

The Effect Of Internal Audit And The Effectiveness Of Internal Control On The Ability To Detect Fraud

Khrisna Anggun Yuliana^{1✉}, Yuliana Badren²

^{1,2} *Akuntansi, Sekolah Tinggi Ilmu Ekonomi PPI*

Abstract

Responding to fraud cases that arise in the field of higher education, it is crucial to take action to prevent fraud through the implementation of risk management in the implementation of the institution's business processes, with reference to Government Regulation No. 60 of 2008 and Education and Culture Regulation No. 66 of 2015. Based on the survey results presented in the 2019 Report to the Nations, the Association of Certified Fraud Examiners (ACFE), an international organization, shows attention to fraud prevention in various sectors. The survey results show that in terms of education, the majority of fraud perpetrators are Bachelor-level college graduates with a percentage of 73.2% (Association of Certified Fraud Examiners Indonesia, 2019). Furthermore, there are graduates with a Master's level reaching 17.2%, followed by diploma graduates 4.6%, then high school graduates 4.2%, and finally doctoral students 0.8%. The research data was collected through distributing questionnaires to targeted respondents, namely internal auditors in the internal control system section in LLDIKTI IV area universities. The questionnaires in this study were distributed with a total of 80 samples from 253 available questionnaires. The results of the study using multiple linear regression models show that internal auditors have no significant effect that can be proven through this study, and the effectiveness of internal control also does not show a significant effect in the researcher.

Keywords: *Fraud detection capability; internal control effectiveness; internal audit;*

Copyright (c) 2025 Khrisna Anggun Yuliana

✉ Corresponding author :

Email Address : khrisnaanggun@stieppi.ac.id

INTRODUCTION

Academic fraud can occur in higher education because it is influenced by various underlying factors, both internally and externally. Unexpectedly, corruption in higher education is not a new phenomenon. Currently, the cost of education in most Indonesian universities has increased dramatically, requiring more careful management. Common acts of fraud in higher education include corruption in research costs, fraud in the procurement of products and services, fraud in grant money, fraud within the college, and even scholarship fraud. Based on the survey results in terms of the education of fraud perpetrators, it was found that most of the fraud perpetrators had an education level as a Bachelor Level College Graduate with a percentage of 73.2% (Association of Certified Fraud Examiners Indonesia, 2019). According to the ACFE in its report to the state on fraud and abuse in the workplace,

fraud can be divided into three main groups, namely corruption, misuse of assets, and false reports. In Indonesia, there have been several cases of corruption in colleges and universities. One of the most recent cases is the case of alleged bribery committed by the rector of the University of Lampung (Unila), Karomani, regarding the admission of new student candidates at Unila for the 2022/2023 academic year. There was also a corruption case in the purchase and installation of information technology (IT) for the University of Indonesia (UI) central library building in the 2010-2011 budget year. Corruption cases in higher education often occur in new student admissions, budget management, and employee recruitment.

To prevent the occurrence of doctrine in higher education, good internal control is needed and carried out continuously. Implementing internal audits in higher education can also help in monitoring internal controls and ensuring the effectiveness of the organization's risk management framework. This is certainly interesting to research with the aim of stricter supervision to avoid deviant behavior by improving the internal control system in higher education governance. The Internal Control System (SPI) is an integral process of actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in achieving organizational goals through effective and efficient activities, financial reporting, safeguarding state assets, and regulatory compliance with laws and regulations. Therefore, universities must have a Quality Assurance Unit, Internal Monitoring Unit, or internal auditors who carry out financial, academic and financial resource audits.

This study also refers to previous research conducted by (Rafsanjani et al., 2022) which states that the role of internal auditors affects fraud prevention. It is stated that internal auditors have performed a very good role in preventing fraud. As well as stating that the Internal Control System has an effect on fraud prevention. It is stated that the internal control system has provided very good control over fraud prevention. In another study conducted by (Irsutami & Ryansyah, 2023), it aims to determine how internal audit and how effective internal control affect the ability to detect fraud in vocational colleges in Indonesia. Based on the test results, statistical analysis shows that the internal control effectiveness variable and the internal audit variable contribute significantly to the ability to detect fraud in Indonesian universities. However, the internal audit variable does not make a significant contribution to the ability to detect manipulation in Indonesian universities. In addition, incidents of fraud that are not immediately addressed and identified due to slow processing will increasingly allow criminals to cover up their actions with new scams. Therefore, the importance of fraud prevention and detection in higher education is interesting to study the role of internal audit in higher education in detecting and preventing fraud.

