

Control Strategy in the Fight Against Internal Fraud (PT BPRS Kotabumi KC Bandar Lampung)

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Abstract

Islamic banks that carry out their duties and functions as financial management institutions have the responsibility to maintain public trust by protecting and protecting customer money from all forms of irregularities. Moreover, irregularities are committed by people who work in Islamic banks themselves or what is known as internal fraud. PT BPRS Kotabumi, Bandar Lampung branch office, is one of the Islamic banks committed to fighting fraud. The form of the effort is to prevent it through internal control instruments. The purpose of this study is to determine the internal control at PT BPRS Kotabumi Bandar Lampung Branch Office as a strategy to prevent internal fraud. This research is a qualitative descriptive field research. Researchers use interview methods and documentation to collect the required data. The research data obtained are then analyzed by using inductive analysis techniques, namely analysis that begins with specific facts or events to draw conclusions. Based on the results of research that researchers have conducted, it can be concluded that internal control can be an instrument to prevent internal fraud. Internal control at BPRS Kotabumi Bandar Lampung branch includes four control components. The four components of control are the control environment, control activities, information and communication, and monitoring.

Keywords: Control Strategy, Internal Fraud, Internal Control

Abstrak

Bank syariah yang menjalankan tugas dan fungsinya sebagai lembaga pengelola keuangan mempunyai tanggung jawab untuk menjaga kepercayaan masyarakat dengan menjaga dan melindungi uang nasabah dari segala bentuk penyimpangan. Terlebih lagi penyimpangan yang dilakukan oleh orang yang bekerja di bank syariah itu sendiri atau yang dikenal dengan istilah internal fraud. PT BPRS Kotabumi kantor cabang Bandar Lampung merupakan salah satu bank syariah yang berkomitmen untuk memerangi kecurangan. Bentuk dari upayanya adalah dengan cara mencegahnya melalui instrumen pengendalian internal. Adapun tujuan penelitian ini adalah untuk mengetahui pengendalian internal di PT BPRS Kotabumi Kantor Cabang Bandar Lampung sebagai strategi untuk mencegah terjadinya kecurangan internal. Penelitian ini merupakan penelitian lapangan yang bersifat deskriptif kualitatif. Peneliti menggunakan metode wawancara dan dokumentasi untuk mengumpulkan data-data yang dibutuhkan. Data-data penelitian yang diperoleh kemudian dianalisis menggunakan teknik analisis induktif, yaitu analisis yang diawali dari fakta-fakta atau peristiwa yang khusus untuk selanjutnya ditarik kesimpulan. Berdasarkan hasil penelitian yang telah peneliti lakukan, maka dapat disimpulkan bahwa pengendalian internal bisa menjadi sebuah instrument untuk mencegah terjadinya tindakan kecurangan internal. Pengendalian internal di BPRS Kotabumi cabang Bandar Lampung mencakup empat komponen pengendalian. Empat komponen pengendalian tersebut adalah lingkungan pengendalian, aktivitas pengendalian, informasi dan komunikasi, serta pemantauan.

Kata kunci: Strategi Pengendalian, Kecurangan Internal, Pengendalian Internal

Introduction

Financial institutions as trustees (customer deposits) are trusted to manage and manage finances professionally.¹ Therefore, banks have a responsibility to maintain public trust by protecting customers' money from bad risks that may occur. If the bank fails to manage these risks, of course, it can cause losses, both losses from the customer and the bank.²

One of the risks that must be faced by a financial institution is the risk of fraud or commonly known as fraud. Fraud is defined as an act that is intentionally carried out for the purpose of personal or group interests so that the action can cause harm to certain parties.³ Cheating is divided into two types, namely internal cheating and external cheating. External fraud is fraud whose perpetrators come from outside the company. Meanwhile, internal fraud is an illegal act whose perpetrators come from the inside of the company, for example by employees, managers, and executives.⁴

The implementation of internal control in a company can run well if control is always guided by good and healthy internal control, in this case control is not a burden that slows down the achievement of company goals, but the control must be a tool to achieve the goals of effective and efficient management in achieving the company's overall goals.⁵ Control is comprehensive and applies to all components present in an organization or enterprise. Poor internal control will create opportunities for fraud that can result in financial and non-financial losses for the company. The company's cash management is the most vulnerable to fraud, therefore if the internal control of cash is not good or strong, the possibility of fraud in cash management is even greater.⁶

