

**DOES TASK FORCE WORK IN ANTI-FRAUD PROGRAM?
(A CASE STUDY IN PT. COCA COLA AMATIL, SEMARANG, CENTRAL
JAVA, INDONESIA)**

Sigit Handoyo
Lariza Selvi Pradiba
Accounting Department, Universitas Islam Indonesia

Abstract

The lack of fraud prevention can cause frauds such as theft, exploitation, embezzlement, forgery, bribery, and others that can affect negative effect to the company. In this research, the researchers aim to show the role of task force in the implementation of anti fraud program in one of manufacturing company in Central Java, PT. Coca-Cola Amatil. The type of research method focused on qualitative data collection techniques which used primary and secondary data. The primary data gathering method used are observation and interview method with the Internal Auditor, Learn and Development manager, and Industrial Relation manager. The result obtained from the interview explained that Coca-Cola was less capable to overcome the fraud situation especially in creating an appropriate of anti fraud program. The researchers conclude that the implementation of anti fraud program in the company has been conducted well in 2013. However, in two previous years, Coca-Cola had unsuccessful implementation that has caused the significant increased in the number of fraud due to the lack of task force.

Keywords: Anti Fraud Program, Fraud, Internal Auditor, Internal Control

JEL Classification: M420

Study Background

Nowadays, in global economics era, there has been strict economic competitions. The competition has urged companies to be creative and more innovative. To survive from this challenging competition, the company needs more efficient and effective effort to increase the company performance, including better management in achieving goals. In a row of increasing and more complex of companies operation, the top management have a limited access to communicate toward several lower management who create the work efficiency, even it has been supported by observation system.

Top management have to build a good communication with all of management level for a good performance review, because misscommunication between top management and lower management level could be make fraud actions, such as theft, exploitation, embezzlement, forgery, bribery, and etc. Frauds are a common problem that occurred within the company circle, even within the company that has a good internal control and good program of fraud prevention. W.S.Albrecht (2002) explained the three factors of fraud, they are incentive/pressure, opportunity, and rationalization/attitude. Fraud in manufacturing company can be conducted in several ways such as document manipulation, make a fictive sales, theft of bottle product or asset

and uses the company's money for personal needs. That is the reason why the management needs attention for fraud possibility like doing anti fraud program within the company. In this era, anti fraud program has already become an important part within the company, and its existence is to keep developing in a line with the business growth toward the global world.

Internal auditor is a person who performs anti fraud program with the purpose of testing and evacuating the fraud that occurred in an organization. Internal auditor also could be a task force to make sure that anti fraud program in an organization runs well. Therefore, the internal auditor needs to do the inspection, assessment, and look for evidence of the facts in order to provide recommendations to be followed up by the management. Anti fraud program is used as a way to prevent fraud in a company by creating a good environment and eliminating opportunities for fraud (W.S. Albrecht, 2006). An adequate anti fraud program could help management to secure companies assets and important document such as financial data and others, and one important thing is to anticipate fraud possibility in the future. Herm into (2012) stated that anti fraud program is an important strategy of fraud prevention which helps organization to prevent and to detect fraud.

Research Objective

The research focus is an analysis on the role of task force of anti fraud program implemented as part of tolls of fraud prevention in company.

Review of Related Literature

Fraud

Fraud is the intentional misrepresentation or alteration of accounting records regarding sales, revenues, expenses and other factors for a profit motive such as inflating company stock values, obtaining more favorables financing or avoiding debt obligations. Employee who commit accounting fraud at the request of their employers are subject to personal criminal prosecution. Based on the book of fraud examination (S. Albrecht, 2006, p. 07), stated that fraud is deception, confidence, and trickery. According to another definition, fraud is to create a misjudgment or maintain an existing misjudgment to induce somebody to make a contract (Arzova, 2003). Another definition says that fraud is to enrich oneself by intentionally reducing the value/worth of an asset in secret (Dilek, 2012).