Definition of Internal Audit

According to the Higher Education Service Region 4 stipulates Government Regulation No. 60 of 2008 concerning Government Internal Control Systems, which is an implementing regulation of Article 58 paragraph (2) of Law No. 1 of 2004 concerning State Treasury. The Internal Audit Unit (SPI) is an audit unit established to help supervise the implementation of the tasks of units within the Ministry of National Education. Here are some important points related to the definition of internal audit in higher education, Internal audit in higher education is an independent and objective assurance and consultation, designed to add value and

improve organizational operations. Internal audit has an important role in the college's governance structure to ensure effective risk management.. Internal audit can also assist universities in overseeing internal controls and ensuring the effectiveness of the organization's risk management framework. Internal audit in higher education aims to provide an independent and objective assessment of the college's internal control system. Internal audit in higher education also aims to assist universities in ensuring compliance with applicable regulations and policies. Internal audit in higher education can also assist universities in improving operational efficiency and effectiveness. The implementation of internal audits in higher education must be carried out professionally and accurately by considering the scope of audit work required to achieve the stated audit objectives, the level of materiality or significance of the problem, and the level of reliability and effectiveness of internal control.

Definition of Internal Control

Internal control in higher education must consider several things, including control over assets, control over business processes, control over compliance with regulations and policies, and control over information. According to (Lestari & Bernawati, 2020), the internal control structure consists of three components, namely the control environment which describes the overall impact of many aspects including determining, increasing, and decreasing certain rules. What must be emphasized is the importance of internal control and the development of fraud prevention procedures. A good internal control system serves as a barrier (protection) against unusual events. Proactive and competent internal controls help foster a culture of honesty within the entity (Sudarmanto & Utami, 2021).

Fraud Detection Ability

Fraud taxonomy is a classification or types of fraud. According to the ACFE in the Report to the Nation on Occupational Fraud and Abuse, fraud can be categorized into three major groups, namely: Corruption: This category includes fraud committed by university employees or officials in order to obtain personal gain or personal interests. Examples are bribery, gratuities, or nepotism. Asset embezzlement: This category covers fraud committed by higher education employees or officials in order to take or use higher education assets for personal gain. Examples are theft, embezzlement, or unauthorized use of college assets. Statement Fraud: This category covers fraud committed by college employees or officials in order to manipulate financial statements or other information for personal gain or private interests. Examples include falsifying financial statements, hiding important information, or providing false information.

METHODOLOGY

Research Methods

This research method applies quantitative methods for several important reasons related to the aims and objectives of the study. In a situation where Universities in the LLDIKTI IV region have weak internal controls and the possibility of fraud will increase. The purposive sampling method will be used for this study, selecting individuals who are considered appropriate for the population. The

population of this study is internal auditors at universities in the LLDIKTI IV region that have internal control units (SPI). Data for this study will be collected through questionnaires and literature studies. The data analysis strategy will use SPSS 23 calculations because it can be quickly and accurately tested for classical assumptions. There are several classic assumption tests that can be performed on a regression model, namely normality test, multicollinearity test, and heteroscedasticity test. The parametric statistics used for testing in this study are the f test (ANOVA) t test and the determination coefficient test. One of the main performance indicators used to achieve the objectives is the performance target set through the Performance Agreement between the Head of the Higher Education Service Institution and the Minister of Education and Culture. LLDIKTI Main Performance Indicators are determined based on the Decree of the Minister of Education and Culture of the Republic of Indonesia number 754 / P / 2020 concerning Main Performance Indicators for State Universities and Higher Education Service Institutions within the Ministry of Education and Culture in 2020, then outlined in the Performance Agreement.

