

Rereview Literature: Effect of Forensic Audit, Anti-Fraud, External Audit, Individual Morality, and Fraud Knowledge against Fraud Prevention

Agustina R.T Sitompul¹, Debora Anjany Situmorang², Ibbie Falia³, Handriyani Dwilita^{4*}

^{1,2,3,4} Department of Accounting, Faculty of Social Sciences, Panca Budi Development University, Indonesia

Korespondensi: handriyani@dosen.pancabudi.ac.id

Abstract: *This Research Aims To Examine The Influence of Forensic Audit, Anti-Fraud Awareness, External Audit, Individual Morality, And Fraud Knowledge On Fraud Prevention In Organizations. Fraud is a common problem That Often Occurs in Companies Financially and Financially. Using A Literature Review Approach, This Research Compiles And Examines Various Previous Studies Related to Understanding The Relationship Between These Factors. The Results of the Study Show That Forensic Audits Are A Determining Factor in Detecting and Preventing Conditions by Strengthening Supervision and Transparency. Understanding Anti-Fraud Among Employees Is Proven To Strengthen Compliance With Existing Procedures And Provisions. Additionally, External Audits Provide Independent Assessments That Can Reduce Financial Risks. Individual Morality Contributes to the Selection of Ethical Decisions, While Knowledge of Fraud Strengthens The Ability of Individuals and Organizations to Recognize and Prevent Acts From Occurring. These Fings Call for Integrating All of these Factors Into Fraud Prevention Strategies to Create a Safer and More Accountable Environment. It is hoped that this Research Will Provide Insight for Practitioners and Scientists in Designing Effective Policies to Prevent Fraud in Various Sectors.*

Keywords: *Forensic Audit, Anti-Fraud Awareness, External Audit, Individual Morality, Fraud Knowledge*

1. INTRODUCTION

Fraud is one of the significant challenges faced by organizations throughout the world. Cheating does not only cause large financial losses, but can also damage the reputation and trust of stakeholders. According to the Association of Certified Fraud Examiners (ACFE), the organization loses around 5% of their income every year due to fraud (ACFE, 2020). Therefore, fraud prevention is a top priority for management to maintain the integrity and welfare of the organization.

In an effort to prevent fraud, several approaches have been proposed, including the application of forensic audits, increasing anti-fraud awareness, implementation of external audits, individual morality development, and increased knowledge about fraud. Forensic audits, which focus on investigations and data analysis to detect conditions, have proven effective in identifying and preventing conditions (Kranacher et al., 2011). In addition, anti-fraud awareness among employees plays an important role in creating organizational culture that is not tolerant of circumstances. Research shows that individuals who have high awareness of potential tend to be more careful and adhere to existing procedures (Albrecht et al., 2008).

External audits also provide independent assessments that can increase transparency and accountability of financial statements, thereby reducing the chances of occurrence of events (Deangelo, 1981). Individual morality is an important factor in fraud prevention, because individuals with high morality tend to reject actions even though there is pressure to do so (Trevino, 1986). In addition, knowledge of the various types of conditions and techniques used to do so can strengthen individual and organizational abilities in recognizing and preventing conditions (Cohen et al., 2010).

Through this research, the author aims to explore the influence of each of these factors to fraud prevention. By conducting a comprehensive literature study, it is expected to provide more in-depth insight into the relationship between forensic audits, anti-fraud awareness, external audits, individual morality, and fraud knowledge in the context of fraud prevention. The findings of this study are expected to contribute to the development policies and practices that are more effective in preventing the situation in the organization.

The formulation of The problem

Based on the background above, there are 5 formulating problems that are will be discussed in the review literature article namely:

1. Is there a significant relationship between the application of forensic audits and reducing fraud cases?
2. The extent to which fraudulent awareness among employees contribute to fraud prevention?
3. Does external audits do routinely affect the level of stakeholder trust?
4. Is there a relationship between individual morality and the effectiveness of fraud prevention in the organization?
5. Does training and education regarding fraud can improve employee capabilities in preventing conditions?

2. LITERATURE REVIEW

Prevention of Fraud

According to the ACFE (Association of Certified Fraud Examiners), fraud covers various forms of fraud, including financial statements manipulation, asset embezzlement, and information guidance. The following indicators can be used to assess the effectiveness of fraud prevention in an organization:

1. Compliance Level of Anti-PolicyFraud:The extent to which employees comply with fraudulent prevention policies and procedures.
2. Audit frequencyInternal:The number of internal audits is carried out in a certain period as an indicator of supervision of potential conditions.
3. Number of anti-trainingFraud:Frequency training provided to employees regarding fraud prevention and detection.
4. Employee satisfaction with the systemReporting:The level of employee satisfaction with the available reporting channels to report anonymous cheating.
5. Technology useSecurity:Implementation of technology such as firewalls, antivirus protection, and access control systems to protect company data and information from potential leaks or encryption.

