

## The Effect of Internal Audit, Internal Control and Audit Committee on Fraud Prevention (Case Study at Bank Mandiri Jakarta Tanjung Priok Area)

Dini Septiani Putri, Putri Dwi Wahyuni\*

Universitas Mercu Buana, Jakarta, Indonesia

### ARTICLE HISTORY

Received : 20 Mei 2024

Accepted : 5 Juni 2024

Available Online : 10 Juni 2024

### KEYWORDS

Role of Internal Audit, Internal Control, Audit Committee, Fraud Prevention

### CORRESPONDENSI

Nama : Putri Dwi Wahyuni

Email : [putri.dwi@mercubuana.ac.id](mailto:putri.dwi@mercubuana.ac.id)



Copyright: © 2024 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>).

### ABSTRACT

*Fraud has often occurred in the corporate environment. Fraud is usually based on personal, group or business interests. The economic crisis has encouraged corporate fraud, especially due to the weak implementation of internal control and corporate governance in the banking industry. In an effort to prevent fraud, companies can consistently empower the role of the company's internal auditors who can trigger the implementation of management risk control, internal control systems, and audit committees which have an important role in various aspects of the organization including fraud prevention. This study aims to examine the influence of the role of internal audit, internal control, and the audit committee on fraud prevention. The population in this study used 7 of the 25 Bank Mandiri Branch Offices in the Tanjung Priok Enggano Area, with a total of 85 respondents. The data collection method used a questionnaire by giving a score value according to the Likert scale measurement system. This type of research used quantitative research with a case study method. The sampling technique used purposive sampling. The data analysis method used is multiple linear regression with the SPSS version 25 application. The results show that internal auditing, internal control, and audit committees have a significant effect on fraud prevention.*

### Introduction

The world economy has now been faced with difficult conditions and situations, namely with the emergence of a triple hit to the global economy whose impact can destabilize the global economy such as occurring due to global inflation, policy tightening, and global geopolitical risks that have occurred since the Russia-Ukraine invasion which occurred at a close time. This can cause damage to the existing banking system, and will have an impact on the system and governance of the bank itself so that the risk or possibility of fraud becomes greater. The banking sector is one of the sectors driving the economic growth of a country because the bank is something that is considered important by most people and the government. This is because the bank has a function as a financial intermediary, namely as a financial institution that collects funds in the form of deposits and distributes them back to the public in the form of creditor into the real sector (Wahyuni & Umam, 2023). According to Law Number 10 of 1998 concerning Banking, a bank is an organization or business entity that functions to collect and collect funds from other people packaged in the form of deposits which will be distributed to the general public under the pretext of loans or other means used to improve the level of life of the community. The causes of fraud can be experienced by a company can be due to internal audit, the effectiveness of the audit committee, and internal control within the company itself which is carried out less or to no effect (Prastiwi & Prima, 2024). In this study, it will be discussed

how to prevent fraud based on the role of internal audit, control of the internal department, and the audit committee.

According to [Rahmani & Rahayu \(2022\)](#) In Indonesia, the topic of fraud has long been one of the focuses of resolution by the government and the public, especially in the business world, this is because the emergence of fraud can cause losses to the parties involved. For fraud prevention itself has the meaning of an activity in preventing and eradicating fraud at little or no cost. In fraud prevention efforts, companies can consistently empower the role of the company's internal auditors who can trigger the implementation of management risk control, internal control systems, and audit committees which have an important role in various aspects of the organization including fraud prevention. Internal audit must have sufficient quantity and quality of human resources and have adequate competence and preferably have extensive experience, so that they can better understand the ins and outs of fraud, fraud prevention techniques, and how to overcome potential fraud ([Manfa, 2022](#)). According to The Association of Certified Fraud Examiner [ACFE] in 2020, fraud can be classified into three levels and groups, namely Asset Misappropriation, Fraudulent Statement, and Corruption.

According to [Widyanto et al.,\(2018\)](#) The probability of finding violations depends on the auditor's technical ability and the probability of reporting violations depends on the auditor's independence. The auditor must act as an expert in auditing and accounting because the auditor is said to be qualified if in conducting an audit he meets auditing standards. Internal audit is expected to be able to increase the reliability of information about the situation in the units it oversees. [Suginam \(2017\)](#) said that fraud prevention includes all efforts and resources that are submitted to prevent potential opportunities, limit the space for existing fraud and be able to identify activities where there is a high risk of fraud. The point is that this prevention requires leaders and their staff who are able to create a system that can support this prevention.

