


IMPACT OF INTERNAL AUDIT AND WHISTLEBLOWING SYSTEMS FROM FRAUD PROTECTION ON BUMN COMPANYS NUMBERED ON THE INDONESIA SHIPPING BORSE PERIOD 2021-2023

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Article Info	ABSTRACT
<p>Article history: Received March 21, 2024 Revised Apr 16, 2024 Accepted May 17, 2024</p> <p>Keywords: Internal Audit, Whistleblowing System, Fraud Prevention.</p>	<p>A study was conducted to explain how the impact of internal audits and whistleblowing on fraud prevention at BUMN is on the EIB list for 2021–2023. The goal of this study is to explain how the variable x influences the population variable y. Population, i.e., 24 BUMNs that are on the BEI list for the period 2021–2023. Using purposive sampling techniques, the author selected 19 BUMN entities that are on the 2021–2023 BEI list. Double linear regression analysis, hypothesis tests (t and F), classical assumption tests, and determination coefficient tests are the methods applied in this study. Based on the results of the tests, it is known that in the period 2021–2023, internal audit factors and whistleblowing systems will both have a significant influence on the prevention of fraud in the EIB registry.</p> <p>This is an open-access article under the CC-BY 4.0 license.</p> 

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INTRODUCTION

PNowadays, economic and technological developments are accelerating so much that there are fears of more sophisticated fraud. The BUMN company in Indonesia is not free from fraud cases, one of which is corruption. In Indonesia, fraud is a frequent occurrence, making fraud cases a major problem within an organization. The government has been trying to socialize and narrow down the opportunities for fraud, but it has not been able to fully combat the fraud that has occurred. Fraud is caused by weak internal management of the company, because if the company has strong internal management, then fraud will not happen. The triangle fraud theory explains the causes of fraud among others: Pressure,

Opportunity, and Rationalization. According to research by Azalia and Sofie (2023) internal audit has a positive and significant impact on fraud prevention. According to Mardani et al. (2020) internal audit is the process by which the internal audit department of a company checks accounting records, financial reporting, and compliance with management policies enforced by the company. An evaluation called an internal audit is an evaluation carried out by a business to stop fraud in financial statements and other similar documents. According to Jayanti et al. (2021) internal auditors play an important role in the organization by conducting business operational research and evaluation before carrying out further inspections.

The whistleblowing mechanism is another element that may affect fraud prevention other than the internal auditor. When the whistleblowing system is introduced, the public's tendency to commit violations of the law will decrease, thus increasing the tendency for the public to reveal violations, as the confidence in an effective system for fraud prevention increases. (Jayanti et al., 2021).

A whistleblowing system is a way for the public to report suspected or criminal acts of corruption involving officials or other individuals who have a history of criminal corruption in an organization. (Utami, 2018). Whistleblowing systems are implemented to help employees who are afraid of revealing a breach or fraud in a company. By implementing the whistleblowing system, it can make the fraud prevention process more effective and transparent.

The impact of internal audits and whistleblowing systems has been the subject of a number of research studies. For example, Mardani et al. (2020) and Jayanti et al. (2021) found that internal auditing and the system had a significant impact on actions to prevent fraud, while Utami (2018) found that these factors had the opposite effect. The researchers wanted to get new findings by reviewing the impact of internal audits as well as whistleblowing on fraud prevention measures based on the findings of the various studies.

METHODS

The quantitative method used in this study. The aim is to test how Variable X affects Variable Y, namely Fraud Prevention (Y1), Violation Reporting System (X2), and Internal Audit. (X1). The annual report of the BUMN association that is on the BEI list is a secondary source of data in this study. The sample criteria required are: (1) An entity that provides the annual report for the 2021–2023 budget year; (2) an entity which includes the amount of internal audits in its report; and (3) an entities which include a whistleblowing system in their report.

Of the 24 BUMN companies on the BEI list, only 19 entities qualified for the sample selection..