Immediate internal control to effectively support the role of internal auditors. In 1992, COSO (The Committee of Sponsoring Organizations of the Treadway Commission) provided guidance on internal auditing, which is a process carried out by departments, managers, and related parties. This process aims to achieve certain objectives, such as operational efficiency and effectiveness, creditworthiness in loan agreements, and compliance with applicable laws and regulations. The literature on the auditor's ability to detect fraud indicates that it must be considered when conducting an audit. According to research conducted by (Rafsanjani et al., 2022) states that the role of internal auditors affects fraud prevention.

H1 = Internal auditors are thought to have a significant influence on fraud detection capabilities.

According to research conducted by (Rafsanjani et al., 2022) states that the Internal Control System has an effect on Fraud Prevention. In line with research conducted by (Korompis et al., 2018) states that the effectiveness of internal control has a significant negative effect on fraud tendencies.

H2 = Internal Control is thought to have a significant effect on the ability to detect fraud

The Effect of Internal Auditors and Internal Control on Fraud Detection Ability, According to research conducted by (Irsutami & Ryansyah, 2023) states that statistical analysis shows that internal control effectiveness variables and internal audit variables contribute significantly to the ability to detect fraud in Indonesian universities.

H3 = Internal Auditors and Internal Control are thought to have a significant influence on the ability to detect fraud.

RESULTS AND DISCUSSION

The research data was obtained by distributing questionnaires to the intended respondents, namely to internal auditors in the internal control system section of universities in the LLDIKTI region IV environment. The questionnaires were distributed in this study with a total sample size of 80 questionnaires distributed directly through private WhatsApp and Higher Education groups on November 13, 2023 with a return deadline of November 24, 2023. The results of data collection

through questionnaires that successfully returned and met the requirements are as follows: Table 4.1. Data Collection Results

Description	Amount	Percentage
Questionnaires Distributed According To The Internal Control Group	253	100%
Questionnaires That Were Not Returned	160	63%
Returned Questionnaires	93	37%
Incomplete Questionnaires	13	5%
Eligible Questionnaires	80	32%

Based on Table 4.1, it can be concluded that out of a total of 253 questionnaires distributed, there were 160 (63%) questionnaires that were not returned by the respondents. Thus, the questionnaires returned were 93 (37%), but of these there were 13 (5%) questionnaires that were not eligible, so the number of questionnaires eligible for processing was 80 (32%). The overall questionnaire return rate in this study is quite high because the questionnaire return rate is >30% (Arikunto, 2013).

Classical Assumption Test Results

1. Normality Test Results

It can be seen that the significance value obtained is 0.200 this result > 0.05. This means that the research data is normally distributed.

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		80
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.15686860
	Most Extreme Differences	
	Absolute	.084
	Positive	.049
	Negative	-.084
Test Statistic		.084
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

2023 (SPSS)

2. Multicollinearity Test Results

It can be seen that the VIF value is less than 10.00 for the Internal Audit and Internal Control variables, namely 3.119 and it can be seen that the Tolerance value is greater than 0.10 for the Internal Audit and Internal Control variables, namely 0.321, it can be concluded that the research data is free from multicollinearity problems.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.142	.406		5.281	.000		
AUDIT_INTERNAL	.210	.212	.190	.991	.325	.321	3.119
PENGENDALIAN_INTERNAL	.116	.170	.130	.678	.500	.321	3.119

a. Dependent Variable: FRAUD_DETECTION_ABILITY
2023 (SPSS)

3. Heteroscedasticity Test Results

It can be seen that the significance value for the Internal Audit variable shows a significance value of 0.108 and the Internal Control variable shows a significance value of 0.060 where these results are greater than 0.05. This shows that there is no heteroscedasticity in the research data. It can be concluded that this regression model has met the assumption of heteroscedasticity.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.157	.240		.653	.516
	AUDIT_INTERNAL	-.204	.126	-.320	-1.627	.108
	PENGENDALIAN_INTERNAL	.192	.101	.375	1.905	.060

a. Dependent Variable: ABS_RES
2023 (SPSS)

4. Reliability Test Results

Based on Table 4.3.4, it can be seen that the reliability results show that the Cronbach Alpha value on all variables is greater than 0.60 and in accordance with the basis of analysis used, this indicates that all variables used in the study are entirely reliable.

