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*Corresponding author: Qonita Firdausi,
Magister of Accounting Study Program,
Universitas Sangga Buana, Bandung,
Indonesia.

E-mail: firdausiqonita@gmail.com

FINANCE | RESEARCH ARTICLE

Analysis of the Influence of Internal Audit and Whistleblowing Systems on Fraud Prevention

Qonita Firdausi¹, Sunny Agung Kurniawan², Raden Ricky Agusiady³

^{1,2,3}Magister of Accounting Study Program, Universitas Sangga Buana, Bandung, Indonesia. Email: firdausiqonita@gmail.com^{1*}, sunnyagungkurn@gmail.com², rickyagusiady@usbypkp.ac.id³

Abstract: This research aimed to comprehensively determine and analyze internal audit and whistleblowing systems in the context of fraud prevention efforts. A research design using qualitative descriptive analysis and a literature review approach was used. Data was collected in journals or scientific articles, as many as 10 articles from journal provider websites, from 2019 - 2024. Based on the analysis of 10 articles, six articles state that internal audit has a significant influence on fraud prevention efforts. The data analysis supports this finding results from several studies showing a positive and significant correlation between the role of internal audit and fraud prevention efforts. Then, four research articles do not explain the influence of internal audit. The study's results, based on 10 articles and nine research articles, state that the whistleblowing system positively influences fraud prevention efforts.

Keywords: Analysis, Audit Internal, Whistleblowing System, Fraud Prevention.

JEL Classification Code: M24, G34, K42.

1. INTRODUCTION

In today's digital era, technology is developing rapidly and influencing many aspects of human life (Agus Santoso et al., 2023). Many criminal acts in the business world are increasingly diverse, and fraudulent practices are easier to find in various areas of life. All organizations, regardless of type, scale of operation, and activities, have the risk of fraud, commonly called fraud. Fraud in Indonesia is growing very quickly and widely. In Indonesia, it is not only in the business world that fraud is committed but also in private institutions and organizations. According to The Association of Certified Fraud Examiners (2016), quoted by Kusdianti et al. (2022), fraud is an act against the law and regulations that have been established, which is carried out consciously to achieve a goal by manipulating or submitting false or manipulated reports to certain parties carried out by individuals both from within or outside the organization in order to obtain instant and personal or group benefits that can be detrimental to other parties. Alvin A., quoted by Fitriana et al. (2021), defines Fraud as the purposeful utilization of double-dealing, a stunt, or some untrustworthy way to deprive one more of his cash, property, or lawful right, either as a reason for an activity or as a deadly component in the actual activity. Fraud is an act of human ingenuity used for fraud with malicious intent that is intentionally and hidden to benefit himself or his group, harming other parties. Fraud is the deliberate utilization of double-dealing, an act or untrustworthy way to deprive another person of his money, property, or lawful right, either as a reason for carrying out an activity or as a deadly component in the actual activity. Fraud is an act of human ingenuity used to commit fraud with malicious intent intentionally and hidden to benefit himself or his group, harming other parties.

Fraud can occur and be carried out by all employees or workers from a company entity's lowest, middle, or even highest ranks or top management. Although several rules and even laws cover all fraudulent activities, the reality is that until now, the efforts made have not been enough to prevent fraud. Fraud is an unethical act, so it negatively impacts individuals, organizations, and the environment. Fraud can be eradicated by taking prevention. This prevention is carried out so that fraud in the company does not occur and that the goals and objectives of the organization will be achieved. Fraud prevention is a strong deterrent to people who try to carry out these actions. Carrying out prevention effectively will undoubtedly be a substantial barrier to potential fraud perpetrators. Early fraud prevention is considered a solution to ward off potential fraud perpetrators, narrow the space for movement, and identify activities at high risk of fraud (Aprilia Firly Damayanti, 2021). Fraud that occurs in a company is not easy to detect because the more the company develops, the more complex the activities and problems it faces, making it increasingly difficult to monitor all of its operational activities and the greater the possibility of fraud. For this reason, companies need many parties to be able to reveal such actions. Forms of fraud that commonly occur in companies include abuse of authority, manipulation of financial reports, misappropriation of assets, data theft, embezzlement, and so on.