Bank operational activities related to large amounts of public money will be very vulnerable to the risk of fraud. As reported by the Association of Certified Fraud Examiners in 2012, 16.7% of fraud cases occurred in the

¹ Ihsanul Ikhwan and Ririn Riani, "The Efficiency of Indonesia and Malaysia Sharia Bank in the Shadow of Covid-19 Pandemic: DEA Window Analysis," *Islamic Economics Journal* 8, no. 2 (December 13, 2022): 124.

² Meliana Meliana and Trie Rundi Hartono, "Fraud Perbankan Indonesia: Studi Eksplorasi," *Prosiding Seminar Nasional Pakar*, April 23, 2019, 2.52.1-2.52.7, <https://doi.org/10.25105/pakar.v0i0.4335>.

³ Handy Nugroho, "Analisis Financial Statement Fraud Dalam Perspektif Triangle Fraud Pada Perbankan Yang Terdaftar Di Bursa Efek Indonesia Periode 2010-2014," *GEMA : Jurnal Gentiaras Manajemen Dan Akuntansi* 9, no. 1 (January 18, 2017): 1-9.

⁴ Reno Joko Sadewo, *Pengaruh Pengendalian Internal dan Kepuasan Kerja Terhadap Kecurangan Akuntansi pada Dinas Perindustrian Perdagangan Koperasi dan UMKM Daerah Istimewa Yogyakarta*, (Yogyakarta:Universitas Negeri Yogyakarta, 2017), 10.

⁵ Akhmad Khambali et al., "Implementasi Internal Control Dalam Pencegahan Fraud Pengadaan Barang/Jasa (Studi Kasus Pembangunan Gedung BAPEDA Kabupaten Pekalongan)," *EKOMA : Jurnal Ekonomi, Manajemen, Akuntansi* 1, no. 2 (June 26, 2022): 326-43, <https://doi.org/10.56799/ekoma.v1i2.555>.

⁶ Puput Yulan and Iwan Setya Putra, "Strategi Penguatan Sistem Pengendalian Internal untuk Menghindari Terjadinya Fraud pada Kas Perusahaan," *Jurnal Penelitian Teori dan Terapan Akuntansi (PETA)* 6, no. 2 (July 30, 2021): 181-91, <https://doi.org/10.51289/peta.v6i2.488>.

banking industry and financial institutions, where the figure was the highest compared to other institutions.⁷ This shows that banking financial institutions are the industry that is most vulnerable to fraud compared to other industries or institutions.

Islamic banks as financial institutions whose business activities are carried out based on sharia principles.⁸ The sharia principle in question is the principle of Islamic law based on fatwas issued by institutions that have authority in the field of sharia in the determination of fatwas.⁹ Since the establishment of Islamic banks in Indonesia, various controversies have arisen from the public. The most highlighted issue by the public is the assumption that it is still not like the attachment of the sharia label to Islamic financial institutions, including Islamic banks. This arises because there are still public doubts on the consistency of Sharia business entities in applying sharia principles in carrying out their business activities.¹⁰ The Financial Services Authority (OJK) acknowledged that the lack of supervision coverage of rural banks exceeded the number of commercial banks by more than 10 times, leading to business closures. In addition, the lower intensity of BPR and BPRS regulation also allows for a higher level of fraud compared to commercial banks.¹¹

The existence of fraud cases that occur in Islamic banks seems to answer people's doubts about Islamic banking. Such as the case of the distribution of fictitious financing of 102 billion rupiah to 197 fictitious customers involving internal bank parties that occurred at the Bogor branch of Bank Syariah Mandiri. Bank Syariah Mandiri has the potential to suffer losses of 59 billion rupiah as a result of the case.¹² From the fictitious financing case that occurred in BSM, it can be said that even though it has a sharia identity, there is no guarantee that an institution will be free from *fraud*.

