-2019 which caused losses to the state of IDR 23.7 trillion (Liputan6.com, 2021). The Jiwasraya Insurance (Persero) case is currently in the public spotlight. The oldest life insurance in Indonesia is experiencing liquidity pressure so that the company's equity recorded negative Rp. 23.92 trillion on September 2019. Besides That, Jiwasraya requires IDR 32.89 trillion for returned to health, thus becoming suspected of corruption (cnnindonesia.com, 2020). Bank Bukopin case Also do fraud with modification credit card data that has been carried out more than 5 times year. Amount card Modified credits too Enough big more from 100,000 cards (Datik.com,

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2018). A number of effort which can done for prevent happen fraud that is with Control internal, Management risks and Whistleblowing System has role and function important in operational For reach objective performance company . Factor Which influence fraud prevention is internal control ( Cendikia et al., 2019; Fitriyah , 2021; Larasati & Surtikanti , 2020). Research focused on prevention Fraud has done test control internal to prevention fraud the result States that control internally effective reduce trend fraud ( Kwatingtyas , 2020). A number of results study show that control internal influential positive And significant to fraud prevention (Apriani et al., 2021; Dewi et al., 2020; Mandolang , 2021; Juliana, 2022).

Management risk is process identify incident which Possible will impact bad for company, do assessment of risk and respond to risk the (COSO, 2019). By general, identification of events that may occur in the company will produce two possibilities, that is form risk And chance. Risk Possible can impact bad for company, whereas chance is incident Which can support in achievement objective company. Results study show that management risk No influential to prevention fraud ( Kwatingtyas , 2020).

Whistleblowing system that is mechanism for disclose exists action fraud (Pamungkas et al., 2020). Whistleblowing system is form supervision Which carried out by the community so that government officials are involved in it management fund village feel reluctant For do action fraud. Research result state that whistleblowing system influential positive significant to fraud (fraud) (Mahdi & Dervish, 2020)

Based on phenomenon And results inconsistency from study previous, so writer motivated For do study about influence control internal, justice organization, management risk and whistleblowing system to prevention fraud in audited companies by KAP Kanaka Puradiredja Suhartono.

Study This is combined from study previous Which done by Anggraeni (2020) with title study "Influence System Control Internal And Justice Organization To Performance Company With Prevention Fraud As Variable Intervening" And study from Mersaet al. (2021) Which title "Influence Whistleblowing Systems, System Control internal, Culture Organization , And Justice Organization To Prevention Cheating ”.

Based on background back , yes formulated problems that will discussed To use build hypothesis For research furthermore that is : 1) Does Internal Control has an effect to Fraud Prevention ?. 2) Management Risk influential to Fraud Prevention ?. 3) Does the Whistleblowing System have an effect ? to Fraud Prevention ?

## **THEORITICAL REVIEW**

### **Fraud Prevention**

Prevention fraud (fraud) that is all effort For ward off perpetrator potential , narrow down room movement , and identification activities that risky tall happen fraud (fraud). Trend fraud report financeAnd report management , is form conflict the underlying one fraud occurs because difference interest between principal withagent . Manager role as agent Which responsible answer in optimize and maximize profit Which obtained from company . Prevention cheating (fraud) is effort integrated Which can push happen factor reason fraud (fraud) ( Kwantingtyas , 2020). Prevention this fraud Already widely studied by researchers previously among them is Cendikia et al., (2019 ) , Fitriyah (2021) Larasati & Surtikanti , ( 2020).

### **Internal control**

Understanding control internal is A process, Which influenced by board directors, management And personnel other Which designed to provide reasonable assuranceregarding with achievement objective related operational , reporting And obedience to rule (COSO, 2019). This Internal Control has been studied by many researchers previously among them is the Goddess (2020), Kwantingtyas (2020), Octaviani et., al (2021) And Private (2019)

### **Management Risk**

Management risk is activity orprocess identify risk measure Andevaluate risk Which Possible happen so that can push loss Which faced company ( Kwantingtyas 2020). This risk management has been studied by many researchers previously among them is Kwantingtyas (2020), Grace (2019) And Siregar, et., al.(2019)

### **Whistleblowing System**

Whistleblowing System is part from internal Company control prevent forms fraud , then this becomes a problem for company management ( Guidelines System Reporting KNKG violations (2008) in Amri (2008). This whistleblowing system has been studied by many researchers previously among them is the Goddess (2020), Juliana (2022), Mandolang (2021)

