

The influence of Whistleblowing System and internal control on fraud prevention at PT Pos Indonesia (Persero) Bandung City

Wulansari Adi Kuncara

Accounting Department, Faculty of Economics and Business, Widyatama University

wulansaritoto@gmail.com



Article History

Received on 17 September 2020

1st Revision on 5 October 2020

2nd Revision on 16 November 2020

3rd Revised on 15 December 2020

Accepted on 15 December 2020

Abstract

Purpose: This study aims to determine how the influence of the whistleblowing system and internal controls on fraud prevention at Pos Indonesia (Persero) Bandung City.

Research Methodology: The research method used in this research is descriptive and verification methods. The sampling technique used in this study is a non-probability sampling technique with a saturated sampling technique so that the total sample size is 30 people. The analytical method used in this research is multiple linear regression analysis using SPSS 25.

Results: The results showed that the whistleblowing system and internal controls had an effect on fraud prevention. The amount of influence of internal control in contributing to fraud prevention is 66.2%.

Limitations: This research is limited only to PT Pos Indonesia (Persero) because it still shows cases of fraud. In addition, this study only focuses on knowing the effect of the whistleblowing system and internal controls on fraud prevention at PT Pos Indonesia (Persero) Bandung City.

Contributions: This research is expected to provide benefits for companies that lead to improvements in preventing fraud, and can be used as additional information for the parties concerned.

Keywords: Whistleblowing System, Internal Control, and Fraud Prevention

How to Cite: Kuncara, W. A. (2022). The Influence of Whistleblowing System and Internal Control on Fraud Prevention at PT Pos Indonesia (Persero) Bandung City. *International Journal of Financial, Accounting, and Management*, 4(2), 101-113.

1. Introduction

Basically, every company's every activity within the company will not be separated from the risk. Every organizational activity must have uncertainties that are synonymous with risk, including the risk of cheating (Karyono, 2013). Fraud is an act committed by an individual or organization intentionally to deceive, conceal, or profit under a condition, where such action may harm the relevant parties (Tugiman, 2014). Three factors of a person committing fraud known as the fraud triangle include pressure, opportunity, and rationalization (Arens et al, 2014).

In Indonesia itself, fraud cases are still common in various companies, whether private companies or state/local companies. The results of the Global Association of Certified Fraud Examiners (ACFE) research show that every year an average of 5% of organizations' income in Indonesia are victims of fraud (www.acfe-Indonesia.or.id, 2019). *Acfе Indonesia Chapter 2017* survey shows the most fraud in Indonesia is corruption. A total of 154 respondents of Survey Fraud Indonesia (SFI) or 67% of the respondents chose corruption, while asset misappropriation was chosen by 71 respondents or by 31% and financial report fraud was selected by 4 respondents or by 2%. The number of fraud cases in Indonesia is in the form of corruption. Also, the ACFE Indonesia Chapter 2017 shows that the parties

most harmed by corruption are governments and companies with the state-owned enterprise of 8.1%. One of the state-owned enterprises that has been proven to be cheating is PT Pos Indonesia (Persero).

One of the cases of fraud that occurred at PT Pos Indonesia (Persero) in 2016 related to the procurement of a Portable Data Terminal (PDT) namely corruption cases related to the cost of sending a Social Protection Card (KPS) and the incompatibility of the specifications of tools provided with the agreement in the procurement contract. The case caused the country to suffer losses due to the procurement funds obtained from the Ministry of State-Owned Enterprises (SOEs). Also, in 2017 PT Pos Indonesia (Persero) had a case of fraud related to the procurement of *tantiem* or bonus to the directors and commissioners of PT Pos Indonesia by selling assets in the form of shares in Bank Mantap (Bank Mandiri Taspen Pos). *Tantiem* grants at a time when the company is losing money can be categorized as detrimental to the state leading to corruption crimes.

From the problems described above, activity is required to prevent fraud. Fraud prevention is an activity carried out by management in narrowing the practice of cheating at a low cost and supported by all the perpetrators of the organization ([Priantara, 2013](#)). One of the efforts that can be made to improve the effectiveness of fraud prevention is to implement a whistleblowing system (reporting system of alleged violations). A whistleblowing system is a system used to accommodate, process, follow up and make a report on information submitted by the whistleblower regarding violations that occur in the corporate/organizational environment ([Brown et al, 2014](#)).

In addition to the whistleblowing system, internal control is also an important factor that needs to be considered in efforts to prevent fraud. One of the efforts that can be made to improve fraud prevention is by improving the effectiveness of internal control. Internal control is a process carried out by all layers of the company and implemented to give confidence in the achievement of the company's goals ([Agoes, 2017](#)).

A comprehensive internal control system implemented thoroughly and regularly monitoring the activities of an organization is an important step to maintaining and detecting the risk of losses resulting from financial disappear handlers. Internal control is essential in detecting financial misappropriation that is at risk of harming the company ([Susanto, 2014](#)). Implementation of internal controls can at least reduce management's collusion regarding fraud ([Natasya et al, 2017](#)).