In carrying out all operational activities of a company, supervision and control are needed. Internal control is a system of organizational procedures and plans implemented by the company's management aimed at safeguarding assets; encourage employees to follow company policies,

⁷ Ikatan Bankir Indonesia, *Mengelola Bank Syariah* (Jakarta: Gramedia Pustaka Utama, 2014).

⁸ Nonie Afrianti, "Analysis of Community Intentions on Islamic Bank Product Using The Theory of Planned Behavior approach," *Islamic Economics Journal* 8, no. 1 (June 19, 2022): 14.

⁹ Ali Zainudin, *Hukum Perbankan Syariah* (Jakarta: Sinar Grafika, 2008).

¹⁰ Ratih Paramitasari, "Islamic Corporate Identity in the Practice of Annual Report Disclosure Islamic Bank," *Assets: Jurnal Akuntansi Dan Pendidikan* 1, no. 1 (December 1, 2012): 34–44, <https://doi.org/10.25273/jap.v1i1.538>.

¹¹ Shofiyatul Bariyyah and Devi Narulitasari, "Implikasi Tatakelola Islami Terhadap Fraud (Studi Pegawai BPRS Di Soloraya)," *Jurnal Ilmiah Ekonomi Islam* 6, no. 2 (June 29, 2020): 171–77, <https://doi.org/10.29040/jiei.v6i2.1079>.

¹² Prabowo Dani, "Kredit Fiktif BSM Terendus Sejak 2012, 3 Pegawai Sudah Dipecat," accessed February 23, 2023, <https://megapolitan.kompas.com/read/2013/10/24/2349078/Kredit.Fiktif.BSM.Terendus.sejak.2012.3.Pegawai.Sudah.Dipecat>.

promote operational efficiency; ensuring accurate and reliable accounting records; and obeying legal regulations.¹³ With a good internal control system, this is expected to protect the wealth of the bank as well as the wealth of investors and creditors that have been invested in the bank. In addition, effective internal control is very necessary in implementing prevention strategies, with the establishment and implementation of internal control, it is hoped that it can be a deterrent to misappropriation committed.¹⁴

PT BPR Syariah Kotabumi Bandar Lampung branch office, as part of the financial industry that is vulnerable to fraud, should organize good internal control activities to avoid the risk of fraud. Especially fraud committed by the internal parties of Islamic banks themselves. Based on the background that the researcher has described above, the researcher is interested in conducting a study on control strategies in overcoming internal fraud: PT BPRS Kotabumi KC Bandar Lampung.

Literatur Review

Research conducted by Muhammad Syaril Nasution with the title "The Effect Of Internal Audit, Anti-Fraud Strategy, And Disclosure Of Risk Management In The Implementation Of Good Corporate Governance In Islamic Banking". This research uses quantitative methods to measure how the influence of internal audits, anti-fraud management, and risk control on GCG implementation. Based on the results of research and data processing, it can be concluded that Internal Audit does not have a positive and significant effect on the implementation of Good Corporate Governance in Islamic Banking with a calculation of -1.794 ($>t_{table}$) with a significance value of 0.078 ($\text{sig} > 0.05$); 2) The Anti-Fraud Strategy has a positive impact and has a significant effect on the implementation of Good Corporate Governance in Islamic Banking with a calculation of 2.173 ($>t_{table}$) with a significance value of 0.034 ($\text{sig} < 0.05$); and 3) Risk Management Disclosures have a positive and significant effect on the implementation of Good Corporate Governance in Islamic Banking by obtaining a calculation of 2.173 ($>t_{table}$) with a significance value of 0.034 ($\text{sig} < 0.05$).¹⁵

¹³ George H Bodnar dkk, *Sistem Informasi Akuntansi*, accessed February 23, 2023, <https://opac.perpusnas.go.id/DetailOpac.aspx?id=623766>.

¹⁴ Dewi Novita Wulandari and Muhammad Nuryanto, "Pengaruh Pengendalian Internal, Kesadaran Anti-Fraud, Integritas, Independensi, dan Profesionalisme Terhadap Pencegahan Kecurangan," *Jurnal Riset Akuntansi Mercu Buana* 4, no. 2 (November 26, 2018): 117–25, <https://doi.org/10.26486/jramb.v4i2.557>.