Fraud refers to the misrepresentation of accounting records in order to boost net income and sales figures of a company. This hides any financial problems the company is facing. Fraud definition stated by Ehajulaeha (2013) is a deception to make a lost one party with no consciousness and give an advantage to deception party. Deception is illegal action of deceit and done by anyone for advantage to make a lost an organization by insiders or outsiders. Fraud is a generic term, embracing all multi various means which human ingenuity can device and which are resorted to by one individual to get an advantage over another by false representation. No divinize and invariable rule can be laid down as a general proposition in defining fraud, as it is

included surprise trickery, cunning and unfair ways by which another is cheated. Theory boundaries defining is are those which limit human knavery, (W.S.Albrecht, 2002; C.D.Albrecht, 2006).

Based on Association of Ceritifed Fraud Examiner (ACFE) in Fraud Examiners Manual (2006), the definition of Fraud is an intentional untruth or dishonest scheme used to take deliberate and unfair advantage of another person or group of persons it included any mean, such cheat another. Meanwhile, according to Black Laws Dictionary in United States, Fraud embracing all multivarious means which human ingenuity can device and which are resorted to by one individual to get an advantage over another by false suggestions or suppression of truth and included all surprise, trick, cunning or dissembling and any unfair way by which another is cheated. Fraud can be perpetrated against customers, creditors, investor, suppliers, insurers, and government authorities, (Balogna,1995).

Conditions Generally Present When Fraud Occurs

Three conditions generally are present when fraud occurs. First, management or other employees have an incentive or are under pressure, which provides a reason to commit fraud. Second, circumstances exist, for example, the absence of controls, ineffective controls, or the ability of management to override controls that provide an opportunity for a fraud to be perpetrated. Third, those involvements are able to rationalize committing a fraudulent act.

When business frauds are analyzed, it is ascertained that three components come together when committing the white-collar crime. These are pressure, opportunity, and justification that constitute the “fraud triangle.” Components of the fraud triangle are similar to the fuel, spark, and oxygen which together cause fire. When the three come together, inevitably fire breaks out (Bozkurt, 2003).

1. Pressure Factors (Bozkurt, 2003)

Pressure factors could be gathered into three groups:

a. Pressures with financial content generally show up when people are in need of cash. The very first reason of employee fraud is that they are poor due to lower income they receive, and want to live under better conditions. Pressures with financial content could come into view in the long term as well as in the short term. An employee who has been working in business for a number of years could commit fraud for some reasons. Studies show that on average 30% of employees conduct fraudulent activity in the first 3 years, and the remaining 70% attend to forgery processes between the 4th and 35th years of their professional life.

b. Pressures stemming from bad habits, have attributes related with pressures with financial content. Being a gambler, drug or alcohol addict, and keen on nightlife are among the several reasons causing fraud. This kind of habit is accepted as the worst kind of factors motivating

fraud. The study of Ozkul (2012) on fraud cases from emerging economies stated there are many examples of women employees committing fraud to buy drug or alcohol for their children or husbands; or of managers who are very successful in their professional lives but commit fraud because of their gambling ambition

c. Pressures related with job could be explained as being dissatisfied with the job, the idea of an unfair attitude, not getting promoted when expected, having worked with lower wage, or not being admired by supervisors

2. Opportunity Factors (Bozkurt, 2003)

They directly involve top management and owners of the business in particular. Providing the opportunity to commit fraud is one of the most important factors arising from frauds. Since the business could greatly influence opportunity factor, this point should receive particular attention for fraud prevention. The control structure of the business and fraud has an inverse correlation. The most effective way of reducing employee frauds is to establish an “Internal Control System.” The important points when establishing the system are given below:

- a. A healthy internal control environment
- b. A proper accounting system
- c. Control procedures which operate effectively

3. Effort to Justify Fraud (Bozkurt, 2003)

The third component of the fraud triangle is fraudster’s developing defense mechanisms in order to justify his/her action. Some efforts of the fraudsters to justify themselves and the excuse they made up are given below:

- a. I had borrowed the money, I would pay back
- b. This is in return for my efforts for the business
- c. Nobody has suffered as a result of this
- d. I have taken the money for a good purpose
- e. I did not know that this was a crime

In the early 1980's, Steve Albrecht adapted this theory to the study of financial statement fraud (Choo & Tan, 2007). Based on Karni (2000), there are four factors to do fraud:

1. The weakness of internal controls:

- a. Management does not take an action when conflict interest happened;
- b. Management does not take an action to punish the perpetrators of fraud;
- c. Audit internal is not given authority to investigate the executives.