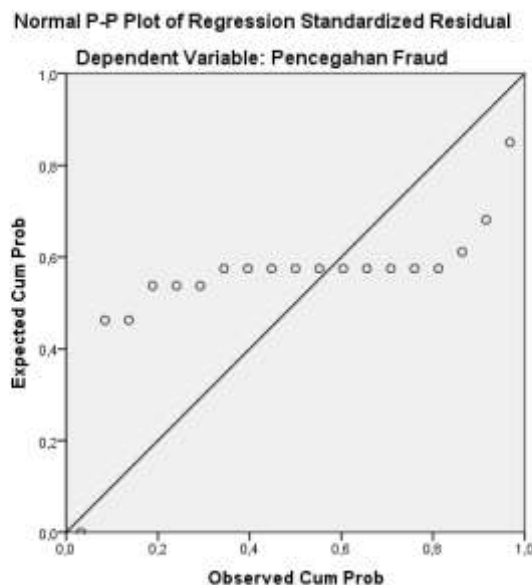
RESULT AND DISCUSSION

Normality Test

The purpose of this test is to explain the normal or non-normal spread of the regression model. When testing the significance of the regression coefficient, the normality assumption is the most fundamental. Regression models that are normally distributed or close to normal are considered both because they allow statistical testing. The method of drawing Probability Plots specific to SPSS software can also be used for visual testing. The decision-making path, which is :

- The regression model does not meet the normality condition when the data is spread wide from the diagonal line and does not match the direction.
- The regression model can be said to meet the normality assumption when the data is scattered around the diagonal line and follows the direction (Singgih Santoso, 2012).

The SPSS software package version 22 was used to conduct this study to ensure the integrity of the regression model distribution.



Multicollinearity test

A high correlation between part or all of the free variables in a regression model is called multicollinearity. Very large determination coefficient values typically indicate a high degree of multicollinearity, which leads to uncertainty of the regression coeffice. However, in partial regression tests, there is no or very minimal significance of regression. This study uses VIF values to determine whether the free variables in it are multicollinear.

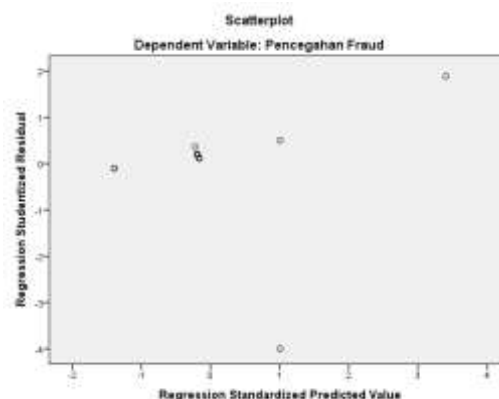
Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	,289	,349		,828	,420		
Audit Internal	-,022	,121	-,027	-,183	,857	,223	4,482
Whistleblowing System	,956	,141	,985	6,778	,000	,223	4,482

a. Dependent Variable: Pencegahan Fraud

The Whistleblowing System (X2) and internal audit (X1) did not show a strong correlation, as can be seen from the VIF values obtained in the tables. Moreover, the second free variable's VIF value was less than 10 ($4,482 < 10$) indicating the absence of symptoms of multicollinearity.

Heteroscedastisity test

The heteroskedastisity test is used to explain whether the variance of the residual one observation to the next observation in the regression model is stated not the same. The following scatterplot is used to determine whether or not the variance of the residues is homogeneous :



Spread data displayed above, below, or near 0, does not indicate a sudden acceleration above or below, and does not form any pattern. This method is used to find out analysis and findings. It can be concluded that the above data is not heterodox.

Double Line Regression Analysis

The double line regression analysis is carried out because the purpose of this is to find out how internal audit and whistleblowing can influence fraud, predict or estimate the value of a variable bound against the values of other variables.:

Coefficients ^a					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
(Constant)	,289	,349		,828	,420
Audit Internal	-,022	,121	-,027	-,183	,857
Whistleblowing System	,956	,141	,985	6,778	,000

a. Dependent Variable: Pencegahan Fraud

The result will be entered in the following equation formula:

$$Y = 0,289 + 0,022 X_1 + 0,956 X_2$$

Dimana :

Y : Non-free variable (fraud prevention)

a : constant number β_1 ,

β_2 : Regression coefficient

X₁ : internal audit free variable

X₂ : whistleblowing system free

From the regression equation, it is explained as follows: Fraud prevention has a value of 0.289 units if the internal audit and whistleblowing system free variable is equal to zero or constant, which is indicated by the formula $a = 0.289$.

$\beta_1 = 0.022$ indicates if the value of the fraud prevention variable is expected to increase by 0.022 units if the free variable, i.e. internal audit, increases by one unit and the other variable value is fixed or equal to zero.