¹⁵ Muhammad Syafril Nasution, "The Effect Of Internal Audit, Anti-Fraud Strategy, And Disclosure Of Risk Management In The Implementation Of Good Corporate Governance In Islamic Banking," *Jurnal Ilmiah MEA (Manajemen, Ekonomi, & Akuntansi)* 5, no. 3 (October 27, 2021): 1910–26, <https://doi.org/10.31955/mea.v5i3.1665>.

Rahmayani's research entitled "The Influence of Islamic Corporate Governance and Internal Control on Indications of Fraud in Islamic Commercial Banks in Indonesia". The independent variable used in this study is Islamic Corporate Governance with the implementation of the duties and responsibilities of the Sharia Supervisory Board and the implementation of management duties and responsibilities as indicators and internal controls. The results of this study show that 6.1% of dependent variables or fraud can be explained by the three independent variables. Simultaneously the three independent variables have no effect on fraud. Partially the implementation of the duties and responsibilities of the Sharia Supervisory Board and the implementation of the duties and responsibilities of the management and internal control have no effect on fraud¹⁶.

Research conducted by Hidayah Fazrin Mileni with the title "Analysis of the Effect of Sharia Compliance and Islamic Corporate Governance on Fraud in Islamic Banks in Indonesia 2017-2019" factors that influence the occurrence of fraud in Islamic banks in Indonesia. The measurement of fraud in Islamic banks is based on the amount of internal fraud that occurred in the financial year. The population in this study is Islamic banks in Indonesia for the 2017-2019 period. Samples were selected using the purposive sampling method and the number of samples obtained was 24 samples. The data used in this study are secondary data in the form of financial statements and corporate governance reports. The results of this study show that Islamic corporate governance has a significant effect on internal fraud in Islamic banks in Indonesia. Meanwhile, partially the profit sharing ratio and sharia investment ratio do not have a significant effect on internal fraud in Islamic banks in Indonesia. Islamic banking must comply with accounting and auditing standards of the Organizations for Islamic Financial Institutions (AAOIFI) to minimize fraud in operations¹⁷.

Research conducted by M. S. Almujaeddi and Revi Hayati with the title "Determinants of Diamond Fraud Indicators against Internal Fraud in Sharia Commercial Banks in Indonesia". The purpose of this study is to determine the individual and combined effects of financial target pressures, financial stability pressures, external pressures, regulation, changes in

¹⁶ Rahmayani Rahmayani and Rahmawaty Rahmawaty, "Pengaruh Islamic Corporate Governance Dan Internal Control Terhadap Indikasi Terjadinya Fraud Pada Bank Umum Syariah Di Indonesia," *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi* 2, no. 3 (September 25, 2017): 18–38.

¹⁷ Hidayah Fazrin Milenia et al., "Analysis of the Effect of Sharia Compliance and Islamic Corporate Governance on Fraud in Islamic Banks in Indonesia 2017-2019," *Asia Pacific Fraud Journal* 6, no. 2 (January 1, 2022): 223–33, <https://doi.org/10.21532/apfjournal.v6i2.214>.

receivables ratios, changes in auditors, and changes in directors on internal fraud, and to calculate the determination of coefficients. Based on the results of the F test, it can be seen that independent variables also affect the internal fraud of Bank Umum Syariah Indonesia. Meanwhile, based on the t-test, it can be seen that financial stability pressures (X2) and regulatory pressures (X4) alone have an impact on internal fraud of Islamic commercial banks, while financial target pressures (X1), external pressure variables (X1) (X3), receivables Changes in credit ratios (X5), auditors (X6), and directors (X7) have no effect on internal fraud at Indonesian Sharia Commercial Banks¹⁸.

If studied in depth, the existing research implies the influence of several variables such as internal supervisors, GCG, risk control over the occurrence of fraud practices in Islamic banking. Meanwhile, the difference or focal point in this study is to find out the internal control at PT BPRS Kotabumi Bandar Lampung Branch Office as a strategy to prevent internal fraud. Although it cannot be ignored that the theories that existed in previous studies will be the basis of the theoretical footing for this research.