2. Financial pressure:

- a. lot of debt;
- b. low income;
- c. high life style.

3. Non financial pressure:

- a. Decreasing sales;
- b. The director sets an objective that must be achieved without consultation.

4. Other indications:

- a. The weaknesses of policy on civil servants;
- b. There is a connection possibility with criminal organization;
- c. Disparaging of personal integrity.

d. In addition, based on Karni (2000), the characteristics of fraud are :

- 1. There are significant different numbers of financial statement compared with financial statement on previous year.
- 2. There are differentiation of ledger and subsidiary book.
- 3. There are the transaction which is not recorded based on man agement standard.
- 4. There is a conflict interest in internal organization.

Anti Fraud Program

Anti Fraud is a program which is designed to prevent fraudulent practices. Anti Fraud is a mechanism or a system to monitor regulation or rule or any other system that generates some

suspects in the form of reports/alerts which has the contents of the report of the behaviors or incidents from anomalies. The resulting reports are usually divided into several levels: low, medium and high (Moyes, 2007). Based on Albrecht (2006), anti fraud is all the measures that can be used to stop fraud from occurring. The report will be reviewed and analyzed further for some purposes such as: searching for the perpetrators, determining whether the perpetrators has committed violation or not, searching for the cause of the occurrence of fraud, and also determining whether the cause is deleted or renewed. Anti fraud is known as fraud prevention which has purposes for prevention, deference, description, recertification, and civil action prosecution (Karyono, 2012).

Objectivity

An anti-fraud outlines an organisation's commitment to build an anti-fraud culture and to maintain high ethical standards amongst its employees. Based on Karyono (2012) there are eight purposes of anti fraud implementation:

1. Encourage an anti-fraud culture by setting the tone from the top.
2. Define fraud, so that employees are aware of what actions constitute fraud and/or misconduct.
3. Establish the responsibilities of managers and staff.
4. Ensure that all employees know the procedure to follow in the event of a fraud being discovered or suspected, including how to report fraud (this is particularly important in order to preserve evidence).
5. Reduce the exposure of an organization to fraud.
6. Make staff aware of fraud and describe what to look for
7. Act as a deterrent by setting out the consequences of engaging in fraudulent conduct.
8. Encourage management to think about fraud and develop a plan to deal with it.

The purpose of Anti Fraud is to set out the high level priorities that must be met to achieve the organization's vision of zero tolerance for fraud, corruption and bribery throughout the authority by the creation of a strong and effective anti fraud culture. In addition, there are five different purposes of Anti fraud implementation according to Soedarwan (1997):

1. To provide direction in the internalization of anti Fraud culture and to increase alertness and awareness in each organization's activity
2. As a guide in controlling criminal fraud through efforts that are not only aimed at prevention but also to detect, to investigate and to improve the system as part of an integral strategy in controlling fraud.
3. As the basis of actions taken by an organization in doing enforcement, controlling, and preventing against the crime that cause disadvantage on organization financially and also affect the organization operational performance.
4. As an affirmation from the bank to understand every level of the organization that Fraud is a form of crime and immoral actions.
5. To minimize fraud through:

- a. Implementing an integrated fraud strategy
- b. Promoting a culture of honesty and good ethics
- c. Performing professional investigation to prevent fraud
- d. Applying the appropriate sanctions

Fraud Prevention

Prevention are designed to keep fraud from occurring. Most people are capable of committing fraud, and many people adapt to their environment. When placed in an environment of low integrity, poor controls, loose accountability, or high pressure, people tend to become increasingly dishonest. In numerous examples, top management's dishonest practices were adopted by company's workers after seeing the bad modeling by top executives. Organizations can create either a low fraud or a high fraud environment. There are two essential factors involved in a low fraud environment that are important in preventing fraud (C. Albrecht, 2006). The first involves creating a culture of honesty, openness, and assistance attributes of a low fraud environment. The second involves eliminating opportunities to commit fraud and creating expectations that fraud will be punished.