2. Literature Review and Hypothesis Development

Whistleblowing System

The whistleblowing system is a system used to accommodate, process and follow up and make reports on information submitted by the reporter regarding violations that occur within the company/organization ([Brown et al, 2014](#)). Meanwhile, the whistleblower is a term for an employee, former employee, or worker, a member of an institution or organization who reports an action deemed to be in violation of the provisions to the relevant authorities. In general, any action that violates the provisions means violating laws, rules, and conditions that pose a threat to the public or the public interest. [The National Committee for Governance Policy \(2008\)](#) states that the effectiveness of the implementation of the whistleblowing system, among others, depends on:

1. Conditions that make employees who witness or know of a violation want to report it
 - a. Increasing understanding of company ethics and fostering a climate of openness.
 - b. Increased awareness and broad understanding of the benefits and importance of the whistleblowing system program.
 - c. The availability of channels for reporting violations is not through the usual management channels.
 - d. Ease of submitting violation reports.

There is a reporter's confidentiality guarantee.

2. The company's attitude towards retaliation that may be experienced by whistleblowers
 - a. Policies must be explained to all employees in relation to whistleblower protection policies.

- b. The Board of Directors must demonstrate commitment and leadership to ensure that this policy is implemented.
- 3. The possibility of availability of access to reporting violations outside the company, if management does not get an appropriate response
 - a. The generosity of the Directors' heart to provide assurance that this is not a problem.
 - b. Management promises to take every reported violation seriously and correctly.

Internal control

Internal control is a process that is carried out by all layers of the company and is implemented to provide confidence in the achievement of company goals (Agoes, 2017). The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Redding et al (2013) states that the components of internal control consist of:

1. Control Environment

Consists of actions, policies, and procedures that reflect the attitude of top management, directors, and owners of the entity as a whole regarding internal control and its importance to the entity. There are important control subcomponents, namely:

- a. Integrity and Ethical Values
- b. Commitment to Competence
- c. Management's philosophy and operating style
- d. Organizational structure

Human Resources Policies and Practices

2. Risk Assessment

All companies will face risks that can threaten the achievement of company goals. All risks, both internal risks and external risks, must be assessed. COSO states that every company faces a variety of risks that come from within and from outside. Risk is defined as the likelihood that an event will arise and affect the achievement of goals.

3. Control Activities

Control activities are policies and procedures that help ensure that the necessary actions are taken to deal with risks in order to achieve company objectives. Control activities consist of actions taken by management, boards, and other parties to reduce risk and increase the likelihood that goals and objectives will be achieved. Therefore, control activities are carried out at all levels of the organization. In addition, to separate duties or obligations, there are several control activities that are implemented in a good internal control system, namely:

- a. Performance reviews and follow-up activities
- b. Authorization (approval)
- c. Access control activities
- d. Documentation (strict and comprehensive)
- e. Physical access control activities
- f. Application control activities (input, processing, output)

Independent verification and reconciliation

4. Information and Communication

High-quality information must be communicated appropriately. Relevant, accurate, and timely information must be made available to individuals at all levels in an organization who need the information to conduct their business effectively. The information must be made available to specific parties to support operational achievement, reporting, and compliance. In addition, communication must take place broadly in terms of achievements, the responsibilities of each individual or group, and other important matters.

5. Monitoring

Monitoring activities relate to the continuous or periodic assessment of the quality of internal controls by management to determine that the controls are operating as expected, and have been modified according to changing conditions. The information assessed comes from a variety of sources, including studies of existing internal controls, internal auditor reports, and feedback from operational personnel. Monitoring activities will be more effective when a multilevel approach is implemented. The first level includes the daily activities carried out by management. The second level is a separate evaluation of internal control carried out by management to ensure that deficiencies are identified and resolved in a timely manner. The third level is independent assessment, for example, the internal audit function to ensure the results (accuracy and reliability) of management's assessment of control effectiveness. Therefore, it is very important that monitoring activities are included in all components of internal control.

Fraud Prevention

Fraud is an action taken by an individual or organization intentionally to cheat, hide, or get profits in a condition, where such action can harm the parties involved ([Tugiman, 2014](#)). Fraud prevention is an activity carried out by management in narrowing down the practice of cheating at a low cost and is supported by all organizational actors ([Priantara, 2013](#)). [Priantara \(2013\)](#) states that fraud that may occur must be prevented, among others, in the following ways:

1. Build a good internal control structure

As a company develops, the task of management to control the running of the company becomes heavier. In order to achieve the goals set by top management, the security of company assets is guaranteed, and operational activities can be carried out effectively and efficiently, management needs to establish a good internal control structure and effectively prevent fraud.

2. To make effective control activities

Effective control activities can be carried out by reviewing employee performance, processing information so that it becomes information that has accuracy and completeness, physical control of assets by means of adequate safeguards against facilities that are protected from access to assets, and separation of duties is useful for assigning responsibilities to people. different so that multiple tasks and authorities do not occur.

3. Improve organizational culture

Improving organizational culture can only be done by implementing the principles of good corporate governance (GCG) which are interrelated with one another in order to encourage the performance of the company's resources to work efficiently.