Table 1. The Most Common Fraud in Indonesia

| Fraud Action | Number of Cases | Percentage |
|---|-----------------|------------|
| Corruption | 167 | 64,4 % |
| Misuse of State and corporate Assets/Wealth | 50 | 28,9 % |
| Financial Report Fraud | 22 | 6,7 % |

Source: ACFE (Data processed, 2019)

Based on a survey conducted by the Association of Certified Fraud Examiners (ACFE), table 1 above shows that the most detrimental fraud in Indonesia is Corruption, with a percentage of 69.9%. Undeniably, this corruption case has occurred very often in an entity, so the survey results are very high, followed by the misuse of state assets/wealth, which occurs in state and private institutions with a percentage of 28.9%. The forms of fraud usually include theft of company cash, forgery of checks, and use for personal gain of inventory or other company assets. The last is financial report fraud, which has a percentage of 6.7% and 22 cases. This fraud is related to fraud in management, where all fraud committed includes all forms of misrepresenting financial statements. The results of the Association of Certified Fraud Examiners (ACFE) survey show that the hotline/whistleblowing system method is still seen as a pretty effective means of preventing fraud for respondents, with a percentage of 22.6%, which is accompanied by consistency in implementing anti-fraud policies in the organization of 13.8%. These two elements must work hand in hand to provide confidence to those reporting fraud.

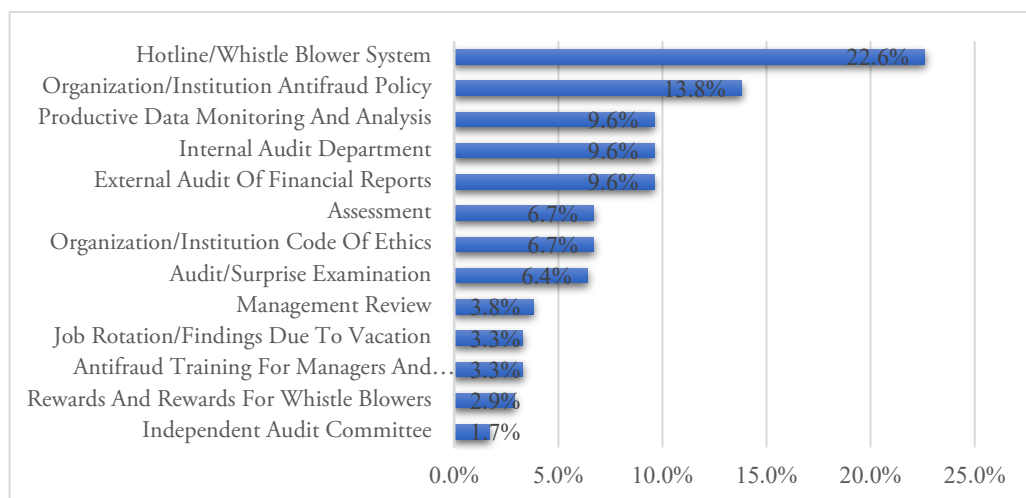


Figure 1. Anti-fraud control

Companies that commit financial reporting fraud will result in reduced trust in the company, including the company's external interests as investors, creditors, and public shareholders (society) because financial reports are used as a source of relevant information to assess the company's prospects (Suandani et al., 2024). The existence of a strong control system will help prevent someone from taking preventive measures against fraud, including the role of the Company's Internal Audit. Reported by the Financial and Development Supervisory Agency quoted by Ginanjar & Syamsul (2020) that internal auditors are expected to always maintain continuous integrity by increasing competence and always being ready to be at the forefront and becoming professional partners so that the role of auditors becomes important to minimize the possibilities that will occur.

Research conducted by Rahman (2020) entitled *Internal Control System and the Role of Internal Audit in Preventing Fraud in the Makassar City Government*. This shows that fraud, such as data misuse, asset misappropriation, and corruption, is standard. Few people or employees commit corruption; even small things can be the object of fraud. A small example of OPD employees committing fraud is not coming to the office on time or forging signatures for personal or other people's interests. The study results show that audits are very influential in preventing fraud. A similar study (Putri, 2022) at Universities showed that common university frauds include research fund fraud, procurement of goods and services fraud, insults, scholarship embezzlement, etc. Signs of fraud are accounting anomalies characterized by poor budgeting or delays in disbursement of funds, which can lead to fictitious transactions that result in fraud. Engko et al. (2021) at CV Sinar Seluler, Masohi Central Maluku, showed that several fraud problems still occur within the company, including manipulating financial reports, embezzling company money, and embezzling starter cards. For this reason, internal audits are vital in monitoring company activities to avoid the risk of fraud.