Forensic audit

According to Amrizal (2013) forensic audits are the science of the collection and presentation of information in the form and format that can be accepted by the law in the court in fighting the perpetrators of Economic Crimes. Theamrizal (2013) suggests in Shodiq et al (2013) there are indicators in the audit forensicnamely:

1. Auditforensicin theprevent frauddefinition and definitionimplementation.
2. Levelmaterialityauditforensic
3. Taskauditorsforensic
4. Responsibilitiesanswerauditorsforensic
5. Specificationexpertisetherequiredauditorsforensic
6. Independenceandobjectivity
7. Evidence ofauditforensic

Anti-fraudites

According to Fajnianto (2019):Anti-fraud awareness is an attempt to foster awareness of the importance of fraud prevention by all parties related to the program socialization, employee awareness, and customer awareness. There are indicators in anti-fraudites, namely:

1. SocializationThe program:Preparation and socialization of anti-fraud statements, such as Zero tolerance policy against fraud.

2. Employee program Awareness: Seminars, training, and publications of understanding regarding forms of fraud, transparency of investigative results, and follow-up of frauds carried out continuously.
3. Customer program Awareness: Manufacture of anti-fraud brochures to increase the alertness and vigilance of the external parties to the possibility of fraud.

External audit

According to Accurate (2024), an external audit aims to provide an objective opinion on whether financial statements have been prepared in accordance with generally accepted accounting principles, such as GAAP or IFRS. Here are the main indicators that are often identified in the literature:

According to Accurate (2024), an external audit aims to provide an objective opinion on whether financial statements have been prepared in accordance with generally accepted accounting principles, such as GAAP or IFRS. Here are the main indicators that are often identified in the literature:

1. Independence auditor

The auditor's independence is one of the key indicators in an external audit. The auditor must be free from any party's influence so that it can provide objective assessments and not biased on financial statements. According to Siti Kurnia Rahayu and Ely Suhayati (2013).

2. Auditor competence

The auditor's competence includes the knowledge, skills, and experience possessed by the auditor in conducting audits. This competency is very important to ensure that the auditor can identify and analyze risks correctly. Tuti Herawati and Selly Siti Selfia (2019) stated that the auditor's competence became one of the main indicators in determining audit quality.

3. Compliance with the standard

External audits must be carried out in accordance with applicable audit standards, such as International Standards on Auditing (ISA) or local standards set by the regulator. Compliance with this standard ensures that the audit process is carried out with how to systematic and measurable.

4. Risk identification

External audits serve to identify risks that might affect financial statements. Auditors must be able to uncover the potential weakness in the internal control system and the

company's business processes, allowing companies to take the right mitigation actions.

5. Quality of Financial Information

External audits aim to assess the quality of financial information presented in financial statements. It includes the accuracy, completeness, and relevance of the information presented, so it can provide a description that is presented, so it can provide a clear description of the company's financial condition.

6. Audit process efficiency

Indicator of an external audit is the efficiency of the audit process itself. This includes optimal use of time and resources during the audit implementation. The auditor needs to wonder whether the audit process is done without sacrificing quality.

Individual morality

According to (Hariawan et al., 2020) moral is how individuals regulate their behavior based on the value as well as norms which became his grip. The government is convenient to form with individuals who have good morals too. Liyanarachchi and Newdick (2009) in Fernandhytia & Muslichah (2020) state individual moral levels will influence their ethical behavior. When an ethical dilemma occurs, individuals who have a high level of moral reasoning will be unlike individuals who have a low moral level. The level of moral reasoning is the basis for knowing individuals to do certain actions related to the dilemma of the ethics of scoring & Mahaputra (2017). Various studies have identified individual indicators of individuals that can be used to assess a person's morality level. Here are some of the main indicators:

1. Honesty: The ability to convey the truth and avoid snippets in daily interactions, including in making financial reports (Hartati et al., 2020).
2. Awareness: Awareness of an individual to the responsibilities carried out in an entity or organization, and how they carry out these responsibilities (Rahimah et al., 2020).
3. Compliance against Rules: Individual compliance with regulations and norms that apply in the work environment or community. This includes the attitude to obey each rule in an entity or organization (Rahimah et al., 2020).

