

CHAPTER V

CONCLUSION AND SUGGESTION

5.1 Conclusion

Based on the result of this research which discusses about the implementation of internal audit and its role in preventing fraud in PT. Bank Pembangunan Daerah Sumatera Barat (Bank Nagari), the author can conclude the following:

1. Implementation of Internal Auditing

The implementation of internal audit done by the Internal Audit Division of PT. Bank Pembangunan Daerah Sumatera Barat (Bank Nagari) is already adequate.

This is proven from the points below:

- a) The Internal Audit Division have a strategic authority and position, a clearly defined responsibility and an unlimited scope of audit.
- b) The Internal Audit division has succeeded in implementing the value of professionalism in performing its functions as an internal audit work unit.
- c) The Internal Audit Division, as a work unit, has a clear structure of management and regulation operational procedures that are in accordance with the standards.
- d) The audit performed by the Internal Audit Division is in accordance with the standards that are set.
- e) The Internal Audit Division has a clear procedure of documentation and administration.

2. Role of Internal Auditor in Preventing Fraud

There is a significant role of internal audit in preventing fraud at PT. Bank Pembangunan Daerah Sumatera Barat (Bank Nagari). This is proven from the points below:

- a) The Internal Audit Division has implemented an effective anti-fraud strategy with the use of an Anti-fraud Software which provides an effective mechanism for whistle blowing.
- b) The Internal Audit Division has the responsibility of collecting reports from managements in the branch offices concerning suspicions or indications of fraud
- c) The Internal Audit Division has implemented a risk based audit that ensures them to able to manage the risk of fraud.
- d) The Internal Audit Division has implemented an effective strategy of fraud prevention through structural position and regulation for assignment of internal auditors to prevent any interference to the independency of internal auditors.

5.2 Suggestions

Based on the result of this research, the author would like to recommend the following suggestions:

1. In implementing its functions the Internal Audit Division refers to standard provided by Indonesian Central Bank stated in PBI number 1/6/PBI/1999, which is intended to be the minimum requirement in the practice of internal

audit function. The Internal Audit Division should consider to refer more to IIA's International Standards for the Professional Practice of Internal Auditing to improve their Internal Audit Function. Since the IIA's standard can be used in conjunction with other standard, the Internal Audit Division can still refer to the standard provided by the Indonesian Central Bank to fulfill minimal requirement.

2. The Internal Audit Division should also set a written standard of requirement in assigning an individual to be an Internal Auditor. This is so that the Internal Audit Division can improve their professional proficiency and also improve the quality and accountability of their work.

5.3 Limitation of the Research

The limitation of this research is that the documents related to the audit activity in the subject, which can be used to support the results of this research, could not be obtained by the author since the company considers these documents as classified documents. These documents includes reports related to the internal audit activity in the company. For future researches in the same topic, the acquirement of these documents can help improve the result.