The results of other studies, such as those conducted by Nul Hakim & Pradana (2022) and also conducted by Bregitta et al. (2021) and research by Lestari & Bernawati (2020), show the results of the study that all organizations or institutions, regardless of type, business, scale, and activities have a risk of fraud. In contrast to the study conducted by Monica et al. (2023) at the Riau Province OPD with the title *The Influence of Organizational Culture and the Role of Internal Audit on Fraud Prevention with Internal Control as an Intervening Variable*, showing the results of the study the role of internal audit does not have a significant effect on fraud prevention in helping management prevent fraud that occurs within an organization. According to research by Rahmani & Rahayu (2022) at the Pasim Group, with the title *The Influence of the Role of Internal Audit and Internal Control on Fraud Prevention*, the results of the study showed that the internal audit variable did not have a significant effect on fraud prevention, the internal control variable did not affect fraud prevention.

Based on the background above, this study was conducted to gain understanding and has the aim of deepening whether there is a significant influence between the role of internal audit and fraud prevention and providing recommendations for further researchers regarding the role of internal audit in the context of fraud prevention efforts.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Definition of Fraud

According to Albrecht et al., quoted by Christine & Apriwandi (2022), the definition of fraud is Fraud is a genetic term. It embraces all the multifarious means that human ingenuity can devise, which are resorted to by one individual to get an advantage over another by false representations. This means fraud is a general term and includes various meanings where human ingenuity can be a tool someone chooses to gain an advantage over others with false representations. According to the Center for Supervision Education and Training (Pusdiklatwas) of the Financial and Development Supervisory Agency (BPKP), Fraud is a variety of acts against or against the law carried out by people from within or organizations that aim to gain personal or group benefits directly or indirectly will harm other parties. The three factors influencing fraud are opportunity, motivation, and rationalization (Financial and Development Supervisory Agency (BPKP), 2023). The Indonesian Institute of Public Accountants (IAPI) defines fraud as an intentional act by one or more individuals

in management or those responsible for governance, employees, and third parties who use deception to gain unfair or unlawful advantage (IDN TIMES, 2023).

2.2. Types of Fraud

The Association of Certified Fraud Examinations (ACFE) categorizes fraud into three groups as follows:

- 1) **Asset Misappropriation**
Misuse of company/institution assets, either stolen or used for personal purposes without the permission of the company/institution. As we know, company/institution assets can be in the form of cash and non-cash. So, Asset Misappropriation is grouped into two types:
 - a. Cash Misappropriation is the misappropriation of assets in the form of cash
 - b. Non-cash misappropriation is the misappropriation of assets in the form of non-cash
- 2) **Fraudulent Statements**
Financial statement fraud can be defined as fraud committed by management in the form of material misstatements of financial statements that are detrimental to investors and creditors. This fraud can be financial or non-financial.
- 3) **Corruption**
According to AFCE, corruption is divided into conflicts of interest, bribery, illegal gifts, and extortion.

2.3. Fraud Prevention Efforts

The Association of Certified Fraud Examinations (ACFE) explains efforts to prevent fraud, namely:

- 1) **Building a sound internal control structure**
As a company/institution develops, managing company activities will become increasingly difficult. To achieve the goals set by management, to ensure the security of company assets, and to carry out operational functions effectively and efficiently, management must create a good control structure that functions to prevent fraud.
- 2) **Making control activities more effective**
Fraud prevention efforts can also be carried out by building a sound internal control structure, improving organizational culture, and conducting regular audits.
- 3) **Improving organizational culture**
Organizational culture can be improved by implementing interrelated corporate governance principles to encourage the efficiency of company resources for operational efficiency and the creation of sustainable long-term financial value for shareholders and the surrounding community.
- 4) **Making internal audit functions more effective**
Although internal auditors cannot guarantee that fraud will not occur, they must use their position skills carefully to detect fraud and make valuable recommendations to management to prevent fraud.