Fraud knowledge

According to the ACFE (Association of Certified Fraud Examiners), fraud covers various forms of fraud, including financial statements manipulation, asset embezzlement, and referring information (Pearl et al., 2024) indicators that can be used to assess knowledge about Cheating includes:

1. Understanding of types Fraud: The extent of individuals understand various forms of state.
2. Awareness Cause: The level of individual awareness of the factors that encourage fraud.
3. Detecting ability Cheating: Individual abilities to recognize the initial signs of potential conditions.
4. Application of Anti-Policy Fraud: The extent of individuals understand and implement fraudulent prevention policies at work.

Previous research

The following are previous studies related to Forensic Audit Research (X1), Awareness Anti-fraud (), external audit (3), individual morality (4), fraud knowledge () that affects fraud prevention (Y) which is illustrated:

Table 1: Study Relevant relevant

No	Author (year)	Previous research results	Equation with this article	Difference with this article
1.	Ailani Almira Hartono Putri, Sri Trisnaningsih (2023)	Foensic Audit for Prevention of Corruption by using a whistleblowing for bribery detection	Forensic Audit has a significant effect on fraud prevention	This article uses whistleblowing to detect bribes
2.	Kristina Durnila, Cahyo Budi Santoso (2018)	Effect of Forensic Audit and Auditor Competence on Fraud Prevention with Emotional Intelligence as a Moderating Variable at the RI BPK Representative of Riau Province	Forensic Audit has a significant effect on fraud prevention	The competency of the auditor does not have a significant effect on fraud prevention
3.	Roza Mulyadi Muhammad Nawawi	Effect of Forensic Audit Audit Investigation, Professionalism to	Forensic Audit affects the prevention of fraud	Investigation audit, professionalism influences cheating

	(2020)	Cheating (Empirical Study at BPKP) of Banten Province		
4.	Dewa Ayu Cintya Nari Ratih (2020)	Forensic Audit, Investigation and Professional Audit on Disclosure of Cheating at BPKP	Investigation audit, and professionalism have a positive effect on fraud prevention	Forensic Audit does not affect fraud prevention
5.	Dewi Novita Wulandari, Muhammad Nuryatno (2018)	Effect of Internal Control, Anti-Fraud Awareness, Integritas, IndependSI, and professionalism on fraudulent prevention	Internal control, integrity, independence and Professionalism has a positive effect on fraudulent prevention	Anti-fraud awareness has no positive effect on fraudulent prevention
6.	Harry Budiantoro et al (2022)	The Effect of GCG Application, Anti-Fraud Awareness, and Employee Integrity of Fraud Prevention (Fraud)	Good Corporate Governance (GCG) and anti-fraud awareness have a significant effect on fraud prevention (fraud)	Employee integrity has no effect on fraudulent prevention
7.	Cris Kuntandi, Alviana (2020)	Effect of Forensic Audit, Internal Audit, and External Audit in Efforts to Eradicate Corruption	Forensic Audit, Internal Audit and External Audit Influence on Corruption Eradication	Internal audit influences in eradicating corruption
8.	Claudia Amanda Melati Korompis, Lady Diana Latjandu (2017)	The influence of client narcissism, audit fees, independence, professional skepticism, and interlock external auditors on audit judgment in detection of fraudulent financial statements (case studies on KAP in Manado)	Client narcissism, professional skepticism, and interlock external auditors do not affect fraud detection	Narcissism Client, Professional Skeptism does not affect the detection of fraud
9.	Nuzul Fajri Qorirah, Efrizal Syofyan (2024)	Effect of internal control, individual morality, and whistleblowing systems on fraud prevention (empirical studies on the OPD of the Padang City Government)	Internal control has a positive effect on fraud prevention	Individual morality, and whistleblowing systems do not affect fraud prevention
10.	Holy Mangala	The influence of forensic accounting,	Forensic accounting,	Forensic accounting and whistleblowing

	Flowers, Cris Kutandi (2023)	whistleblowing and individual morality of fraudulent prevention	whistleblowing and individual morality influence fraudulent prevention	affect fraudulent prevention
11.	Debora Kartini Miseri Lubis, Gideon Setyo Budiwitjako (2023)	Internal control analysis, anti-fraud awareness and knowledge fraud on fraud prevention	Internal control has no effect against the prevention of fraud	Anti-fraud awareness and influential fraud knowledge positive for fraud prevention
12.	Asriadi et al (2021)	Effect of knowledge, thinking skills, analysis of experience tasks, time pressure on fraud detection by Pinrang Regency Inspectorate	Knowledge, thinking skills, analysis of task experience, and time pressure affect fraud detection	Acknowledge Thinking, analyst task experience, and time pressure affect fraud detection

3. RESEARCH METHOD

The method of writing this scientific article is by qualitative methods and library studies Other online media.