Methodology

This research is a qualitative descriptive field research. Researchers use interview methods and documentation to collect the necessary data. The interviewees were branch heads and operational managers at PT. BPRS Bandar Lampung Branch Office. The interview was to find out the understanding of internal fraud. The research data obtained is then analyzed using inductive analysis techniques, which are analyses that begin with certain facts or events to draw conclusions.

Result and Discussion

Strategy to Overcome Internal Fraud through Internal Control at PT BPRS Kotabumi Bandar Lampung Branch Office

Based on an interview with Jajang Sutisna as a Branch Head at BPRS Kotabumi KC Bandar Lampung, said that the prevention of fraud actions, both internal and external to the company, is very important to do. This is because the occurrence of fraud in a banking institution can cause losses, losses for customers as well as losses for the bank itself. For the customer, losses can be experienced if the financing installments paid do not enter the financing account caused by misappropriation committed by bank employees. For the bank, in addition to getting material losses, if there has

¹⁸ M. S. Almujaeddi and Revi Hayati, "Determinan Indikator Fraud Diamond Terhadap Internal Fraud Pada Bank Umum Syariah Di Indonesia," *Jurnal Ilmiah Ekonomi Islam* 8, no. 3 (October 29, 2022): 2792–2801, <https://doi.org/10.29040/jiei.v8i3.6769>.

been an act of fraud, of course, it will cause a bad image in the eyes of the public. This can reduce the level of public trust in the bank, making people reluctant to use banking services. If people are already reluctant to use banking services, it can cause a decrease in income received by banks.¹⁹

BPRS Kotabumi KC Bandar Lampung has a commitment to prevent fraud, especially fraud committed by internal bank personnel. Efforts to prevent internal fraud at BPRS Kotabumi KC Bandar Lampung are carried out with various efforts. Based on the information obtained by the researcher from the branch head, prevention is carried out by providing employees with an understanding of the importance of complying with standard operating procedures and also the company's code of ethics.²⁰ In the standard operating procedures and also the company code of ethics, BPRS Kotabumi contains regulations that must be carried out by each employee. If there are employees who commit actions that are not in accordance with standard operating procedures or violate the code of ethics, they will be subject to sanctions according to the type of violation committed. The sanctions given to employees who violate company regulations range from light sanctions in the form of reprimands to severe sanctions in the form of dismissal. Even if there are employees who are proven to have committed fraud that is very detrimental to the bank or customers, in addition to being given sanctions in the form of dismissal, the employee will also be criminalized by the bank.²¹

The employees at BPRS Kotabumi Bandar Lampung branch office were also given an understanding of the importance of maintaining and increasing taqwa to Allah subhaanahu wa ta'aalaa by carrying out all His commands and abandoning all His prohibitions.²² Therefore, BPRS Kotabumi Bandar Lampung branch office holds a diversity recitation activity which is attended by all employees every Thursday afternoon. In this activity, employees are given an understanding that in addition to violating company rules and is an act against the law, fraud or fraud is also an act that violates religious rules. By understanding this, it is hoped that employees can stay away from actions that can lead to fraud.²³

In addition to the above efforts, BPRS Kotabumi Bandar Lampung branch office also carries out internal control activities as an effort to

¹⁹ Jajang Sutisna, Hasil Wawancara Kepala Cabang BPRS Kotabumi KC Bandar Lampung, Desember 2022.

²⁰ Abdul Latif et al., "Factors Affecting Generational Millennials' Desire To Spend Money on Waqf," *Muslim Heritage* 7, no. 2 (2022): 433–58, <https://doi.org/10.21154/muslimheritage.v7i2.4439>.

²¹ Sutisna.

²² Musyaffak Kholil Mufti afif, Meichio Lesmana, Lisda Aisya, "Analisis Strategi Bisnis Hijab Mazaya Yogyakarta Dengan Pendekatan Bisnis Model Canvas Ditinjau Dari Maqashid Syari' Ah," *At-Taradhi : Jurnal Studi Ekonomi Volume XIII Nomor II , Desember 2022 XIII* (2022).