2.4. Definition of Internal Audit

The Association of Chartered Certified Accountants (ACCA), quoted by (Syahputra, 2019) explains that Internal Audit is a challenging and important role that helps organizations succeed. The role of internal audit is to provide independent assurance and consultation. Internal auditors need to understand financial risks and the organization's broader aspects to support business improvement.

The Institute of Internal Auditors in the Standard for Professional Practice of Internal Auditing (2017), quoted by Kusdianti & Lhaksmi (2022), argues that an internal audit can be interpreted as Internal auditing is an independent appraisal function established within an organization to examine

and evaluate service to the organization. Internal audit is the role of an independent assessor who is in an agency or organization to evaluate and receive as a form of service to the organization.

2.5. Role of Internal Audit

The role of internal audit is to help organizations achieve their goals by taking a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes (Rahman, 2020). The goal is to assist company leaders and management carry out their responsibilities by providing analysis, assessment, suggestions, and comments on the audited activities. Quoted from the Financial and Development Supervisory Agency (BPKP) To achieve these goals, internal auditors carry out the following activities:

- 1) Reviewing and assessing the goodness, adequacy, and implementation of management control systems, internal control structures, and other operational controls and developing adequate controls at an affordable cost.
- 2) Ensuring compliance with policies, plans, and procedures established by management
- 3) Ensuring the extent to which company assets are accounted for and protected from the possibility of all forms of theft, fraud, and misuse
- 4) Ensuring that data management developed within the organization is reliable
- 5) Assessing the quality of work of each section in carrying out tasks assigned by management
- 6) Suggesting operational improvements in order to increase efficiency and effectiveness

From the activities carried out, it can be concluded that internal auditors have a role in:

- 1) Fraud Prevention
- 2) Fraud Detection, and
- 3) Fraud Investigation

2.6. Whistleblowing System

The whistleblowing system is one of the principles of good corporate governance (GCG). According to Near and Miceli (1985), whistleblowing is a disclosure of illegal, immoral, or unlawful practices carried out by company members (both former employees and employees) that occur within the company where they work (Siregar et al., 2019). Whistleblowing has become a global concern in recent decades. Reports from whistleblowing have proven to be more effective in exposing fraud than other methods, such as internal audits, internal controls, and external audits (Wulanditya et al., 2023). Organizations must prepare a whistleblowing system mechanism because fraud cases are increasing. The commitment of leaders to initiate a whistleblowing system in the organization is needed to implement an honest, integrated, and transparent financial management and reporting system (Hastuti et al., 2023). A whistleblowing system includes a person's initiative aimed at detecting or reporting violations that are considered violations of the rules and can pose a threat to the organization. The term whistleblowing in Indonesia is equated with the actions of a person whose reporter indicates a criminal act of corruption in the organization where he works to access accurate information regarding the alleged occurrence of criminal acts of corruption, reporting corruption cases, and other scandals that violate the law and harm or threaten the public. The most popular whistle-blowing case in Indonesia is when there is much news about the Indonesian police related to the broker scandal by association members. Both reporters' roles are enormous because they protect the country from significant losses and law violations (Simbolon et al., 2022).

3. RESEARCH METHOD AND MATERIALS

This research was conducted using qualitative descriptive analysis. This research uses a Literature Review study and approach. According to Hasibuan et al. (2007), quoted by (Lhaksmi, 2022), a literature review is a description containing theories, findings, and research materials obtained to be

used as a reference for the basis of research activities consisting of reviews, summaries of several library sources which can be in the form of books, articles, information from the internet and others related to the topic discussed. The data used in this study comes from Google Scholar, Mendeley, and other online media. Obtained through literature studies from journals and scientific articles related to the role of internal audit in fraud prevention efforts. Researchers analyzed 10 articles published in 2019 - 2024.