In qualitative research the Harud literiness study is used inductively so it doesn't will be Leading the questions raised by researchers. The main reason for choosing qualitative research because the research is explorative aimed at exploring new things that many people have not known.

4. RESULTS AND DISCUSSION

Effect of Forensic Audit on Fraud Prevention

Ailani Almira Hartono Putri Sri Trisnaningsih (2023) conducted a research on the influence of forensic audits on fraud prevention. Research Results showed that there was a positive and significant relationship to fraud prevention. This shows that the improving the application of forensic audits in a company, it will improve In overcoming fraud prevention. Therefore, forensic audits is one effective way to help overcome fraud prevention.

Forensic Audit is the most effective and accurate way of reducing, overcoming and preventing fraudulent with the preparation and placement of good accounting

systems. This research is related to Kristina Durna, Cahyo Budi Santoso (2018) who has conducted research and proves that audit Forensic has a positive and significant effect on fraud prevention. This results is JYGA supported by research conducted by Roza Mulyadi Myhammad Nawawi (2020) which states the forensic audit influences in overcoming fraud.

Influence of anti-fraud awarenessD to fraud prevention

Anti-fraud awareness has a positive effect on preventing fraud because awareness of ourselves to avoid fraud (fraud) (Ramadhaniyati & Nur, 2014).

Fraud Awareness is an effort of all parties in an organization to increase awareness will be The importance of fraud prevention. Fraud Awareness aims to increase the awareness and sensitivity of all parties to the risk of fraud and control needed to prevent fraud. Wulandari & Nuryanto (2018) Research (2018), and Siregar & Bayu (2015) show that anti-fraud information affects fraud prevention.

The results of the study data analysis showed that the hypothesis stated that "anti-fraud awareness had an effect on fraud prevention" accepted. This is supported with a significant value in the T test of 0.011. That is, the more effective application of anti-fraud awareness to employees then will be The better fraud prevention efforts. This research is in line with the concept of the Stewardship Theory which emphasizes that by prioritizing mutual interests will be Growing awareness of the importance of fraud prevention in the company or organization for focusing on shared goals and interests. The results of this study are similar to the results of the research of Prena & Kusmawan (2020), Yuniarti (2017), and Jalil (2018) which explained that anti-fraud awareness had an effect on fraud prevention.

Effect of External Audit on Fraud Prevention

Research related to the government's external auditor was prohibited with the results of the BPK audit contained in the examination report (LHP). The first variable is an audit opinion. According to Gunarwanto (2017) in Tehupuring (2018), the community basically sees audit opinions as a measure of government accountability and as collateral that the state finance is managed honestly and free from corruption. Studies conducted in Indonesia presents inconsistent results related to the influence of audit opinions on the level of corruption.

The effect of individual morality to fraud prevention

Morality refers to personal values, the code of ethics that distinguishes correctly and is therefore morality plays a role in government as holder commitment (Atmadja & Saputra, 2017 in Saputra et al., 2020). Liyanarachchi & Newdick (2009) In Fernandhytia & Muslichah, (2020) declare moral reasoning affects individual ethical behavior. Each individual has a different moral reasoning, so in facing the ethical dilemma will be different too. Based on Gone's theory, Greed (greed) in Individual self, and need (needs) motivate individuals to take action. Research conducted by Saputra et al., (2020) and Hariawan et al., (2020) Indicates that morality has a positive effect on fraud prevention.