Reliability Statistics

Cronbach's Alpha	N of Items
.883	21

2023 (SPSS)

5. Multiple Linear Regression Test Results

Based on Table 4.3.5, it can be seen that the results of this study use multiple linear regression models with the following equations:

$$Y = 2.142 + 0.210X_1 + 0.116X_2.$$

The test results show that the constant is 2.142, meaning that if the internal audit variable (X₁) and internal control (X₂) amount = 0, then the ability to detect fraud is 2.142. The regression equation shows the regression coefficient of the internal audit variable (X₁) of 0.210 and the regression equation shows the regression coefficient of the internal control variable (X₂) of 0.116.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.142	.406		5.281	.000
AUDIT_INTERNAL	.210	.212	.190	.991	.325
PENGENDALIAN_INTERNAL	.116	.170	.130	.678	.500

b. Dependent Variable: FRAUD_DETECTION_ABILITY
2023 (SPSS)

Statistical Test Results f and t

1. Statistical Test Results f or ANOVA Test

It can be seen that it shows simultaneously (simultaneously) shows a significant effect in determining the ability to detect fraud with a significance value of 0.023 (smaller than $\alpha = 0.05$). It can be concluded that the third hypothesis (H₃) which states that there is a significant influence between internal audit and internal control on the ability to detect fraud formed in this study can be used.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.201	2	.100	3.975	.023 ^b
	Residual	1.944	77	.025		
	Total	2.145	79			

a. Dependent Variable: FRAUD_DETECTION_ABILITY

b. Predictors: (Constant), INTERNAL CONTROL, INTERNAL AUDIT
2023 (SPSS)

2. Statistical Test Results t (X₁)

It can be seen that based on the test results there is a significance value for the internal audit variable of 0.325 (greater than $\alpha = 0.05$), it can be concluded that internal audit has no significant effect on the ability to detect fraud and the internal

control variable has a significance value of 0.500 (greater than $\alpha = 0.05$), it can be concluded that internal control has no effect on the ability to detect fraud.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.142	.406		5.281	.000
AUDIT_INTERNAL	.210	.212	.190	.991	.325
PENGENDALIAN INTERNAL	.116	.170	.130	.678	.500

c. Dependent Variable: FRAUD_DETECTION_ABILITY
2023 (SPSS)

3. Test the Coefficient of Determination

Based on Table 4.4.3, it can be seen that the adjusted value achieved is 0.094, which indicates that the proportion of the validity of the independent variable that can be accounted for by the dependent variable is 9.4%.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.306 ^a	.094	.070	.15889

a. Predictors: (Constant), INTERNAL CONTROL, INTERNAL AUDIT

b. Dependent Variable: FRAUD_DETECTION_ABILITY
2023 (SPSS)

CONCLUSION

The coefficient of determination (R Square) shows how much the independent variable is able to explain the variation in the dependent variable. If the result of the SPSS R Square coefficient of determination is 0.094, it means that only 9.4% of the variation in the dependent variable can be explained by the independent variables in the model. The remaining 90.6% is explained by other factors not included in the model such as:

1. Organizational culture factors: Organizational culture that encourages integrity, ethics, and transparency can affect the ability to detect fraud in higher education.
2. Quality of training and awareness: The level of training and awareness that exists in higher education related to fraud can also affect detection capabilities.
3. Effective supervision and control: In addition to internal audit and internal control, the existence of an effective supervision and control system in higher education can also contribute to fraud detection capability.
4. Involvement of relevant parties, such as students, lecturers, and administrative staff, in the process of monitoring and reporting fraud.

The first hypothesis which states that internal auditors have a significant effect cannot be proven through this study. The results of this study are not in accordance

with previous research conducted by (Rafsanjani et al., 2022). The second hypothesis which states that the effectiveness of internal control has no significant effect through this study. The results of this study are not in accordance with previous research conducted by (Rafsanjani et al., 2022) which states that the Internal Control System has an effect on Fraud Prevention. The third hypothesis which states that internal auditors and the effectiveness of internal control have a significant effect on the ability to detect fraud can be proven through this study and supports previous research conducted by Irsutami & Anggy Ryansyah (2023).