4. To make the internal audit function effective

Although the internal auditor cannot guarantee that fraud will not occur, he must use the skills of his position carefully so that he is expected to be able to detect the occurrence of fraud and provide useful suggestions to management to prevent fraud.

The Influence of Whistleblowing System on Fraud Prevention

A whistleblowing system is a system that has the formal purpose of any company to secure and control sensitive information if disclosed to legal authorities or third parties could jeopardize the interests of the company ([Brown et al, 2014](#)). One of the benefits of maintaining a good whistleblowing system is the onset of reluctance to commit violations, with the increasing willingness to report violations, due to the trust in the effective reporting system ([National Committee on Governance Policy, 2008](#)). The purpose of this violation reporting system is to uncover violations or disclosures of unlawful acts, unethical or immoral acts, or other acts that may harm organizations or stakeholders, committed by employees or organization leaders to the leadership of other organizations or institutions that may take action for such violations ([Semendawai et al, 2015](#)). So the higher the application of the whistleblowing system, the higher the fraud prevention. Based on the description above, the hypothesis that is formed is as follows:

H₁: Whistleblowing system has an effect on fraud prevention.

The Influence of Internal Control on Fraud Prevention

The relationship between internal control and fraud problems within a company is very concerning. Cheating has always been a difficult issue. A good internal control system of them aims to ensure effective and efficient organizational activities ([Tugiman, 2014](#)). A comprehensive internal control system implemented thoroughly and regularly monitoring the activities of an organization is an important step to maintaining and detecting the risk of losses resulting from financial disappear handlers. Internal control is essential in detecting financial misappropriation that is at risk of harming the company ([Susanto, 2014](#)).

Internal control is a process carried out by all layers of the company and implemented to give confidence in the achievement of the company's goals ([Agoes, 2017](#)). The main fraud prevention is to establish an internal control system in each organization's activities. Internal control in order to effectively prevent cheating must be reliable in the design of its control structure and healthy practices in its implementation ([Karyono, 2013](#)). The relationship between internal control and fraud problems within a company is very concerning. Cheating has always been a difficult issue. A good internal control system of them aims to ensure effective and efficient organizational activities ([Tugiman, 2014](#)). A comprehensive internal control system implemented thoroughly and regularly monitoring the activities of an organization is an important step to maintaining and detecting the risk of losses resulting from financial disappear handlers. Internal control is essential in detecting financial misappropriation that is at risk of harming the company ([Susanto, 2014](#)).

Internal controls have been well designed and effective, so internal controls can protect against cheating including if any employee intends to commit accounting fraud tendencies ([Nurani and Octavia, 2016](#)). Implementation of internal controls can at least reduce management collusion regarding fraud ([Natasya et al, 2017](#)). Fraud prevention strategies are related to how to control the driving factors of the onset of cheating by creating conditions that are able to encourage fraud prevention efforts, so that in order to implement this strategy, internal control must be applied effectively. Good internal control is a widely used way by many to prevent fraud. This can mean that the better the implementation of internal controls, the more fraud prevention in the organization will increase ([Wulandari and Nuryatno, 2018](#)). Internal controls have been well designed and effective, so internal controls can protect against cheating including if any employee intends to commit accounting fraud tendencies ([Nurani and Octavia, 2016](#)). Implementation of internal controls can at least reduce management collusion regarding fraud ([Natasya et al, 2017](#)). Fraud prevention strategies are related to how to control the driving factors of the onset of cheating by creating conditions that can encourage fraud prevention efforts, so that to implement this strategy, internal control must be applied effectively. Good internal control is a widely used way by many to prevent fraud. This can mean that the better the implementation of internal controls, the more fraud prevention in the organization will increase ([Wulandari and Nuryatno, 2018](#)). Based on the description above, the hypothesis that is formed is:

H₂: Internal control has an effect on fraud prevention.

H₃: Whistleblowing system and internal controls have an effect on fraud prevention.

Below will be presented a frame of mind chart as a form of the researcher's thought flow, which is as follows:

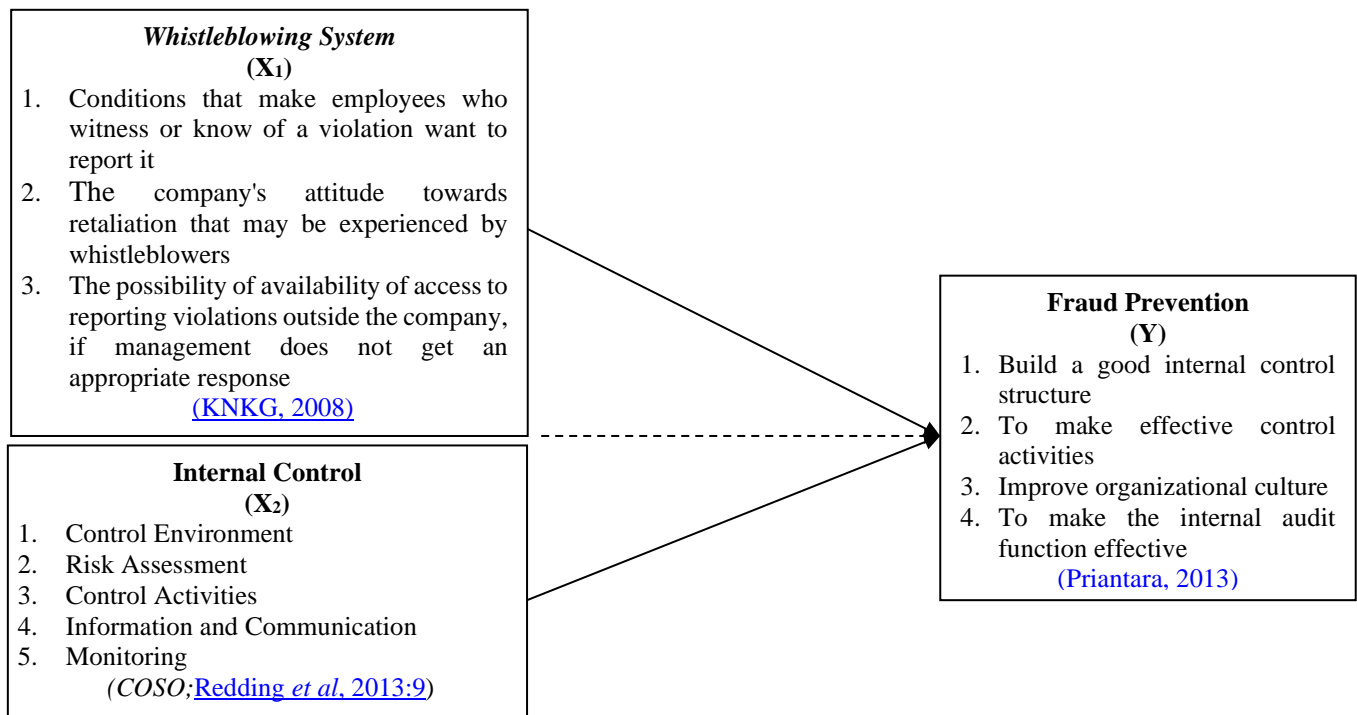


Figure 1. Framework

3. Methodology

The Determination of the research methods is needed in a research process in order to facilitate research procedures in answering research questions. It is generally divided into two types, applied research and basic research (fundamental research). Applied research is intended to produce a solution aimed at solving problems related to events that are directly on the organization. Basic research is aimed at understanding the content of problems faced by organizations in general and finding methods to solve problems that occur (Edison, 2018).

This research is basic/fundamental research using explanatory studies and surveys analysis. Explanatory research is research that aims to obtain answers about "how" and "why" a case occurs. It is aimed to explain or prove how the relationship between the research variables. The relationship can be in the form of correlation or causality (cause and effect) (Nuryaman and Veronica, 2015). An explanatory study is a study aimed at describing the relationship, the effect between a predictive variable or predictor of a variable that is predictable or commonly expressed as a cause variable and an effect variable. The nature of explanatory studies is associative studies. It means that research with associative nature consists of at least two variables (Edison, 2018). Survey analysis is research that intends to collect information in the form of relatively large data or research based on phenomena with very broad symptoms. Surveys are used to measure and investigate, why symptoms occur, and what causes them (Edison, 2018). The company chosen for this research was PT. Pos Indonesia (Persero) Bandung City.

Population and Sample

Nuryaman and Christina (2015) mention that the population indicates an entire group of people, an event, or an interest of researchers to investigate. Sugiyono (2017) states that the population is a generalized region consisting of objects/subjects that have certain qualities and characteristics set by researchers to study and then draw conclusions. The population in this study is an internal auditor in the Internal Supervisory Unit (SPI) section of PT Pos Indonesia (Persero) Bandung which numbered 30 people.

Nuryaman and Christina (2015) mention that the sample is part of the population, the sample contains several selected members of the population. In other words, what makes up the sample is just a few

elements of the population, not the whole element. [Sugiyono \(2017\)](#) mentions that the sample is part of the number and characteristics that the population has. The sample determination technique used in this study is nonprobability sampling with a saturated sampling method. Nonprobability sampling is a sampling technique that does not provide equal opportunities for each element or member of the population to be selected into a sample. While saturated sampling is a sample determination technique when all members of the population are used as samples ([Sugiyono, 2017](#)).

If the population is less than 100 then to be sampled is taken entirely, but if it is larger than 100 then it can be taken 10%-15% or 20%-25% or more ([Arikunto, 2014](#)). So because the sample count is less than 100 then the population in this study is sampled. The sample in this study was an internal auditor in the Internal Supervisory Unit (SPI) section of PT Pos Indonesia (Persero) Bandung which numbered 30 people.