Fraud knowledge influence Against Fraud Prevention

The results of the study data analysis showed that the hypothesis stated that "Fraud knowledge had an effect on fraud prevention" accepted and supported with a significant value of fraud knowledge variables in the T test of 0.001. That is, the more effective the application of fraud knowledge in the form of forensic accounting at employees will be the better fraud prevention efforts. This research is in line with the concept of attribution theory which shows that a rational behavior of a person who understands the knowledge of fraud encourages to identify the risk factors of fraud and respond to the risk appropriately so that it can prevent the occurrence of fraud actions. The results of this study are in line with Marine & Narsa (2021) research titled The Importance of Forensic Tax and Accounting Knowledge to Prevent Fraud in New Normal Era, Oyebisi et al. (2018) titled Forensic Accounting and Fraud Prevention and Detection in Nigerian Banking Industry, and Owolabi et al. (2021) titled Forensic Auditing and Fraud Detection in the Nigerian Deposit Money Banks, Accounting and Fraud Prevention and Detection in Nigerian Banking Industry, and Owolabi et al. (2021) titled Forensic Auditing and Fraud Detection in the Nigerian Deposit Money Banks, Which states that fraud knowledge in the form of forensic accounting has been proven to have an effect on fraud prevention.

Thought

Based on the formulation of the problem, the theory study, previous research that Relavan and the discussion of influence between variables, then the framework of thinking about the article as below.

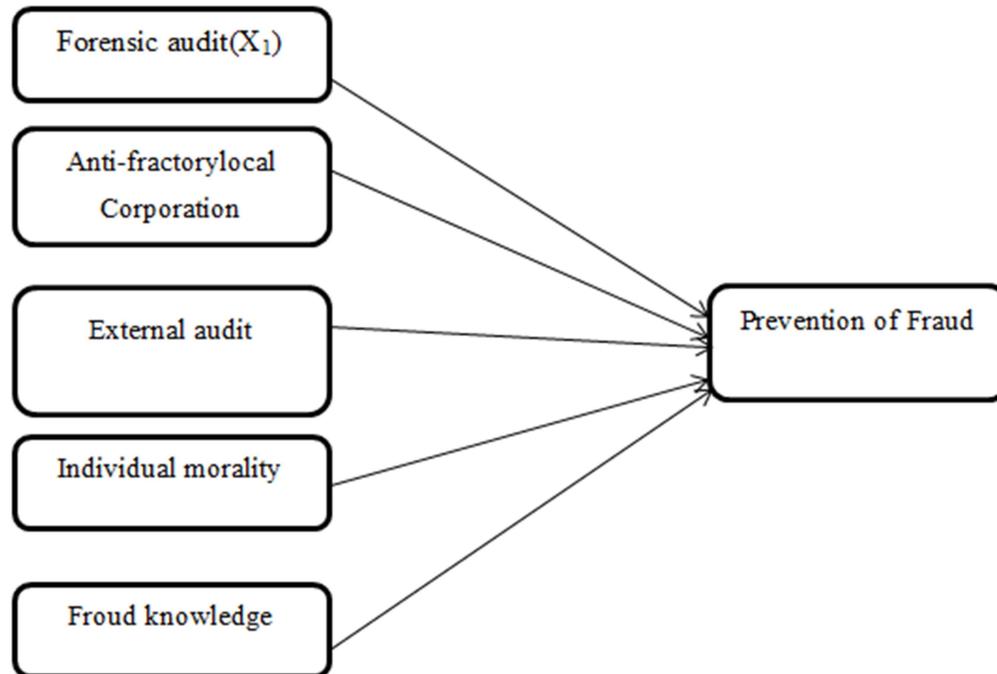


Figure 1. Conceptual framework

RESEARCH HYPOTHESIS

Based on the background of the problem that has been stated, the theoretical foundation,

as well as the results of previous studies, the hypothesis was produced as follows.

H1: Forensic Audit is enabled to have a positive effect on prevention of fraud

H2: anti-fraud consistency can have a positive effect on prevention of fraud

H3: External Audit has a positive effect on prevention of fraud

H4: individual morality has a positive effect on prevention of fraud

H5: Knowledge of Fraud has a positive effect on Prevention of Fraud

Endogenous variable (endogenous) in the literature is prevention of fraud. While the exogenous variable (exogenous) in this study is forensic audit, awareness of anti-fraud, external audit, individual morality, and fraud knowledge.

1. Internal Control (Putri, Wahyundaru, 2020)
2. Professional Judgment (Hasbi, 2019)
3. FIKING COLLECTION (Asriadi, Firman Menne, Lukman Setiawan 2021)
4. Employee Integrity (Harry Budiantoro, Nanda Dwi Aprilia, Kanaya Lapae 2022)
5. Audit Fee (Claudia Wanda Melati Korompis, Lady Diana Latjandu 2021)
6. Auditor Competence (Kristina Durnila, Cahyo Budi Santoso 2018)

7. Investigative Audit (Roza Mulyadi Muhammad Nawawi 2020), (Dewa Ayu Cintya Nari Ratih 2020)
8. Professionalism (Dewi Novita Wulandari Muhammad Nuryatno 2018).