Suggestions to improve the role of internal auditors in preventing fraud in higher education, it is important to address these factors. This could involve allocating adequate resources, increasing the authority and independence of internal auditors, greater emphasis on fraud prevention, and increasing understanding of fraud through training and development. It is important to note that these factors may vary from college to college. Therefore, it is important for universities to actively identify and address these factors to improve fraud detection capabilities. It is also important to note that although the effectiveness of internal control does not have a significant effect on fraud detection capability in higher education, there are still other measures that can be taken to improve fraud detection capability, such as increasing fraud awareness, strengthening ethical culture, and improving training and supervision.

References:

- Arikunto, S., 2013. Suharsimi. 2010. *Prosedur Penelitian Suatu Pendekatan Praktik*. Association of Certified Fraud Examiners Indonesia. (2019). *Survei Fraud Indonesia 2019*. Indonesia Chapter #111, 53(9), 1-76. <https://acfe-indonesia.or.id/survei-fraud-indonesia/>
- Ghozali, I. (2016). *Aplikasi analisis multivariate dengan program IBM SPSS 23*. Semarang: BPFU Universitas Diponegoro.
- Irsutami, I., & Ryansyah, A. (2023). Pengaruh Internal Audit dan Efektivitas Pengendalian Internal Terhadap Kemampuan Deteksi Kecurangan (Fraud) pada Perguruan Tinggi Indonesia. *JURNAL AKUNTANSI, EKONOMI Dan MANAJEMEN BISNIS*, 11(1), 114-121. <https://doi.org/10.30871/jaemb.v11i1.5142>
- Kamal, A. K. X. D. R. M. (2023). Kasus Korupsi di Perguruan Tinggi Libatkan Petinggi Universitas. *Lintas Parlemen*. <https://www.lintasparlemen.com/mustafa-kamal-kecewa-kasus-korupsi-di-perguruan-tinggi-libatkan-petinggi-universitas/>
- Kemenkeui.g. (2008). *sistem pengendalian internal*. Kemenkeui.Go.Id. <https://jdih.kemenkeu.go.id/fulltext/2008/60tahun2008pp.htm>
- Korompis, S. N., Saerang, D. P. E., & Morasa, J. (2018). Pengaruh Moralitas Individu, Asimetri Informasi, dan Keefektifan Pengendalian Internal Terhadap Kecenderungan Kecurangan (Fraud) Berdasarkan Persepsi Pada Badan Pengelola Keuangan dan Barang Milik Daerah Provinsi Sulawesi Utara. *Jurnal Riset Akuntansi Dan Auditing "Goodwill,"* 9(1), 29-36. <https://doi.org/10.35800/jjs.v9i1.18950>
- Lestari, Y. A., & Bernawati, Y. (2020). Efektifitas Peran Internal Audit Dalam Mencegah Dan Mendeteksi Kecurangan. *Jurnal Akuntansi Dan Pajak*, 20(2), 189-196. <https://doi.org/10.29040/jap.v20i2.740>
- Lldikti4. (2021). *rencana strategis*. Lldikti4.or.Id. <https://www.lldikti4.or.id/wp-content/uploads/2021/08/RENSTRA-LLDIKTI-WILAYAH-IV-2020-2024-EVALUASI.pdf>

- Murdock, D. H. (2018). Association of Certified Fraud Examiners (ACFE). Auditor Essentials, 7-10. <https://doi.org/10.1201/9781315178141-3>
- Nisak, I. A., & Rochayatun, S. (2023). Role of Internal Audit, Fraud Detection, and Prevention in Universities: A Literature Review. *Dialektika : Jurnal Ekonomi Dan Ilmu Sosial*, 8(1), 63-71. <https://doi.org/10.36636/dialektika.v8i1.1800>
- Nurdin, I., & Hartati, S. (2019). *Metodologi Penelitian Sosial*.
- Rafsanjani, A. Q., Purnamasari, P., & Maemunah, M. (2022). Pengaruh Peran Auditor Internal dan Sistem Pengendalian Internal terhadap Pencegahan Kecurangan. *Bandung Conference Series: Accountancy*, 2(2), 986-993. <https://doi.org/10.29313/bcsa.v2i2.2827>
- Rahman, Karlina Ghazalah. "Sistem Pengendalian Internal Dan Peran Audit Internal Terhadap Pencegahan Kecurangan." *Bongaya Journal for Research in Accounting (BJRA)* 3.1 (2020): 20-27.