**Table 1. Study relevant past**

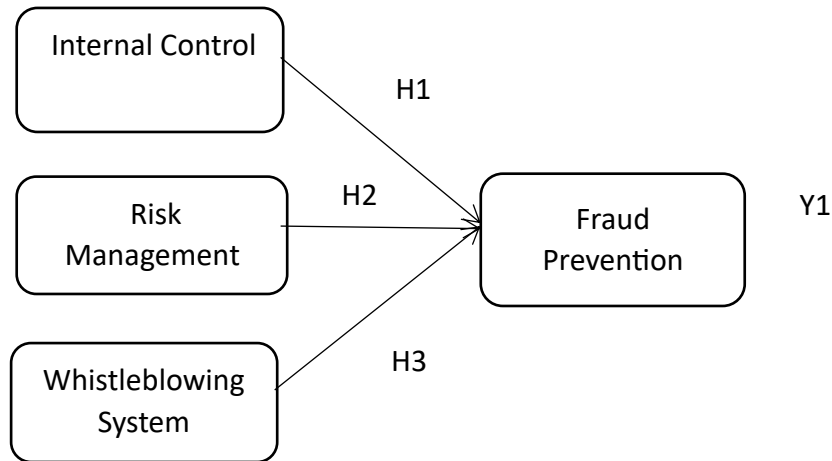
No	Author ( year )	Previous research results	Equality with article This	Difference with article This
1	Kwantingtyas (2020)	Control , Management Risk and the Whistleblowing System have an influence positive and significant to Fraud Prevention	Internal Control, Management Risk & Whistleblowing System influences to Fraud Prevention	-
2	Budi (2021)	Control & Whistleblowing System has an effect positive and significant to Fraud Prevention and $\gamma^2$	Control & Whistleblowing System has an impact to Fraud Prevention	-
3	Cindi (2020)	Management Risk , Whistleblowing System , and x4 influential positive and significant to Fraud Prevention	Management Risk & Whistleblowing System influences to Fraud Prevention	x4 effect to Fraud Prevention
.4	Celi (2019)	Control , Management Risk and x5 influence positive and significant to Fraud Prevention	Control & Management Risk influential to Fraud Prevention	x5 effect to Fraud Prevention
.5	Dudi (2021)	x5, x6 & x7 are influential positive and significant to Fraud Prevention	-	x5, x6 & x7 are in effect to Fraud Prevention
6	Dodi (2020)	Management Risk and x8 influence positive and significant to Fraud Prevention	Management Risk influential to Fraud Prevention	x8 is influential to Fraud Prevention

## RESEARCH METHOD

Writing method article scientific This use method qualitative and research References (library research). Review theory and relationships or influence between sourced variables from online applications Google Scholar, Mendeley and other online applications. In qualitative research, literature reviews must be used consistently with methodological assumptions.

### Framework Conceptual

Based on formulation problem , study theory , research relevant previous information and discussion influence between variable , then it is processed framework think article This as below This .



**Figure 1. Framework Conceptual**

Based on picture *conceptual* framework above , Internal Control , Management Risk , and Whistleblowing System influential to Fraud Prevention apart from three variable exogenous.

### RESULT AND DISCUSSION

Based on theoretical studies and tables study relevant past so discussion article this literature review is :

#### 1. Influence Internal Control of Fraud Prevention

Results study show that control internal influential positive to fraud prevention . Based on theory attribution Which explain factors that influences actions or attitudes taken by individual in abilitydetect fraud. Results analysis show there is connection positive between control internal And prevention fraud in company. Matter This Because internal control is One way that can be done company For prevent fraud that is with reduce opportunity occurrence of fraud. Research result this is also in line with study which done by Goddess (2020), Kwantingtyas (2020), Octaviani et., al (2021) And Private (2019) Which Also find that exists influence control internal to prevention fraud. Control Internal related tightly with prevention fraud because with applied control internal incompany can minimize possibility happen fraud Good That fraud in report finance or action legalize evidence false Which done company employees. Implementation control internal at least can reduce collusion