Discussion

Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		30
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,51584177
Most Extreme Differences	Absolute	,144
	Positive	,097
	Negative	-,144
Test Statistic		,144
Asymp. Sig. (2-tailed)		,112 ^c

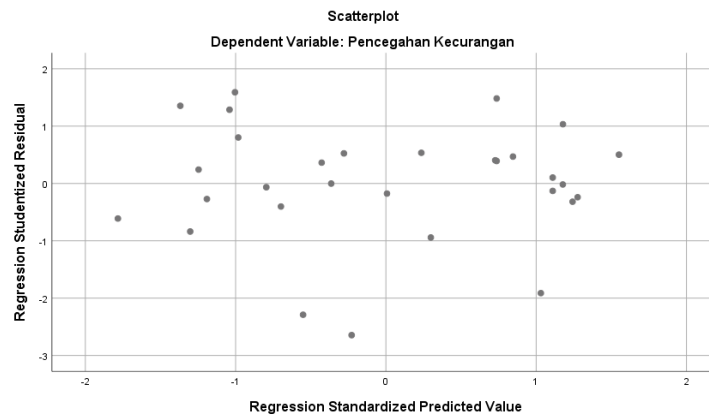
Based on the table above, showing that the significance of Kolmogorov Smirnov is 0.112 i.e. ($0.112 > 0.05$), it can be concluded that H_0 is accepted, meaning the regression model meets the assumption of normality or normally distributed data. Based on table 5.26 above, showing that the significance of Kolmogorov Smirnov is 0.112 i.e. ($0.112 > 0.05$), it can be concluded that H_0 is accepted, meaning the regression model meets the assumption of normality or normally distributed data.

Multicollinearity test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Whistleblowing System	,516	1,940
	Pengendalian Internal	,516	1,940

Based on the table above shows the tolerance value of each independent variable showing a value of more than 0.1 and a VIF value indicating a value of less than 10. It can therefore be concluded that there are no symptoms of multicollinearity between independent variables in the regression model.

The Heteroscedasticity test



Based on figure 5.6 above shows that the scatter plot test results do not show a clear pattern and the dots spread above and carry the number 0 on the Y-axis.

Research Result

Discussion Regarding Whistleblowing System

The results showed that the whistleblowing system variable obtained information on the actual total score of 930 and the ideal total score of 1350, while the percentage value was 68.89% and the mean score was 3.44 included in the good category. This shows that the whistleblowing system implemented by PT Pos Indonesia (Persero) Bandung is in a good category.

Discussion Regarding Internal Control

The results showed that the internal control variable obtained information on the actual total score of 2271 and the ideal total score of 3150, while the percentage value was 72.10% and the mean score of 3.60 was included in the good category. This shows that the internal control implemented by PT Pos Indonesia (Persero) Bandung is in a good category.

Discussion Regarding Fraud Prevention

The results showed that the fraud prevention variable obtained information on the actual total score of 1848 and the ideal total score of 2550, while the percentage value was 72.47% and the mean score was 3.62 included in the good category. This shows that the fraud prevention shown by PT Pos Indonesia (Persero) Bandung is included in the good category.

Analysis of Multiple Linear Regression

Variable	Coefficient
(Constant)	0,305
Whistleblowing System	0,402
Internal Control	0,485

Source: SPSS Output 25

Based on table 1 above shows that the regression equation model formed based on the results of the study is as follows:

$$Y = 0,305 + 0,402 X_1 + 0,485 X_2$$

1. If the constant value is 0.305, it means that if the independent variable, namely the whistleblowing system and internal control, is considered constant (value 0), then the dependent variable, the fraud prevention variable, will be 0.305.
2. If the regression coefficient value of the whistleblowing system variable shows 0.402, it means that if the whistleblowing system variable has increased by (one) unit, while the other independent variables, namely the internal control variable are considered constant (value 0), then the dependent variable, namely the fraud prevention variable will experience an increase of 0.402.

If the regression coefficient value of the internal control variable shows 0.485, it means that if the internal control variable has increased by (one) unit, while the other independent variable, namely the whistleblowing system variable is considered constant (value 0), then the dependent variable, namely the fraud prevention variable, will experience an increase of 0.485.

Partial Hypothesis Testing

Variable	t Value	Probability Value	Result
Whistleblowing System	2,605>2,048	0,015<0,05	H ₁ Accepted
Internal Control	3,058>2,048	0,005<0,05	H ₂ Accepted

Based on the table above partially shows that the whistleblowing system and internal control have an effect on fraud prevention variables.

Table 3 Simultaneous Hypothesis Testing

Variable	F Value	Probability Value	Result
Whistleblowing System & Internal Control	26,404>3,34	0,000<0,05	H ₃ Accepted

Based on table 3 above, simultaneously shows the whistleblowing system and internal control have an effect on the fraud prevention variable.

Table 4 Simultaneous Determination Coefficient Testing.

Variable	R-squared	Percentage
Whistleblowing System & Internal Control	0,662	66,2%

Based on table 4 above shows that the variability of the dependent variable, namely the prevention of fraud which can be explained by the independent variable, namely the whistleblowing system and internal control in this study is 66.2%, while the remaining 33.8% is explained by other variables outside research model.