²³ Sutisna.

prevent internal fraud. With the implementation of internal control, it is hoped that employees can carry out work according to standard operating procedures and comply with regulations that have been made by the company. So that this can pressure employees not to commit fraud.²⁴

The role of the internal auditor has an important role in evaluating the activities of the control system, and providing input for its improvement often has a significant role in supervising the company's operations. In general, auditors can only check whether the company's financial statements are in accordance with PSAK, where the financial statements are the result of these operational activities. The ideal role for internal auditors is the role of internal auditors in fraud detection and the role of internal auditors in fraud prevention.²⁵

Based on the results of research conducted by researchers at PT BPRS Kotabumi, Bandar Lampung branch office, information has been obtained through interviews with branch heads and operational managers regarding internal control efforts as a prevention of internal fraud. The form of such efforts is as follows:

- a. Socialize company regulations to all employees.

Socialization activities of regulations at BPRS Kotabumi Bandar Lampung branch office aimed at all employees which aims to prevent employees from taking actions that deviate from the regulations that have been set by the company. Socialization activities are carried out through communication to employees directly verbally and in writing. The forms of these regulations include Standard Operating Procedures and Employee Code of Ethics.²⁶

- b. Distributing authority and responsibility to employees.

Every employee who works at BPRS Kotabumi Bandar Lampung branch office has their own authority and responsibility. The division of authority is carried out by providing a Decree (SK) to employees based on the position to be held. This division of authority and responsibility is implemented by creating an organizational structure and job description. The organizational structure serves to establish the line of authority and responsibility of the employees. Meanwhile, in the job description, it contains a description of the job duties that must be performed by employees

²⁴ Sutisna.

²⁵ Yogi Ginanjar and E. Mulya Syamsul, "Peran Auditor Internal Dalam Pendeteksian Dan Pencegahan Fraud Pada Bank Syariah Di Kota Bandung," *Jurnal Ilmiah Ekonomi Islam* 6, no. 3 (October 28, 2020): 529–34, <https://doi.org/10.29040/jiei.v6i3.1392>.

²⁶ Rizki Hamzah, Hasil Wawancara dengan Manajer Operasioanl BPRS Kotabumi KC Bandar Lampung, Desember 2022.

in accordance with the position held. At the time of employee acceptance, the job description is submitted along with the signing of the letter of appointment of contract employees or the appointment of permanent employees.²⁷

c. Conduct training for employees.

Training for employees is carried out as a form of commitment to the competence of BPRS Kotabumi employees at the Bandar Lampung branch office. The frequency of training for these employees in one year can be carried out two to three times. The forms of this training include:

- 1) Anti-fraud training;
- 2) POJK Training;
- 3) Marketing training;
- 4) Banking knowledge training.²⁸

d. Guarding and securing company assets.

The guarding and security of assets at BPRS Kotabumi Bandar Lampung branch office is carried out with various efforts. These efforts include the following:

- 1) Every quarter, data collection of office assets is carried out by the General and HR departments.
- 2) Alerting security units (security guards)
- 3) Install security locks on each office door.
- 4) Provide a special safe to store money along with important documents.
- 5) On each safe door, an alarm is installed which is directly connected to the Branch Head's cellphone.
- 6) Restrict physical access to assigned employees only. For example, access to computer rooms, computer files, cash machines, money storage rooms and safes.
- 7) Installing CCTV.²⁹

e. Designing an effective information and communication system.

The processing of information and communication systems at BPRS Kotabumi Bandar Lampung branch office is carried out through a system that is processed through a computer.³⁰ For example, the processing of accounting information containing journals, ledgers, balance sheets and income statements has been automatically systemized on a computer. In addition, for the provision of information for outside parties containing publication reports and others, BPRS Kotabumi provides a website that can be

²⁷ Hamzah.

²⁸ Hamzah.

²⁹ Sutisna, Hasil Wawancara Kepala Cabang BPRS Kotabumi KC Bandar Lampung.

³⁰ Mufti Afif et al., "Strategi Pemberdayaan Ekonomi Berbasis Masjid Dalam Peningkatan Kesejahteraan Masyarakat Pendekatan Analisis SWOT" 10 (2022).

accessed through the internet network. As for the communication system between employees, in addition to being carried out face-to-face, it is also carried out by utilizing social media such as telegram group applications, whatsapp groups and also through zoom meetings.³¹

f. Authorize transaction activities.