Eliminating opportunities to commit fraud and creating expectations that fraud will be punished

When pressure, opportunity, and rationalization come together, the likelihood of a fraud being perpetrated increases dramatically. If one of three elements is missing, fraud is unlikely. Albrecht et al (2006) explained seven methods of eliminating fraud opportunities, such as: having good internal control, discouraging collusion between employees and customers, clearly informing vendors and other outside contacts of the company's policies against fraud, monitoring employees, providing a whistle blowing system, creating an expectation of punishment, and conducting proactive auditing. Each of this method reduces either the actual or perceived opportunity to commit fraud, and all of them together combine with the culture factors described earlier to provide a comprehensive fraud prevention program (C. Albrecht, 2006).

1. Having a good system of internal control. Having a good system of internal controls is the single most effective tool in preventing and detecting fraud. Prevention of fraud in general is an activity carried out in terms of determining management policies, systems and procedures that help ensure that necessary actions are carried commissioners, management, and other personnel companies to be able to provide adequate confidence in achieving three main objectives, namely: the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations (COSO, 1992). The recent research of Committe of Sponsoring Organization of the Tread way Commission (COSO), quoted Boynton et al (2003, p.373) in his book "Modern Auditing", defines Internal Control as a process, effected by entity's board of directors, management, and other personnel, designed to provide reasonable assurance

regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

2. Control procedures such as authorization, physical safe guards, and segregation of duties help prevent fraud. Control procedures such as document and record verification and independent checks can assist in the early detection of fraud. Unfortunately, in practice, control procedures are rarely followed the way they are designed or intended (S. Albrecht, 2006).
3. Discouraging collusion between employees and others. Frauds that involve collusion are usually the most difficult to detect and often involve the largest amount. Because collusive fraud is usually slower to develop, many collusive frauds can be prevented by requiring mandatory vacations or job transfer. When an organization leaves an employee in close contact with the same vendors or customers for long periods of time, the risk of individuals deciding to profit personally are increased dramatically (S. Albrecht, 2006).
4. Alerting vendors and contractor to company's policies. A periodic letter to vendors that explains an organization's policy of not allowing employees to accept gifts or gratuities helps vendors understand whether buyers and sellers are acting in accordance with the organization's rule (S. Albrecht, 2006).
5. Monitoring employees is being used to increase customer satisfaction, improve employee performance, and enhance productivity. A company can monitor its employees using various monitoring systems including call-monitoring, video surveillance, and computer monitoring (Mishra & Crampton, 1998). Call monitoring is listening to live phone calls and recording one's observations (Riechley, 1996). Video surveillance is the viewing of employees through the use of various video cameras placed throughout the facility. Technology has advanced a great deal, and because of this, more and more employers are installers' video cameras to view their employees' behaviours (Riechley, 1996). Computer-based monitoring is the use of computerized systems to automatically collect information about how an employee is performing his or her job (Riechley, 1996). Close monitoring facilitates early detection. It also deters fraud because potential perpetrators realize that "others are watching", (S. Albrecht, 2006).
6. Providing whistle blowing mechanism. The American Heritage Dictionary defines a whistleblower as one who reveals wrongdoing within an organization to the public or to those in positions of authority. Deloitte and Touche (2006) stated that several reasons explain why whistle blowing systems fail in attempts to help detect misconduct: lack of anonymity, culture, policies, and lack of awareness. On the other hand, for a whistle blowing system to work effectively to help identify misconduct in the workplace, it must have four elements, such as: anonymous, independent, accessible, and follow up (S. Albrecht, 2006).
7. Creating an expectation of punishment. Probably the greatest deterrent to dishonesty is fear of punishment. In today's business and social environment, merely being terminated is not meaningful punishment. Real punishment involves having to tell family members and friends about dishonest behaviour (S. Albrecht, 2006).