Basically the actions of the Audit Committee, Internal Audit, which in its duties also uses the professional practices of Forensic Audit and Investigative Audit, as well as Internal Control Improvement, which consists of 5 (five) elements, namely Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring, which in its implementation and supervision are carried out by internal audit and can be implemented properly. According to [Rahayu et al., \(2020\)](#) With the internal audit process, all company activities must function properly and regularly in carrying out their obligations which are carried out effectively and efficiently to achieve the company's predetermined goals. If internal control is weak in a company, the potential for fraud or fraud is very high. But on the other hand, if internal control is strong, the possibility of fraud or fraud can be minimized.

In preventing fraud, Bank Mandiri requires commissioners and directors to be actively involved in supervising and controlling risks in accordance with regulatory rules in accordance with the standards applied by OJK in POJK No. 39 / POJK 03 / 2019 which in its application is carried out through four pillars of anti-fraud strategy consisting of detection pillars, investigation pillars, reporting pillars and sanctions, as well as evaluation and follow-up monitoring pillars, the point is further implementation of the four pillars of fraud strategy ([Hikmah & Wondabio, 2023](#)).

Bank Mandiri continues its tradition of contributing to the Indonesian banking world, especially in terms of earning profits and helping the economy. To obtain profits along with other objectives, one way is that a company is required to be able to manage its assets or wealth in a targeted and efficient manner in its implementation, and be able to protect assets or wealth from all forms of fraud or fraud committed by employees or other positions. (Azzahar et al., 2024). The reason for choosing Bank Mandiri as the object of research is because Bank Mandiri has implemented an anti-fraud strategy which is regulated in every policy, standard operating procedure, operational technical instructions and other arrangements in accordance with Bank Indonesia Circular Letter No. 13/28 / DPNP regarding the Implementation of Anti Fraud Strategies for Commercial Banks. The implementation of SAF in each Policy, Standard Operating Procedures and Operational Technical Guidelines is one part of improving the Bank's Internal Control System Policy and researchers want to examine further through this research.

**Method**

**Research Design**

The type of research used is quantitative research with a case study method. This research was conducted using a cross section study design. The reason for using a cross section study design is because in this study design all variables are measured and observed at the same time (one point in time) making it easier for researchers to conduct research. This study explains the analysis of the variable effect of the role of internal audit, internal control and audit committee on fraud prevention.

**Population and Sample**

In this study the population to be used is the Bank Mandiri Branch Office which is under the management of the Jakarta Tanjung Priok Enggano area, where in the organizational structure of Bank Mandiri in the Jakarta Tanjung Priok Enggano area there are 25 (twenty five) Branch Offices. The sampling technique in this study uses purposive sampling which is a technique of determining the sample of population members with certain considerations or criteria.

In this study, the criteria for determining the sample of Branch Offices in Bank Mandiri Jakarta Tanjung Priok Enggano Area are addressed to respondents consisting of Managing Employees at the Manager, Officer, Supervisor levels, as well as employees who have at least three years of work experience. Based on the sample selection criteria, there are 7 (Seven) Branch Offices of Bank Mandiri Jakarta Tanjung Priok Enggano Area which have class B.1 and B.2, where in obtaining data this research uses a questionnaire that will be sent to the Branch Office of Bank Mandiri Jakarta Tanjung Priok Enggano Area which has class B.1 and B.2 with a sample size of 85 employees.

**Instrumen**

**Table 1.** Operational Variables

Variabel	Dimensi	Indikator
	1. Independence	1. Considered independent if they perform their duties freely

The Role of Internal Audit (X1) (Hery, 2018)	2. Professional Skills	2. Can complete the inspection responsibilities to the fullest
		1. Must have professional skills
		2. Have education and training capabilities in accordance with the type of examination to be carried out
	3. Scope of Work	1. Has the authority to provide advice or recommendations
		2. Have an activity of assessing and checking information
	4. Audit Implementation	1. Have proper execution of the audit based on the audit program
		2. Communicating results and follow-up
Internal Control (X2) (COSO, 2013)	1. Control Environment	1. Have integrity and ethical values
	2. Management Risk Assessment	1. Has mission, goals and objectives set
		2. Have identified risks that will occur
	3. Information and Communication System	1. Have accurate and relevant information
	4. Control Activities	1. Manage the use of documentation on a regular basis
		2. Secure company assets
	5. Monitoring	1. Conduct continuous monitoring
		2. Conduct separate evaluations
Audit Committee (X3) (Alijoyo, 2006)	1. Purpose and benefits of establishing an audit committee	1. Financial report supervision
		2. Oversight of all risk and control processes as well as corporate governance processes
	2. Audit committee responsibilities	1. Provide professional advice on all company information
		2. Responsible for the company's activities both internally and externally