4. RESULTS AND DISCUSSION

Table 2, which describes the previous research map, explains that research discusses the role of internal audits in fraud. Research conducted (Kusdianti & Lhaksmi, 2022) entitled "Analysis of the Role of Internal Audit in Efforts to Prevent and Detect Fraud Tendencies," which has been cited 14 times, reveals the results that internal auditors play a role in ensuring that all company plans and agendas run by the company's goals that have been formed by understanding the scope of company control as a whole. Internal audits influence the prevention and detection of fraud, which can be implemented by creating a work program to control the factors driving the emergence of fraud. These results are in line with research conducted by (Christine & Apriwandi, 2022) cited 24 times and research by (Nul Hakim & Pradana, 2022) cited 10 times, which reveals that this internal audit has a significant and positive influence on fraud prevention. (Rahman, 2020) his research results showed that the implementation of the internal control system and the role of internal audit positively affect fraud prevention in the Makassar City Government. The same thing was also produced by research (Fahmi & Syahputra, 2019) entitled "The Role of Internal Audit in Fraud Prevention" which has been cited 73 times, revealing that the implementation of internal audit has a positive impact on fraud prevention that occurred at PT Pos Indonesia, (Bregitta et al., 2021) entitled "The Influence of Internal Audit and Internal Control toward Fraud Prevention" cited 46 times revealed similar results, namely the role of internal audit affects fraud prevention. The higher the implementation of internal audits and controls, the higher the probability of fraud being prevented. In addition, (Ginjar and Syamsul, 2020) stated that internal audit affects fraud prevention at one of the banks in Bandung City. (Engko et al., 2021) conducted a study entitled "Analysis of the Role of Internal Audit in Fraud Prevention Using the Fraud Diamond Model" cited 4 times explaining the results of the study, namely that the role of internal audit is vital, internal audit must be more careful in monitoring company activities to avoid the risk of fraud. Research conducted by (Azizah et al., 2023) explains that the role of internal audit is vital in preventing and detecting fraud in the company to positively impact fraud prevention. Further research conducted by (Monica et al., 2023) entitled "The Influence of Organizational Culture and the Role of Internal Audit on Fraud Prevention with Internal Control as an Intervening Variable," which has been cited 6 times, explains different research results that organizational culture affects fraud prevention, while the role of internal audit does not affect fraud prevention. Of course, this can be a discussion that needs to be studied and analyzed more. (Lestari & Bernawati, 2020) Their research explained the study results, namely that optimal internal audit effectiveness helps companies correctly and accurately identify fraud. So, the effectiveness of internal audits has a significant positive effect on fraud prevention. Likewise, research conducted by (Febriana et al., 2024) titled "Effectiveness of the Role of Internal Audit in Fraud Prevention and Detection" has been cited 4 times, and research (Firmansyah, 2020) entitled "The Influence of Internal Audit and Internal Control on Fraud Prevention at PT Perkebunan Nusantara VIII" which has been cited 24 times, both explain the results that the influence of internal audit partially affects fraud prevention. Research conducted by (Prena & Kusmawan, 2020) shows the study's results, namely, Understanding that risk-based internal audits have a positive and significant effect on fraud prevention and that the existence of a whistleblowing system is part of the company's control in preventing fraud. (Putri, 2022) A study entitled "The Role of Internal Audit in Fraud Prevention and Detection in Higher Education" has been cited 3 times, explaining that the results of internal audits play a vital role in preventing and detecting fraud and can minimize the occurrence of fraud. In contrast to the study (Rahmani & Rahayu, 2022), which produced research on the role of internal audits that do not affect fraud prevention and internal control does not affect fraud.