8. Conducting proactive fraud auditing. To proactively search for fraud is to search for symptoms of fraud” (Davia et al. 2000). Advances in technology have caused a paradigm shift from reactive to proactive fraud auditing. Proactive fraud auditing begins with the identification of frauds that may be occurring. Once a fraud auditor has identified the fraud type he or she plans to search for, there are several methods of proactive searching available. Albrecht et al. (2006) identified two inductive methods and one deductive method used in conducting proactive fraud audits. Inductive methods search for anomalies that suggest fraud exists, without identifying a particular type of fraud suspected whereas the deductive method has a higher cost than the inductive methods, but generally produces good results (Wells, 2005).

Research Data Source

Sugiyono (2012) described that the qualitative research uses the term of population, but by Spradley sited in Negoro (2012) called "social situation "or social situation that consists of three elements: the place (place), players (actors), and activity (activity) that interact synergically. Samples in qualitative research is not named respondents, but as a resource, or informants, friends and teachers research. Samples in qualitative research, nor is it known samples statistics, but the theoretical sample, because the purpose of qualitative research is generating theory.

In practice, the sample used in this study is one of branch of multi-corporation company in Indonesia which is located in Central Java. That company is PT. Coca Cola Amatil Indonesia. PT. Coca-Cola Amatil Indonesia is chosen as the sample due to the interest of researcher toward their application in audit especially in internal audit role and the implementation of anti fraud program..

Emzir (2010) suggested that observation, interviews, personal documents, photographs, recordings, images, and informal conversations a source of qualitative data. Data sources are the most commonly used observation, interviews and documents. This research uses data from literature sources and interviews, sources from the literature data wide range of literature deemed relevant to the topic being discussed later conducted an in-depth study of the literature on them. The Data Sources is chosen using emic perspective that gives priority to informant’s perspective where researcher could not force its desire. This research is also supported by the data collected and analyzed by the researcher (Satori, D. & Komariah, A. 2009).

The type of data source used in this study was:

- a. Primary Data Sources

It is a fact or information obtained directly through a field research by conducting systematic recording about the actual state of the object of study (Sekaran, 2003). Primary data itself is derived from interviews with parties in an organization or institution in PT. Coca-Cola Amatil Indonesia and direct observation in the organization.

1. Observation is the research methodology where researchers do direct research to the object. This activity is performed by direct observation on field company activity in PT. Coca Cola Amatil. Tha data collection is about the general description and internal control system of

the company that completed the implementing of anti fraud program. Marshall and Rossman (1989) defined observation as the systematic description of events, behaviors, and artifacts in the social setting chosen for study.

Party interviewed was:

No	Interviewee	Dates	Times	Places
1.	Head of Examiner (auditor manager)	27-11-13 03-12-13	08.00 – 10.00 08.00 – 10.00	PT.Coca- Cola Amatil
2.	Examiner I	28-11-13 04-12-13	08.00 – 10.00 08.00 – 10.00	PT.Coca- Cola Amatil
3.	Examiner 2	29-11-13 05-12-13	08.00 – 10.00 08.00 – 10.00	PT.Coca- Cola Amatil
4.	Industrial Relation Manager (coordinator of punishment to the	28-11-13 10-12-13	11.30 – 13.00 09.00 – 11.00	PT.Coca- Cola Amatil
5.	Learn and Development Manager (give documentation data)	11-12-13	09-00 – 12.00	PT.Coca- Cola Amatil

Table 1. List of Interviewees

b. Secondary Data Sources

Secondary data sources are the source of the data obtained by quoting from sources such as literature, documentation, and other sources overview related to the organization and structure of the organization (Akbar, 1996).