Authorization is carried out at the time of receipt and expenditure of cash flows. On cash receipts and expenditures, at certain nominal limits requires the presence of authorization. For example, at the time of cash expenditure, the teller can only make transactions up to a nominal limit of IDR 25,000,000, - when the teller will make transactions exceeding the nominal limit, the teller must ask the Manager for authorization and so on up to the Board of Directors level. The form of authorization is carried out through the system contained in the computer. Conducting authorization on transaction activities.³²

g. Monitoring

Monitoring is carried out by the branch head on the performance of employees assisted by the Operations Manager. The form of performance monitoring is carried out by means of the branch head requesting a performance report to the employee. For example, about financial statements, financing statements and cash flow statements. In addition, at certain times, the head of the branch checks the suitability of the report by comparing what is reported by the employee with what actually happened in the field.

In addition to the monitoring carried out by the Branch Head, monitoring is also carried out by the Internal Audit Committee. The audit committee visits BPRS Kotabumi Bandar Lampung branch offices three times a year and can even be more dependent on requests from the Board of Directors. This visit is carried out impromptu without prior notice to the branch office, even the audit committee team usually arrives early in the morning before the branch office operates.³³

During the visit, the audit committee is in charge of conducting checks including checking the daily mutations of the teller's report; checking the completeness of the customer's filing; checking the analysis of

³¹ Sutisna.

³² Sutisna.

³³ Siti Nurma Rosmitha et al., "The 10th Islamic Banking , Accounting and Finance International Conference 2022 (i BAF 2022) Financial Digitalization of Marketing Technology ; Improving the Competitiveness of Micro Business in Sleman Regency of Yogyakarta in the Era of Covid-19 Fikriy" 2022 (2022): 240-44.

financing; checking the customer's history, for example, such as the history of smooth installments, whether or not the installments are smooth, if the entry process is smooth, whether transfer or cash, if cash is proof of receipt of cash and so on.

In addition to conducting checks on employees directly, the audit committee also confirms customers who have just disbursed financing. The matter that is confirmed to the customer is usually to extract information about whether the customer provides compensation to employees for the financing services carried out. This is done because in the regulations at BPRS Kotabumi, employees are prohibited from receiving compensation in any form from the customer.³⁴

Strategy Analysis to Overcome Internal Fraud Through Internal Control at PT BPRS Kotabumi Bandar Lampung Branch Office

Based on the results of research that has been previously presented, BPRS Kotabumi, Bandar Lampung branch office, considers that efforts to prevent internal fraud are very important to do. The form of efforts made by the management of BPRS Kotabumi Bandar Lampung branch office in an effort to prevent internal fraud includes through internal control instruments. Internal control at BPRS Kotabumi Bandar Lampung branch office can be seen from the elements of internal control. These elements are the control environment, control activities, information and communication systems and monitoring.

a. Control environment

In terms of the control environment, BPRS Kotabumi Bandar Lampung branch office already has a fairly good control environment. This can be seen from the presence of elements of the control environment as follows:

1) Integrity and Ethical Values.

In applying integrity and ethical values, management provides an understanding of the importance of complying with employee codes of ethics through trainings, such as anti-fraud training. In addition, management also conducts religious studies for all employees once a week to instill awareness that fraud is not only an act that violates ethical values, but also violates religious rules.

2) Commitment to competence.

The efforts made by management to commit to employee competence are good enough. This can be seen from the efforts made by providing training to employees. These trainings include anti-fraud training; POJK training;

³⁴ Hamzah, Hasil Wawancara dengan Manajer Operasioanl BPRS Kotabumi KC Bandar Lampung.

marketing training; training in banking knowledge and others.

3) Management Philosophy

A management philosophy is a set of basic beliefs that become parameters for a company and its employees. BPRS Kotabumi Bandar Lampung branch as conveyed by the branch head, has a philosophy, namely considering the importance of implementing internal control in fraud prevention. This is in line with what George Bodnar and William S Hopwood stated that if management understands control, management will ensure that control policies and procedures are implemented effectively.

4) Organizational Structure

BPRS Kotabumi Bandar Lampung branch has an organizational structure to establish the line of authority and responsibility of employees.