Table 5 Partial Determination Coefficient Testing

Variable	R-squared	Percentage
Whistleblowing System	0,300	30,0%
Internal Control	0,362	36,2%

Based on table 4 above, the following calculations can be made:

1. The amount of the whistleblowing system variable contributing to the influence of the fraud prevention variable is 30.0%.
2. The amount of internal control variable contributing to the influence of the fraud prevention variable is 36.2%.

Discussion

The Influence of Whistleblowing System on Fraud Prevention

The results showed that the whistleblowing system has an effect on fraud prevention. The amount of influence of the whistleblowing system in contingency affects fraud prevention by 30.0%. The results of this study are supported by the basis of the theory in previous discussions that whistleblowing is a form of disclosure of unlawful acts or disclosures of unlawful acts, unethical acts or immoral acts, or other acts that may harm organizations or stakeholders, committed by employees or leaders of the organization to the leadership of other organizations or institutions that may take advantage of such violations. This disclosure is generally made confidential ([National Committee on Governance Policy, 2008](#)).

A whistleblowing system is a reporting system for alleged violations created as a means to prevent or minimize fraud. The whistleblowing system makes it easier for employees or the public to report any indication of fraud occurring in the company. The whistleblowing system implemented by the company also guarantees and protects whistleblowers from threats and dangers that will be experienced for indications of fraud it reports. So the higher the application of the whistleblowing system, the higher the fraud prevention. The results of this study are in line with the results of previous studies conducted by [Wardana et al \(2017\)](#), [Ariastini et al \(2017\)](#), [Widiyarta et al \(2017\)](#), [Agusyani et al \(2016\)](#), [Hikmah et al \(2018\)](#), and [Syafdinal \(2019\)](#). The results showed that the whistleblowing system has an effect on fraud prevention.

The Influence of Internal Control on Fraud Prevention

The results showed that internal control had an effect on fraud prevention. The amount of internal control influence in contingency affects fraud prevention by 36.2%. The results of this study are supported by the theory in previous discussions stating that internal control is a process designed, implemented, and maintained by the party responsible for governance, management, and other personnel to provide adequate confidence in the achievement of an entity's goals relating to the reliability of financial statements, the efficiency and effectiveness of operations, and compliance with legislation ([Agoes, 2017](#)). Internal control is a system created to control the company's activities. Internal control is a system designed to be able to detect any indication of fraud in the company. Through internal control, the company can supervise all company activities to prevent fraud in the company. So the higher the application of internal control, the higher the fraud prevention. The results of this study are in line with the results of previous studies conducted by [Wardana et al \(2017\)](#), [Ariastini et al \(2017\)](#), [Widiyarta et al \(2017\)](#), [Zarlis \(2018\)](#), [Sukadwilinda and Ratnawati \(2013\)](#), [Surfiani and Triandi \(2015\)](#), [Mirinaviciene \(2014\)](#), and [Albrecht et al \(2018\)](#). The results showed that internal control has an effect on fraud prevention.

The Influence of Whistleblowing System and Internal Control on Fraud Prevention

The results showed that the whistleblowing system and internal controls had an effect on fraud prevention. The magnitude of the influence of internal control in contributing to the effect of fraud prevention was 66.2%. The results of this study are supported by the theoretical basis in the previous discussion which states that every organizational activity must have uncertainties that are identical to risks, including the risk of fraud ([Karyono, 2013](#)). Fraud is any deliberate act or negligence designed to deceive others so that the victim suffers a loss and/or the perpetrator gets an advantage ([Redding et al, 2013](#)). Three factors for a person committing fraud, known as the fraud triangle, are pressure, opportunity, and rationalization ([Arens et al, 2014](#)). In order for the company's goals that have been set by top management can be achieved, the security of company assets to be guaranteed and operational activities can be carried out effectively and efficiently, management needs to establish a good internal control structure and effectively prevent fraud ([Priantara, 2013](#)). One way to prevent triangle fraud is by creating a whistleblowing system, which is a guideline for employees or other people to be able to complain about symptoms of fraud ([Setianto et al, 2014: 15](#)). Whistleblowing system is a system that has a formal purpose for each company to secure and control sensitive information if it is disclosed to legal authorities or third parties it could endanger the company's interests ([Brown et al, 2014](#)). One of the benefits of implementing a good whistleblowing system is a reluctance to commit violations, with an increased willingness to report violations, because of the belief in an effective reporting system ([National Committee on Governance, 2008](#)). The purpose of this violation reporting system is to reveal acts of violation or disclosure of acts that violate the law, unethical or immoral actions, or other actions that can harm the organization or stakeholders, which are committed by employees or organizational leaders to the leaders of other organizations or institutions that can take action for these violations ([Semendawai et al, 2015](#)).

From the description above, it can be explained that the whistleblowing system is a reporting system for reporting suspected violations designed as a means to prevent or minimize the occurrence of fraud. The existence of a whistleblowing system makes it easier for employees or the public to report indications of fraud occurring in the company. The whistleblowing system implemented by the

company also guarantees and protects the whistleblower (whistleblower) from threats and dangers that will be experienced due to the indication of fraud they report. So the higher the application of the whistleblowing system, the higher the fraud prevention.