1. Documentation. In practice, secondary data sources in research are:

- a) Fraud Cases (disciplinary action report) 2010-2013
- b) Measurement Component 2013
- c) Investigation report
- d) Check list
- e) Matrix Punishment

2. Research study

Research study is the collecting data method that done with reading books, literature, journals, reference that related with this research, (Bungin, 2007).

Data Collecting Technique

Data collection techniques are the most strategic move in the study, because the study's primary objective is to get the data. Without knowing the techniques of data collection, the research will not be get the data that meets the specified data standards (Sugiyono 2012). Qualitative data collection techniques, according Emzir (2010) can be done by observation, interview and document locations. Still according to the Emzir (2010), the interview can be defined as the interaction language takes place between two people in one of the situations facing each other, that the interview request information or expression to people who studied that revolve around opinions and beliefs.

There are 4 data collecting techniques that will be used in this research, such as:

- 1. Observation

Observation is watching of an object under study either directly or indirectly, to obtain data that should be collected in the study. Satori & Komariah (2009). In this case, to collect data and declare openly to the source data, the researcher is doing observation related to the research. So the objects are examined to identify from the beginning to the end of the activity the researchers (Sugiyono, 2012).

2. Interview

Interviews can be defined as interaction that takes place between two people facing each other in one of the situations; this is information or interview request to the observed expression that revolves around the opinion and belief (Emzir, 2010).

Interview should be the best technique in qualitative research due to its ability to get information. In some cases, words, gestures and eye contacts of the interviewer are more meaningful than other data. Interviews produce answers that have richer data and the possibility of classifying the data bias that can occur in an open interview.

3. Documentation

Process documentation of the research is done by collecting written materials or documents from the relevant authorities such as company's profile, photos or maps of the location of the company, the organizational structure, the condition of the company as well as various related information and research related to the theme

4. Research Study

Research study is the collecting data method that is done by reading books, literature, journals, reference that is related with this research (Bungin, 2007).

In the present study, the researchers focus on two collection techniques. Data are interviews and document review or literature. There are detailed four stages in the data collection in this study. The stages are:

a. Collecting the documents or literature related to research. These documents are essential to support the research. From the results of the data collection, the researchers attempted analyze and review the literature that has been gathered.

b. Observation

After the researcher has knowledge about what is going to examine, direct observation is done in three weeks period of time. In this stage, the researcher tries to observe the activity of PT. Amatil Coca Cola regarding fraud activity which is influenced by internal audit.

c. After the researcher finished observing the office activity and environment, the researcher therefore picked interviewee as the data source. The next stage is to do the interview for more deepen the information and obtain additional information relevant to the study. So researchers can get a more complete picture of the problem comprehensively. The method used in this interview is semi structured.

d. The last stage agreed with interview then recorded again after the completion of the interview. Furthermore, the results which have been recorded by interviews were reviewed (cross check) to the interviewee. The interview is really in accordance with the actual conditions experienced and known by interviewee.

Data Analysis Technique

There are four stages done by researchers in the data analysis techniques.

1. In the early stages, the researcher collected data or literature relevant to the research topic. After finished, the researcher tried to compile data in PT. Coca-Cola Amatil. The researcher did interviews to five chosen interviewees. In order to support the data from interviews, the researcher also used documentation from the company document in form of written and unwritten report. To make crosscheck in the information gathered by the researcher, the researcher did observation of the activities related with the case and ask questions to employees related with the validity of interview's result.
2. After that, these four different data sources were combined in order to get a picture and idea of how to solve research questions in this study. There are many data that the researcher deducted especially in interview data. The researchers have used only the main conversation combined with the company documents which are relevant to the research questions in this study. The data were from four different sources which are from research study, observations, interviews, and documentation that was analysed by using researcher logic based on theory from books and previous research in information technology field.
3. The data from interview recording and documentation are rewritten into transcription so that makes the researcher easier to take direct quote from the transcript. Also, the data from company's document is presented using chart and diagram which facilitates the reader to be able to know role of internal audit. and the frauds which occurred within the company.
4. The last stage in this research method is to find the solution from the research questions that have been stated in beginning chapter of this study. After combining all the data from research studies, observation, interview, and company's archives, the researcher is supposed to find the solution or answer from the research questions which become the main purpose of this study.