management about fraud. part from that, the results are based on the responses It was obtained from this research that control internally implemented and implemented by all over management and employee. On study This control internal related activity control, information and communication, And monitoring Already walkvery effective. Indicators that can be seen from answer respondents that in office branch company which audited HOOD KanakaPuradredja Suhartono Branch Jakarta South already own regulation written riding standard operational procedure. So that employee can see And operate work according to SOP. Even with SOP simple Also has operate separation task And authority in function his organization. didn't give a signature on note or blank blank. Besides That, own security in guard data especially data finance with system Which adequate. Therefore all aspects are importantWhich There is in company specifically employee as well as management have awareness And commitment Which strong For carry out procedures activity Which has determined beforehand to create an environment Work Which Good. So control internal which has been applied to audited companies HOOD Kanaka Puradredja Suhartono Branch South Jakarta has different roles and functions very important in operational organization company Which Wrong One the goal is to prevent fraud that could occur in in the organization.

## **2. Influence Management Risk to Fraud Prevention**

The results of this research prove that, management risk own influence positive to prevention fraud which mean management risk related tightly with prevention fraud (fraud). management risk is a coordinated activity for direct And control A organization in managing risks. Management risk used For map various risk Which can arise with identify , measure , develop alternative handling risks , monitor their presence risk, And control handling or prevention risk. Management risk Can reduce possibility failure Which impact on loss for company. Connection between management risk in prevention fraud with theory agency that is, there is an imbalance of information. OnBasically, there will be information asymmetry, that is because agent is at on position Which has more information about company compared to with principal. Imbalance information the will giving rise to fraud by agent.

Results study This in line with study which done by Kwantingtyas (2020), Grace (2019) And Siregar, et., al.(2019) who also found that exists influence management risk to prevention cheating . Application management risks will also be help company to minimize losses that will arise. Risk management aims to be a development tool for companies to minimize the occurrence of fraud which has an impact on the company's financial side, so the implementation of risk management is very important in the continuity of the company to prevent fraud. For this reason, companies must understand and recognize the risks that may arise in carrying out their business activities. Therefore, to prevent and minimize the occurrence of fraud,

a combination of company mechanisms is needed in manage or manage risk For prevent happen cheating .

### **3. Influence Whistleblowing System to Fraud Prevention**

The results of this research prove that, whistleblowing system own influence on fraud prevention (fraud) Which It means whistleblowing system important in something company Because will influence prevention fraud (fraud). Connection whistleblowing system to prevention fraud with agency theory, namely exists assumption asymmetry information between principal And agent. For anticipate action deviate Which can done by party management so owner company must do supervision to performance management so that Can minimize or remove follow fraud Which happen with system effective control. Control system the expected capable lower or prevent fraud.

Results study This in line with study Which done by Kwaningtyas (2020) tested internal control of fraud prevention results state that effective internal controls reduce trend fraud. goddess (2020), Juliana (2022), Mandolang (2021), with results his research that internal control influential positive And significant to prevention fraud. On description answer respondents variable control internal dimensions Which First that is about environment control give response Most people strongly agree, this can be concluded that For reach objective Which want to achieved employee must own awareness will environment control. If employee has understand environment existing controls, performance can be ensured Which done employee can achieved. This means that environment control Which Good can push enhancement performance company. On dimensions Which second respondents give response most Lots agree about evaluation risk For determine How method overcome risk Which has identified, Where evaluation Risk is a process of identification risk Which become constraint in reach objective company.

Dimensions third activity control namely policies and rules regarding behavior employees created to guarantee that objective control can achieved And ensure that implementation procedure And policy has held. Policy Which has made is A control in company that employee Already carry out And obey regulation And standard Work Which set. On dimensions fourth information And communication can have a positive impact on employees in effort Fraud prevention , because all employee obtain and exchange information

## **CONCLUSION**

Based on theory , relevant articles and discussions so can formulated hypothesis For research furthermore : 1) Internal control influential to Fraud Prevention . 2) Management Risk influential to Fraud Prevention . 3) Whistleblowing System influential to Fraud Prevention. Based on the conclusions above , there are

suggestions in the article This is that Still Lots other influencing factors Fraud Prevention , aside from Internal Control , Management Risk , and Whistleblowing System in all type and level of organization or company , therefore That still needed more study carry on For look for what other factors ? only you can influence Fraud Prevention other than the variables examined in the article This . These other factors like x4 , x5 , x6 , x7 , and x8 .

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