Table 2. Research Map of Previous Research

| No | Title | Author and Year | Method | Results |
|----|--|---|--|---|
| 1 | Analysis of the Influence of the Whistleblowing System and Audit Committee Meetings on the Number of Frauds | Anitaria Siregar, Ayu Syahbana Surbakti (2019) | Qualitative, primary data. | <ul style="list-style-type: none"> The whistleblowing system and audit committee meetings significantly influence the number of conditions in the company. Effective implementation of these two elements can help companies prevent and detect incidents more efficiently. |
| 2 | The Influence of Forensic Accounting Implementation, Whistle Blowing System, and Organizational Culture on Fraud Prevention (Forensic Accounting Literature Review) | Agustina Yohana Simbolon, Cris Kuntadi (2022) | Qualitative, primary data. | <ul style="list-style-type: none"> Forensic Accounting: Research shows that forensic accounting positively affects fraud prevention. Whistleblowing System, a whistleblowing system that has proven effective in preventing fraud. A strong organizational culture and a positive contribution to fraud prevention. |
| 3 | The Effect of the Implementation of Internal Audit, Whistleblowing System, and Surprise Audit on Fraud Prevention in Village Credit Institutions in Blahbatuh District | Made Agus Adi Suputra (2021) | quantitative in the form of associations | <ul style="list-style-type: none"> Internal Audit research reveals that the application of internal audit has a positive and significant influence on fraud prevention. The whistleblowing system shows a positive influence on fraud prevention. Surprise Audit, the importance of surprise audits as an additional tool in fraud prevention. |
| 4 | Literature Review: The Influence of Internal Control, Whistleblowing System, and Internal Audit on Fraud Prevention | Rofiana Adawiyah, Cris Kuntadi, Rachmat Pramukty (2023) | Qualitative and literature review | <ul style="list-style-type: none"> Internal Controls, Breach Reporting Systems, and Internal Audits collectively contribute to preventing the condition. an exemplary implementation of this third element can minimize the risk of fraudulent actions in the organization. |
| 5 | The Effect of the Whistleblowing System on Fraud Detection with Forensic Audit and Investigative Audit as Intervening Variables | I Wayan Kawistara Yasa, Aqamal Haq (2023) | Quantitative, primary data | <ul style="list-style-type: none"> The implementation of a whistleblowing system can effectively improve fraud detection through the role of forensic audits and investigative audits. A breach reporting system is important in supporting transparency and accountability in the organization and |

| No | Title | Author and Year | Method | Results |
|----|---|---|--|---|
| | | | | encouraging the prevention of accidents. |
| 6 | The Influence of Internal Control, Internal Audit, Individual Morality, and Organizational Culture on Fraud Prevention | Annisa Fitri, Nanda Suryadi (2024) | In quantitative research, data sources are obtained directly from primary sources through questionnaires distributed to auditors at the Kapar Regency Inspectorate Office. | <ul style="list-style-type: none"> The results of the first hypothesis test show that internal control does not affect fraud prevention The results of the second hypothesis test show that internal audits affect fraud prevention The results of the third hypothesis test showed that individual morality did not affect fraud prevention. The results of the fourth hypothesis test showed that organizational culture did not affect fraud prevention. |
| 7 | The Impact of Internal Audit, Internal Control, and Whistleblowing Systems on Fraud Prevention in the Indonesian Banking Companies During the Covid-19 Pandemic | Kelvin Haryanto, Kenny Ardillah (2021) | The sample selection through the convenience sampling method amounted to 100 employees as internal auditors from three private banks domiciled in Jakarta. | <ul style="list-style-type: none"> The study results show that internal audit, internal control, and whistleblowing significantly positively affect fraud prevention. |
| 8 | The Effect of Financial Reporting Compliance, Internal Control System, and Whistleblowing System on Fraud Prevention in Village Fund Management | Kivaayatul Akhyaar, Annisa Hakim Purwantini, Naufal Afif, Wahyu Anggit Prasetya (2022) | Quantitative research using surveys. The data source uses primary data obtained through the distribution of questionnaires. The sampling technique used purposive samples; samples were obtained from 63 respondents consisting of Village Heads, Village Secretaries, Treasurers, Planning Heads, and BPDs in 13 Villages | <ul style="list-style-type: none"> The study results show that financial reporting compliance and whistleblowing systems positively affect village fund management fraud prevention. Meanwhile, the internal control system does not affect fraud prevention in managing village funds. |
| 9 | The Influence of Whistleblowing and Internal Audit on Fraud Prevention | Rinni Indriyani, Surono, Harry Safari Margapradja, Fitriya Sari, Nur Halimahtusyahdiah (2023) | The quantitative method, type of explanatory research, and research population of all Cirebon Regency inspectorate | <ul style="list-style-type: none"> There is no effect between whistleblowing and fraud prevention. The whistleblowing system has not been implemented at the Cirebon Regency Inspectorate. |

| No | Title | Author and Year | Method | Results |
|----|---|---|---|---|
| | | | employees totaled 84 people. The data used are primary and secondary, with data collection techniques by distributing questionnaires. | <ul style="list-style-type: none"> Internal audits on fraud prevention have a positive effect. |
| 10 | The Influence of Internal Audit, Auditor Competence, Compensation Suitability and Whistleblowing System on Fraud Prevention | Muhammad Rahmat, Mefriyudi Wisra, Defri, M. Abdul Kholik, Silvia Rizli Basnawati (2023) | Quantitative method with primary data sources. Taking data from the Inspectorate General of the Ministry of Maritime Affairs and Fisheries using the questionnaire distribution method, | <ul style="list-style-type: none"> The first hypothesis is that internal audits positively affect fraud prevention. The second hypothesis results are that auditor competence positively affects fraud prevention. The third hypothesis is that the suitability of compensation affects fraud prevention. The fourth hypothesis is that the whistleblowing system positively affects fraud. |