	3. Audit committee scope of work	<ol style="list-style-type: none"> <li>1. Have the character, structure, and membership requirements of the audit committee</li> <li>2. Regular audit committee meetings, performance, and report</li> </ol>
Fraud Prevention (Y) (Alrecht dalam Sudarmanto, 2020)	<ol style="list-style-type: none"> <li>1. Work culture</li> <li>2. Internal control and Governance</li> </ol>	<ol style="list-style-type: none"> <li>1. Eliminate opportunities to commit fraud</li> <li>2. Implement risk management internal control and honest corporate governance</li> <li>1. Implement a good internal control structure</li> <li>2. Encourage third parties to comply with the company's policy of being free from corruption, collusion and nepotism</li> <li>3. Monitor any deviant activities by employees</li> <li>4. Provide clear penalties so that fraud does not occur</li> </ol>

### Research Data Sources

In this study, the data sources are secondary data and primary data. Secondary data comes from the study of reference literature and the internet related to this research. Primary data obtained in this study directly from the research subjects, namely employees who work at Bank Mandiri Jakarta Tanjung Priok Enggano Area. Researchers conducted research by distributing questionnaires that had been compiled through google forms, then distributed to employees who worked at Bank Mandiri Jakarta Tanjung Priok employees who work at Bank Mandiri Jakarta Tanjung Priok Area Enggano which has become the object of research.

### Data Analysis Method

The data analysis method used in this research is multiple linear regression method using SPSS V.25 software for data processing. The tests carried out include: descriptive statistical test, data quality test (validity test and reliability test), classical assumption test (normality test, heteroscedasticity test, multicollinearity test), hypothesis testing. This research model is  $FRAUD = \alpha + \beta_1AI + \beta_2PI + \beta_3KA + \epsilon$

Description:

- FRAUD = Fraud Prevention
- a = Constanta
- AI = Internal Audit

PI = Internal Control  
 KA = Audit Committee  
 $\beta_1, \beta_2, \beta_3$  = Regression coefficient of each independent variable

## Results and Discussion

**Table 2.** Uji Statistik Deskriptif

	N	Min	Max	Mean	STD
AI	85	10	40	33.81	4.244
PI	85	8	40	34.96	4.597
KA	85	6	30	26.33	3.759
FRAUD	85	6	30	26.84	3.661

In the descriptive statistical test results, it is known that the number of respondents is 85 people who have filled out the questionnaire. The average value of the role of internal audit is 33.81%, which means that the existence of internal audit in independent bank companies is quite important. The average value of internal control is 34.96%, which means that the existence of controls in independent bank companies is quite important. The average value of the audit committee of 26.33% is quite important and the average value of fraud prevention is 26.84%, which means that fraud prevention within the independent bank company is quite important.

### Data Quality Test

Based on the results of the validity test that has been carried out for all variables, it is obtained valid as evidenced by the value of R count greater than R table for the total questionnaire statements given. Thus each questionnaire statement in the role of internal audit, internal control, audit committee and fraud prevention has alignment to be used as a primary data collection tool that describes the concept being studied.

### Reliability Test

**Table 3.** Uji Reliabilitas

No.	Variable	Cronbach's Alpha	Description
1.	Peranan Audit Internal	0.800	Reliable
2.	Pengendalian Internal	0.878	Reliable
3.	Komite Audit	0.896	Reliable
4.	Pencegahan Fraud	0.861	Reliable

Based on the results of the reliability test, all variables have a Cronbach's Alpha value above 0.6 so that it is said that all the variables studied have reliable questionnaire items.

### Hypothesis Test

**Table 4.** Uji t parsial (hipotesis)

Variable	T Value	Sig	Decision
Peranan audit internal	2.224	0.029	H1 Accepted

Pengendalian internal	2.265	0.026	H2 Accepted
Komite audit	4.079	0.000	H3 Accepted

## Discussion

### The Effect of Internal Audit Role on Fraud Prevention

Based on the results of hypothesis testing in this study, it shows that the role of internal audit has a positive and significant effect on fraud prevention. These results indicate that to produce good fraud prevention, the role of internal audit is needed, because the more the attitude of a company's internal auditors increases, the more the company's fraud prevention implementation will increase.