CONCLUSION

Based on theory and discussion of relevant articles, a conclusions can be formulated as follows:

1. Forensic Audit has a positive effect on fraud prevention
2. Anti-fraud itesberpenpositively prevention fraud
3. External audits have a positive effect on fraud prevention
4. Individual morality positive effect on prevention fraud
5. Fraud knowledge has a positive effect on fraud prevention

SUGGESTION

Based on the conclusions that have been made, the suggestions that can be given in this literature review article are that there are still many factors in that affect prevention fraud apart from Audit forensic, anti-fraud awareness, Extetrnal audit, individual morality, and knowledge of fraud. Further research is still needed to determine whether the characteristics other than those included in this article can be Don't affect fraud knowledge in prevention Fraud at all levels and types of organizations or businesses. Other factors like In Inter, audit fee, thinking ability, employee intergrities, professionalism, Ivestigative audit, auditor competence, professionalism auditor, professional judgment.

REFERENCES

- Anggraini, D., Triharyati, T., & Novita, N. (2019). Forensic accounting and investigative auditing in fraud disclosure. *Journal of Economics, Business, and Accounting*, 2(2), 372-380.
- Asriadi, M., Firman, M., & Lukman, S. (2021). The effects of knowledge, thinking skills, task analysis, experience, and time pressure on fraud detection by the Pinrang Regency Inspectorate. *Indonesian Journal of Business and Management*, 3(2), 71-80.
- Cris, K., & Aviana, A. (2022). The influence of forensic audits, internal audits, and external audits in efforts to eradicate corruption. University of Bhayangkara Jakarta Raya.
- Dewi, W. N., & Muhammad, N. (2018). CulmerLian internal, anti-awareness - Fraud, integrity, independence, and professionalism for fraudulent prevention. Trisakti University Jakarta.

- Elvira, M., Tettet, F., & Mulyani, S. (2024). The effect of internal control, forensic accounting, and investigation audit on fraud prevention at the Bank in supervision of the Republic of Indonesia BPK. *Tambusai Educational Journal*, 8(1), 753-764.
- Hartono Almira Ailani, P., & Trisnaningsih, S. (2023). Forensic audit for corruption prevention by using whistleblowing for bribery detection. *Journal of Bina Accounting*, 10(1), 95-109.
- Hasibuan, R. R. M., Siregar, S., & Harahap, I. M. (2023). The effect of internal audit and external audit on accounting fraud in view of the fraud triangle theory: Study of Soe companies in Medan City. *Journal of Management, Economic, and Accounting*, 2(2), 275-286.
- Korompis, M. W. C., & Latjandu, D. L. (2017). The influence of client narcissism, audit fee, independence, professional skepticism, and interlock external auditors on audit judgment in the detection of financial report fraud: Case study on KAP in Manado. *Going Concern Accounting Research Journal*, 12(2), 594-604.
- Lubis, M. K. D., & Budiwitjaksono, S. G. (2023). Analysis of internal control, anti-fraud awareness, and knowledge of fraud against fraud prevention. East Java Veteran National Development University.
- Mulyadi, R., & Nawawi, M. (2020). The influence of forensic audits, investigative audits, and professionalism on fraud prevention: Empirical studies at BANTEN Province BPKP. *Integrated Accounting Research Journal*, 13(2), 272-294.
- Nuzul, Q. F., & Efrizal, S. (2024). Effect of internal control, individual morality, and whistleblowing systems on fraud prevention: Empirical studies on the OPD of the Government of Padang City. *Journal of Nuance of Accounting Works*, 2(1), 82-96.
- Oktavilia, K., & Cris, K. (2022). Literature review: Effect of forensic audit, investigative audit, and auditor competence on fraud disclosure. University of Bhayangkara Jakarta Raya.
- Pamungkas, J. (2022). The influence of forensic accounting, investigative audit, independence, and professional skepticism on fraud disclosure: Studies at the BPKP representative of Central Java. *Computerized Scientific Journal Accounting*, 15(1).
- Sitti, W. A., Usman, U., & Victorson, P. (2023). The effect of individual morality and internal control on the prevention of illicit activities in managing village funds. Gorontalo State University.
- Udiiantoro, H., Dwi Nanda, A., & Kanaya, L. (2022). The effect of the application of GCG, anti-fraud awareness, and employee integrity against fraud prevention. *Business Orientation Journal and Entrepreneurship*, 3(5), 28-39.