The study's results based on previous research studies make it clear that fraud can occur in large and small organizations with any business and various forms of fraud that can harm companies and government agencies. Furthermore, the triangular fraud framework can explain the factors that cause fraud. Quoted from research (Lestari & Bernawati, 2020) based on triangular fraud, there are three factors involved in influencing the occurrence of fraud in an entity, including (1) Opportunity, the opportunity for individuals to do it, (2) Pressure, pressure, and individual motives, (3) Rationalization, individual attitudes to justify the fraud committed. Therefore, internal auditing is very much needed to prevent fraud from occurring. Before, it can finally damage the company's governance system and even make it unable to operate. Internal auditors are required to be able to have quality and be able to carry out their duties professionally. Thus, the internal audit section must be filled by auditors with the abilities, knowledge, and scientific skills needed to conduct accurate audits. (Fahmi et al., 2019). Internal audits significantly affect the company's operational activities, which can cause losses, fraud, and weak revenues in the company's cash receipts (Agus Santoso et al., 2022).

Several aspects need to be considered by the organization in order to achieve internal audit effectiveness and prevent fraud. These aspects include the competence of internal auditors, resource size, independence, activities, management support, and gender of the internal audit department (chief audit executive - CAE). The company needs to ensure that its internal audit function has adequate competence to help internal auditors act effectively while carrying out their duties. This minimizes the inability of internal audits to detect and prevent fraud due to a lack of capabilities. Next, the adequacy of resources is worth noting. The amount of resources available need to consider the scope of the area that allows fraud to occur. During its duties, independence must not be released in the internal audit function. Internal audit must not be influenced or intimidated by any party. This means that all assessment results and recommendations must reflect the actual condition of the company. In addition, the established procedures can fully explain the audit's scope. Not only to minimize internal audit costs, the established procedures need to be evaluated and ensured to be comprehensive in detecting and preventing fraud. Management support for the internal audit function also plays a significant role in creating effective fraud prevention. Management support can be in the form of optimal internal control implementation. All internal audit findings and fraud-

related recommendations need more attention from management. Thus, the function of internal audit as an independent internal assessor and management as an implementer can run in harmony in achieving an organizational environment that is minimal from fraud. As a recommendation for creating internal audit effectiveness, the gender of the CAE can also be considered. Empirical research shows that female CAEs are more effective in performing their roles. If these aspects are in line and run effectively with the needs and scope of their duties, internal audits can run optimally to prevent fraud. This means that internal auditors can optimally perform their self-investigation function about fraud and irregularities (SIFI) (Lestari et al., 2020). The better the internal audit resources, the higher the role of internal audit in controlling and identifying fraud prevention that can prevent losses for a company.

5. CONCLUSION

This study analyzed the role of internal audit and whistleblowing systems in fraud prevention. This study uses a literature review by reviewing journals and scientific articles related to the role of internal audit in fraud prevention, with as many as 10 articles published in 2019 - 2024. Based on the results of the theoretical and literature studies, out of 10 articles, six show that internal audits significantly influence fraud prevention efforts. This finding is supported by the results of data analysis of quantitative data analysis from several studies, which show a positive and significant correlation between internal audit and fraud prevention. The other four articles do not explain the influence of internal audit. The data analysis shows that internal audits significantly contribute to fraud prevention efforts. The study results of 10 articles in Table 2 above show that nine research articles state that the whistleblowing system positively influences fraud prevention. This is in contrast to research by (Indriyani et al., 2023), which states that there is no influence between whistleblowing and fraud prevention. With the differences in the results, this study can still be studied further to find more significant results. Suggestions for further research are to add both understanding and other references to expand the scope and insight of research that can affect fraud prevention.

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