The results of this study support agency theory that the principal wants to know all information including management activities, which are related to his investment or funds in the company. This is done by requesting an accountability report from the agent (management). However, what often happens is the tendency of management to take actions that make their reports look good, so that their performance is considered good. To reduce or minimize fraud committed by management in making financial reports more reliable, monitoring is needed which can be carried out by a third party, namely the Internal Auditor, to be able to carry out auditing activities. The results of this study are in line with the results of previous research conducted by [Bramasto et al., \(2022\)](#) shows that internal audit has an effect on fraud prevention, because the more effective the implementation of internal audit, the higher the implementation of fraud prevention.

### The Effect of Internal Control on Fraud Prevention

Based on the results of hypothesis testing in this study, it shows that internal control has a positive and significant effect on fraud prevention. These results indicate that to produce good fraud prevention, internal control is needed, because the more the internal control system in the company increases, the more the implementation of fraud prevention is implemented. Quality and equitable internal audit are also the main support for achieving the effectiveness of a company's internal control so that fraud can be avoided and even reduced ([Laili et al., 2023](#)). The results of this study support the Fraud Triangel Theory, namely where control activities are carried out to assess the performance of employees with the separation of duties according to the functions and responsibilities of each employee, so that there are no duplicate positions that could be an opportunity or opportunity for employees to commit fraud. The results of this study are in line with the results of previous research conducted by [Armin & Astuti \(2019\)](#) shows that internal control affects fraud prevention.

### Effect of Audit Committee on Fraud Prevention

Based on the results of hypothesis testing in this study, it shows that the audit committee has a positive and significant effect on fraud prevention. These results indicate that to produce good fraud prevention, an audit committee is needed because with the supervision of the audit committee in the company, the level of fraud can be minimized.

The results of this study support agency theory that the importance of company owners (shareholders) handing over company management to professionals with a

corporate governance system that is expected to make a high contribution to control and supervision. The existence of an audit committee is expected to be as optimal as possible in efforts to prevent fraud, because the audit committee plays a major role in supervision. Companies with well-defined and effective audit committees may experience improved capabilities in identifying and mitigating fraudulent activities (Kurniasih & Sari, 2024). It implies that stakeholders, including management and regulatory bodies, should pay attention to the composition and functioning of audit committees when designing strategies for fraud prevention (Aisyah et al., 2023). In addition, the audit committee has the task of reviewing the implementation of activities and the results of audits carried out by the Internal Audit Unit and External Auditors so that implementation and reporting that do not meet standards can be prevented. The results of this study are in line with the results of previous research conducted by (Budiman, 2019) shows that the audit committee has a positive and significant effect on fraud prevention

## Conclusion

The role of Internal Audit has a significant influence on fraud prevention. This is because the role of internal audit is able to complete the responsibility for examining the accounting data presented by the company, which increases the effect on fraud prevention. Internal Control has a significant influence on fraud prevention. This is because internal control is able to secure company assets properly so that it has an effect on fraud prevention. The Audit Committee has a significant influence on fraud prevention. This is because the audit committee is able to supervise financial reports regularly and transparently, so that it has an effect on fraud prevention.

The limitations of this study are the data collection methods in this study using a questionnaire. The limitations of research using questionnaires are that they are unable to provide more in-depth information that can be obtained from each respondent to strengthen this research. The variables studied were only regarding internal control and audit committees, while there are still many other factors that can influence fraud prevention such as employee performance, employee salaries.

## Reference

- Aisyah, S., Pakpahan, D., Fadillah, T., Yanti, A., Anindya, D., Anggraini, D., Habibie, M., Juliansyah, R., & Sembiring, E. (2023). The Influence of Internal Control, Audit Committee, and Good Corporate Governance on Fraud Prevention at PT. Inalum. *Economic and Business Horizon*, 2(2), 19–33. <https://journal.lifescifi.com/index.php/ebh/>
- Alijoyo, A. F. (2006). *Komite audit yang efektif : panduan untuk komisaris, direksi dan komite audit perusahaan publik dan BUMN*.
- Armin, K., & Astuti. (2019). Pengaruh Pengendalian Internal Dan Komite Audit Terhadap Pencegahan Fraud Pada Pt Tdc Kisel Di Kabupaten Ogan Ilir. *Jurnal RATRI (Riset Akuntansi Tridinanti)*, 1(1). <http://univ-tridinanti.ac.id/ejournal/index.php/ratri/article/view/675>
- Azzahar, H. R., Terawati, M. T., & Djuharoh, A. S. (2024). Pengaruh Audit Internal terhadap