$\beta_2 = 0.956$ indicates if the value of the fraud prevention variable is expected to grow by a total of 0.956, when the independent variable, the whistleblowing system, increases by one unit and the other variable value is fixed or equal to zero.

Determination coefficient

To find out how well a model can give free variable variation measurements, a determinant coefficient test (R²) is applied. (Ghozali, 2018).

Model Summary ^b				
Model	R	Adjusted R Square	R	Std. Error of the Estimate
1	,962 ^a	,925	,915	,23570
a. Predictors: (Constant), Whistleblowing System, Audit Internal				
b. Dependent Variable: Pencegahan Fraud				

Determination coefficient formula:

$$KD = r^2 \times 100\%$$

Where:

$$kD = 0,962 \times 100 \%$$

$$KD = 92.5\%$$

Based on the results of the analysis, other variables have an influence over the remainder of 7.5% on the bound variable, but the free variable affects the bound variable by 92.5%.

Hypothesis Test

Test t

The extent to which internal audit factors and infringement reporting systems affect fraud prevention was established using partial hypotheses. Regardless of whether the influences affect each other or not. Therefore, the following conditions are fulfilled if the results of the calculation of each hypothesis are compared using tables and two-sided tests with a 5% error rate (Sugiyono, 2013:194):

If T count > Table then H₀ is rejected and H_a is accepted and there is an influence.

If the T count is smaller than T_{table} then H_a is refused and no effect.

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	,289	,349		,828	,420
Audit Internal	-,022	,121	-,027	-,183	,857
Whistleblowing System	,956	,141	,985	6,778	,000
a. Dependent Variable: Pencegahan Fraud					

First hypothesis

The first internal audit hypothesis is supported by a calculation resulting in a t value of -0.183 and a significant value of 0.857. Sig. t is more than 0.05 ($0.857 > 0.05$), rejecting H1. This indicates if fraud prevention (Y) is not affected by internal audit. (X1).

The calculation of the second hypothesis of the whistleblowing system shows a t count of 6,778 with a significance of 0,000. Sig. t ($0,000 < 0,05$) has a meaning H2 accepted. (X2).

F test

The overall degree of significance is confirmed by the F (Simultaneous) test, which is a test of the influence of free variables on dependent variables.

The following provision applies when comparing the result of a calculation hypothesis with a Ftable: Ha is accepted, HO is rejected, and the influence is indicated if F is $> F_{table}$. Ha is refused, HO acceptable, and there are no consequences if ff is $< F_{table}$.

With the help of computing using IBM SPSS 22 obtained the value of F count as follows:

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10,901	2	5,450	98,105	,000 ^b
	Residual	,889	16	,056		
	Total	11,789	18			

a. Dependent Variable: Pencegahan Fraud
b. Predictors: (Constant), Whistleblowing System, Audit Internal

It can be seen that a F count of 98.105 with a significance of 0,000 ($0,000 < 0.05$) is shown through a double regression test. H3 is considered acceptable. With demikia, both internal audit conclusions and whistleblowing mechanisms have an impact on the dependent variable of fraud prevention. (Y).

DESCRIPTION**Impact of Internal Audit on Fraud Prevention**

The computational findings described by the researchers have established the benefits of internal audit is to prevent fraud. The impact of internal auditing on fraud prevention was demonstrated by the results of a double linear regression analysis, where t test statistics ($0,857 > 0,05$) were larger than t tables.

The impact of the whistleblowing system on fraud prevention

The calculations of the researchers indicated whether whistleblowing had an impact on the reduction of fraud. The effect of the system on preventing fraud was demonstrated by the results of a double linear regression analysis shown with t-test statistics ($6,778 > 0,05$) larger than t tables.

Impact of Internal Audit and Whistleblowing System on Fraud Prevention

The findings show that internal audits and whistleblowing programs are important tools to prevent fraud. The proportion of internal audits and whistleblowing systems that prevent fraud is 92.5%. The remaining 7.5% is influenced by variables not included in the model, such as professionalism, internal control, sound corporate governance, and other internal audit resource capabilities.

CONCLUSION

Conclusions can be drawn on the impact of internal audits and whistleblowing systems on fraud prevention based on analysis and findings of studies using double linear analysis methods as follows:

1. The findings show that internal auditing plays a major role in preventing fraud.
2. The level of protection against fraud increases with the level of internal audit.
3. The level of fraud prevention will increase with the strength of the whistleblowing system.

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