In addition to the whistleblowing system, internal control is also an important factor that needs to be considered in efforts to prevent fraud. The main fraud prevention is to establish an internal control system in every activity of the organization. In order to effectively prevent fraud, internal control must be reliable in the design of its control structure and healthy practices in its implementation ([Karyono, 2013](#)). The relationship between internal control and fraud in a company is closely related. Cheating is always a difficult issue. A good internal control system, of which aims to make organizational activities effective and efficient ([Tugiman, 2014](#)). A comprehensive internal control system, implemented thoroughly and regularly monitors the activities of an organization is an important step to safeguard and detect the risk of loss caused by fraud in the financial sector. Internal control is very important in detecting financial fraud that has the risk of harming the company ([Susanto, 2014](#)). Internal control has been well designed and effective, so internal control can protect against fraud, including if there are employees who intend to commit accounting fraud ([Nurani and Octavia, 2016](#)). The implementation of internal control can at least reduce management collusion regarding fraud ([Natasya et al, 2017](#)). The fraud prevention strategy is concerned with controlling the driving factors for fraud by creating conditions that can encourage fraud prevention efforts so that in order to implement this strategy, internal control must be implemented effectively. Good internal control is a method widely used by many to prevent fraud. This means that the better the implementation of internal control, the more fraud prevention in the organization will increase ([Wulandari and Nuryatno, 2018](#)).

From the description above, it can be explained that internal control is a system designed to control company activities. Internal control is a system designed to be able to detect indications of fraud in the company. Through internal control, the company can supervise all company activities to prevent fraud in the company. So the higher the implementation of internal controls, the higher the fraud prevention. The results of this study are in line with the results of previous research conducted by Wardana et al (2017). The results of his research indicate that the whistleblowing system and internal controls have an effect on fraud prevention.

4. Conclusions

Based on the results of research and discussion, the following conclusions were obtained:

1. The results show that the whistleblowing system has an effect on fraud prevention.
2. The results showed that internal control has an effect on fraud prevention.
3. The results show that the whistleblowing system and internal controls have an effect on fraud prevention

Based on the results of the study, the author intends to submit some suggestions that are expected to be useful input for the relevant parties. The advice that researchers can give based on the results of the research that has been done is as follows:

1. Improve the implementation of the whistleblowing system by high-end ethics and a climate of openness within the organization and provide knowledge to employees in the form of seminars so that employees are more aware and understand the benefits and importance of whistleblowing system programs in preventing fraud. Also, it increases the company's management committee in maintaining whistleblower confidentiality over all forms of threats and pressures as a form of corporate management commitment in carrying out the implementation of the whistleblowing system.
2. Improve internal control by increasing the awareness and commitment of the company's leadership to the function of its duties to supervise the running of operational activities in the company. Improve the performance of internal auditors in carrying out risk management activities. Increase thoroughness in the verification process for every transaction that occurs in operational activities. Increase periodic maintenance activities on information systems. Improving the process of continuous monitoring or

monitoring of the company's operational activities, as well as ensuring follow-up conducted by management on recommendations for audit results in the field.

3. Improve fraud prevention by improving the performance of internal auditors in carrying out risk management activities, improving supervision or monitoring of the company's operational activities, improving employee performance assessment as an evaluation material, increasing periodic maintenance activities of information systems, and improving the competency of internal auditors by providing training to internal auditors on an ongoing basis.

Limitations and Study Forward

This research is limited only to PT Pos Indonesia (Persero) because it still shows cases of fraud. In addition, this study only focuses on knowing the effect of the whistleblowing system and internal controls on fraud prevention at PT Pos Indonesia (Persero) Bandung City.