5) Audit Committee

The audit committee at BPRS Kotabumi Bandar Lampung branch has the task of conducting inspections including checking the daily mutation of the teller's report; checking the completeness of the customer's filing; checking the analysis of financing; checking customer history and others. Examination by the audit committee is carried out three times in one year. As for when making a visit to each branch office, it is carried out in an impromptu manner without prior notice.

6) Method of Granting Authority and Responsibility.

The method of granting authority and responsibility at BPRS Kotabumi is quite good. This can be seen from the existence of an organizational structure and separation of duties in accordance with the decree given. In addition, there is also a job description that helps employees to do tasks according to what is their job.

b. Control Activities

When viewed from the elements of control activities such as information processing, task division, physical supervision and work review, control activities at BPRS Kotabumi Bandar Lampung branch office are generally quite good. This can be seen from the information processing system that has been processed through a computer and can be directly accessed through the internet network. Regarding the distribution of duties to employees, it is also quite well done. This can be seen from the existence of an organizational structure and job description made by the management so that no employee performs multiple positions.

Regarding physical supervision, it is also quite well done. This can be seen from the efforts to guard and secure assets such as alerting security units, installing security locks on each office door, providing special safes to store money along with important documents, limiting physical access only to assigned employees and installing CCTV. As for the implementation of employee

performance reviews, it is carried out by the branch head. The form of review work carried out by the branch head includes checking financial statements, checking the progress of financing customer financing, and checking the smooth payment of customer financing installments.

b. Information and Communication Systems

The information and communication system at BPRS Kotabumi Bandar Lampung branch office is quite good. It can be seen from the processing of information and communication systems processed through computers integrated through the internet network.

c. Monitoring

In addition to monitoring carried out by internal management, namely by branch heads and operational managers, monitoring is also carried out by the internal audit committee. In general, control monitoring activities at BPRS Kotabumi Bandar Lampung branch office are good. This can be seen from the supervisory function by management and the audit committee. Supervision by management ensures that control activities run well. Meanwhile, supervision by the audit committee ensures that operational activities run in accordance with operational standards set by the company.

Practitioners working in the banking industry need to understand fraud risk management methods to reduce the likelihood of fraud occurring. Practitioners need to understand 3 risk management, namely risk management to find weaknesses in the company's system and improve internal control, identify fraud as quickly and accurately as possible, and ask internal investigators to deal with fraud. One aspect that has a significant impact on the implementation of anti-fraud strategies is control and monitoring. In accordance with the level of risk and complexity of fraud in banking activities, an information system is needed that supports fraud monitoring.³⁵

If you look at what has been directed by the internal controller of BPRS Kotabumi Bandar Lampung branch office, then almost all of the activities that have been carried out have led to the implementation of good risk control management such as the existence of control and monitoring activities as one of the important aspects in implementing an anti-fraud strategy. So that the efforts carried out by the internal controller of BPRS Kotabumi Bandar Lampung branch office can be maintained and improved in order to maintain the image of the institution and provide security for customers.

³⁵ Supriyanto Supriyanto et al., "Manajemen Risiko Kecurangan Pada Perusahaan Perbankan Di Indonesia," *Sibatik Journal: Jurnal Ilmiah Bidang Sosial, Ekonomi, Budaya, Teknologi, Dan Pendidikan* 2, no. 1 (December 31, 2022): 223–32, <https://doi.org/10.54443/sibatik.v2i1.535>.

Conclusion

Apparently, the strategy used by BPRS Kotabumi Kota Bandar Lampung branch in tackling internal fraud is through internal control. Internal control efforts at BPRS Kotabumi Bandar Lampung branch include, socialization of company regulations to all employees; carry out the distribution of authority and responsibility to employees; conduct training to employees; safeguarding and securing company assets; creating information and communication systems; authorize transaction activity; and conduct monitoring. Internal control at BPRS Bandar Lampung Branch Office is quite good. This can be seen from the existence of internal control elements such as the control environment, control activities, information and communication systems, and monitoring. This research is certainly limited only to internal fraud control, further research is needed that is more comprehensive. Furthermore, the researcher recommends management strategies in dealing with operational risks to get a more comprehensive study.

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