- Pencegahan Fraud Pada PT POS INDONESIA (Persero) Kota Bandung. *Jurnal Nusa Akuntansi*, 1(2), 378–387.
- Bramasto, A., Anggadini, S. D., Hasanah, U., & Azizah, N. N. (2022). Pencegahan Kecurangan Dengan Audit Internal Dan Pengendalian Internal. *Jurnal Akuntansi*, 11(1), 64–82. <https://doi.org/10.37932/ja.v11i1.516>
- Budiman, M. (2019). *Pengaruh Pengendalian Internal, Audit Internal, Risk Based Audit, Komite Audit Dan Whistleblowing System Terhadap Pencegahan Kecurangan Kecurangan (Fraud) Serta Implikasinya Pada Kualitas Laporan Keuangan*. Sekolah Tinggi Ilmu Ekonomi Y.A.I.
- Hery. (2018). *Analisis Laporan Keuangan* (Adipramono (ed.); 3rd ed.). Grasindo.
- Hikmah, A. N., & Wondabio, L. S. (2023). Evaluasi Peranan Audit Internal pada Penerapan Strategi Anti Fraud. *Owner Riset & Jurnal Akuntansi*, 7(4), 3285–3294. <https://doi.org/10.33395/owner.v7i4.1657>
- Kurniasih, T., & Sari, I. R. (2024). The Influence Of The Role Of Internal Audit, Audit Committee Characteristics And Internal Control On Fraud Prevention. *Audit Committee Characteristics And Internal Control On Fraud Prevention. Scientific Journal Of Reflection: Economic, Accounting, Management and Business*, 7(1), 104–116.
- Laili, I. N., Askandar, N. S., & Mahsuni, A. W. (2023). Pengaruh Pengendalian Internal dan Audit Internal Terhadap Pencegahan Kecurangan pada Bank BCA KCP Dinoyo Kota Malang. *E-Jurnal Ilmiah Riset Akuntansi*, 12(01), 514–524.
- Manfa, A. G. (2022). Pengaruh Audit Internal dan Pengendalian Internal Terhadap Pencegahan Kecurangan (Studi Empiris Amal Usaha Muhammadiyah Tingkat Kota Pekanbaru). *Economics, Accounting and Business Journal*, 2(3), 521–530. [www.ppmuhammadiyah.or.id](http://www.ppmuhammadiyah.or.id)
- Prastiwi, A. M., & Prima, A. P. (2024). Pengaruh Audit Internal dan Efektivitas Komite Audit dan Pengendalian Internal Terhadap Pencegahan Fraud Pada Bank BUMN Di Batam. *Scientia Journal (Jurnal Ilmiah Mahasiswa)*, 6(1), 1–11. <https://doi.org/10.22225/jraw.2.1.2904.1-4>
- Rahayu, Y. D., Kartikasari, E. D., & Ani, H. N. (2020). Pengaruh Audit Internal, Pengendalian Internal, dan Moralitas Terhadap Pencegahan Fraud. *MELATI Jurnal Media Komunikasi Ilmu Ekonomi*, 34(1), 99–110.
- Rahmani, H. F., & Rahayu, N. (2022). Pengaruh Peran Audit Internal Dan Pengendalian Internal Terhadap Pencegahan Terjadinya Kecurangan (fraud) Pada Pasim Group Wilayah Bandung. *Seminar Nasional Riset Ekonomi Dan Bisnis*, 34–42. <http://jurnalekonomi.unisla.ac.id/index.php/Semnas/article/view/1188%0Ahttps://jurnalekonomi.unisla.ac.id/index.php/Semnas/article/download/1188/727>
- Sudarmanto, E. (2020). Manajemen Risiko : Deteksi Dini Upaya Pencegahan Fraud Manajemen Risiko : Deteksi Dini Upaya Pencegahan Fraud. *Jurnal Ilmu Manajemen*, 9(2), 107–121. <https://doi.org/10.32502/jimn.v9i2.2506>

- Suginam. (2017). Pengaruh Peran Audit Internal Dan Pengendalian Intern Terhadap Pencegahan Fraud ( Studi Kasus Pada PT. Tolan Tiga Indonesia). *Riset & Jurnal AKuntansi*, 1(1), 22–28.
- Wahyuni, P. D., & Umam, D. C. (2023). The Effect of Credit Risk, Capital Adequacy and Operational Efficiency on Banking Financial Performance with a Profitability Approach. *International Journal of Economics, Business and Management Research*, 07(06), 12–28. <https://doi.org/10.51505/ijebmr.2023.7602>
- Widyanto, M. L., Kwarto, F., & Kurniawati, S. (2018). Pengaruh Kompetensi, Etika Dan Pengalaman Kerja Terhadap Kualitas Auditor Internal. *Profita: Komunikasi Ilmiah Akuntansi Dan Perpajakan*, 11(2), 165–182.