References

- Agoes, S. (2017). *Auditing: Petunjuk Praktis Pemeriksaan Akuntan oleh Akuntan Publik*. Jakarta: Salemba Empat.
- Albrecht, C. O., Holland, D. V., Skousen, B. R., & Skousen, C. J. (2018). The significance of whistleblowing as an anti-fraud measure. *Journal of Forensic & Investigative Accounting*, 10(1), 1-13.
- Alvin, A. A., Elder, R. J., & Beasley, M. S. (2015). *Auditing dan Jasa Assurance Pendekatan Terintegrasi, Jilid 1, Edisi Lima Belas. Terjemahan Herman Wibowo dan Tim Perti*. Jakarta: Erlangga.
- Amri, G. (2008). *Pedoman Sistem Pelaporan Pelanggaran–SPP (Whistleblower System–WBS). Komite Nasional Kebijakan Governance*.
- Ariastini, N. K. D., Yuniarta, G. A., Ak, S., Si, M., Kurniawan, P. S., & ST, M. (2017). Pengaruh Kompetensi Sumber Daya Manusia, Sistem Pengendalian Internal Pemerintah, Proactive Fraud Audit, Dan Whistleblowing System Terhadap Pencegahan Fraud Pada Pengelolaan Dana Bos Se-Kabupaten Klungkung. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, 8(2).
- Arikunto, S. (2019). *Prosedur penelitian suatu pendekatan praktik*. Jakarta : Rineka Cipta.
- Damayanti, L. (2016). *PENGARUH AUDIT INTERNAL TERHADAP PENDETEKSIAN KECURANGAN (FRAUD)(Study Pada Bank Tabungan Negara (Persero), Tbk.)*. Fakultas Ekonomi Unpas Bandung.
- Diaz, P. (2013). *Fraud Auditing & Investigation*. Jakarta: Mitra Wacana Media.
- Association of Certified Fraud Examiners (ACFE). (2017). *Report to The Nation on Occupational Fraud and Abuse*. Austin, Texas: Association of Certified Fraud Examiners.
- Brown, A. J., et al. (2014). *International Handbook on Whistleblowing Research*. UK: Edward Elgar Publishing Limited.
- Edison, A. (2018). *Metodologi Penelitian Bisnis*. Edisi Satu, cetakan ke 2. Bandung: Mentari.
- Hikmah, Y. N., Oktaroza, M. L., & Purnamasari, P. (2018). Pengaruh Efektivitas Whistleblowing System dan Budaya Organisasi terhadap Pencegahan Kecurangan (Survei pada Empat Badan Usaha Milik Negara Sektor Transportasi dan Pergudangan di Kota Bandung). *Prosiding Akuntansi*, 518-523.
- Hiro, T. (2014). *Pandangan Baru Internal Auditing*. Kanisius: Yogyakarta.
- Karyono. (2013). *Forensic Fraud*. Yogyakarta: Penerbit Andi Offset.
- Mirnaviciene, S. (2014). Internal control and fraud prevention: Prior research analysis. *Science and studies of accounting and finance: problems and perspectives*, 9(1), 173-179.
- Natasya, T. N., Karamoy, H., & Lambey, R. (2017). Pengaruh Komitmen Organisasi Dan Pengendalian Internal Terhadap Resiko Terjadinya Kecurangan (Fraud) Dalam Pelaksanaan Jaminan Kesehatan Di Rumah Sakit Bhayangkara Tk. Iv Polda Sulut. *Going Concern: Jurnal Riset Akuntansi*, 12(2).

- Nurani dan Octavia. (2016). Pengaruh Efektivitas Pengendalian Internal Terhadap Pencegahan Fraud. *Jurnal Riset Akuntansi – Volume VIII / No.1 / April 2016*. Fakultas Ekonomi. Universitas Widyatama.
- Nuryaman, & Veronica, C. (2015). Metodologi Penelitian Akuntansi dan Bisnis. *Bogor: Ghalia Indonesia*.
- Semendawai, A. H., Santoso, F., Wagiman, W., Omas, B., & Susilaningtias, S. M. W. (2011). Memahami whistleblower. *Jakarta: Lembaga Perlindungan Saksi dan Korban (LPSK)*.
- Sobel, K. F. R. P. J., Head, U. L. A. M. J., & Riddle, S. R. M. S. C. (2013). *Internal Auditing: Assurance & Advisory Services*: Institute of Internal Auditors Research Foundation.
- Setianto, Hari., dkk. (2014). *Fraud Auditing*. Jakarta: Yayasan Pendidikan Internal Audit.
- Sugiyono. (2017). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta
- Sukadwilinda, S., & Ratnawati, R. A. (2013). Pengendalian internal terhadap kecurangan. *Jurnal ASET (Akuntansi Riset)*, 5(1), 11-21.
- Surfiani, Nurul dan Triandi. (2015). *Pengaruh Penerapan Pengendalian Intern Terhadap Pencegahan Terjadinya Fraud Pengadaan Aset Tetap*. Sekolah Tinggi Ilmu Ekonomi Kesatuan.
- Susanto, Azhar. (2014). *Sistem Informasi Akuntansi*. Bandung: Lingga Jaya.
- Yusuf, P. S. (2019). Effect of Whistleblowing System and Effectiveness of Internal Audit on Good Governance Practices: Case study of BUMN Companies in Bandung Indonesia. *Global Business & Management Research*, 11(1).
- Widiyarta, K., Herawati, N. T., Ak, S., & Atmadja, A. T. (2018). Pengaruh Kompetensi Aparatur, Budaya Organisasi, Whistleblowing Dan Sistem Pengendalian Internal Terhadap Pencegahan Fraud Dalam Pengelolaan Dana Desa (Studi Empiris Pada Pemerintah Desa Di Kabupaten Buleleng). *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, 8(2).
- Wulandari, D. N., & Nuryanto, M. (2018). Pengaruh pengendalian internal, kesadaran anti-fraud, integritas, independensi, dan profesionalisme terhadap pencegahan kecurangan. *Jurnal Riset Akuntansi Mercu Buana*, 4(2), 117-125.
- Zarlis, D. (2018). Pengaruh Pengendalian Internal Terhadap Pencegahan Fraud di Rumah Sakit (Studi empiris pada Rumah Sakit swasta di Jabodetabek). *Transparansi: Jurnal Ilmiah Ilmu Administrasi*, 1(2), 206-217.