Validity testing

Data validity test in qualitative research include credibility test (Internal validity), transferability (external validity), dependability (Reliability) and Conformability (Objectivity) (Sugiyono, 2012). There are various forms in the test of credibility. Some forms include prolonged observation, diligence research, triangulation, discussion peers, negative case analysis and member checking.

1. Triangulation

Triangulation in testing is defined as checking the credibility of the data from different sources in different ways, and different times. Test validity through triangulation is done because in qualitative research, to test the validity of the information cannot be done with the tools of statistical testing.

- **Triangulation resources**

Triangulation to test the credibility of the source of data is done by checking the data that has been obtained through several sources. In this study, the test data will be made to the family, co-workers who are working together and the group of employees working on the object of the research. The data was analysed by the researchers to produce a conclusion that there are no

differences with the four sources of data.

- **Triangulation Technique**

Triangulation techniques are done by checking the data to the same source with different techniques. In this study, the data obtained from the interviews will be checked by observation and documentation. If the credibility of the three testing techniques produced different data, there will be further discussions with the relevant data sources to ensure that the data is correct.

- **Triangulation Time**

Time also often affects the credibility of the data. Data were collected by interview in the morning when the resource is still fresh and focused, so, it will provide more valid credible data. In this case testing the credibility of the data can be done by checking the interview in different time and situation. Interview will be held in the morning at 08.00 – 10.00 in the beginning of the month and the last date of the month to each interviewee to make a data valid because interviewee has good mood in the morning.

2. **Member Checking**

Credibility testing data can be conducted with member checking. Member checking is the process of checking the data obtained by investigators to the data provider. The goal is to determine how far the data obtained in accordance with what is given by the data provider. If the data is found agreed by the data providers, the data is valid, so it will be more credible or trustworthy, (Sugiyono, 2012). Member checking is done by discussing the results of research on the sources of data that have provided data, namely his family, employees and business associates of the object of research.

3. **Using references**

References mean there is supported data to prove the truth of data which is gained by investigators to the data provider. For instance, the data from interview should be supported by recording tools such as interview's record. Recording tools in qualitative research, such as camera, handy cam, and digital voice recorder are very important tools to support the data credibility which is found by the researcher, (Sugiyono, 2009).

Transferability namely with regard to the question, can be applied or used in any other situation that the research results can be used in other contexts and social situations. For others to understand the results of the qualitative research it is possible to apply the results of these studies, the researchers in making the report shall provide a detailed description, clear, systematic and reliable. Thus, the reader becomes clear about the results, so it can decide whether or not to apply the results of these studies elsewhere. When readers gain a research report clearly, then one can apply the results of research transferability, the study transferability standards. Further according to Emzir (2010), transferability refers to the level of ability of qualitative research that can be generalized or transferred to other contexts or settings.

Next are the criteria of dependability. Sugiyono (2012) identified in the qualitative that testing dependability is conducted by an audit of the entire research process. The idea of dependability emphasizes the need for the researcher to account for the ever-changing context within which research occurs. The research is responsible for describing the changes that occur in the setting and how these changes affected the way the research approached the study. In addition, Emzir (2010) said that essential dependability is related whether we will obtain to the same results if we

do same for the second observation. In this case, the researcher does twice observation in the beginning of the month for the first time and at the end of the month for the second observation so as to gain accurate data.

The last criterion is Conformability or Objectivity. In qualitative research, conformability test is similar to the test of dependability so the test is carried out simultaneously (Moleong, 2005). Furthermore, Sugiyono (2012) Explained that the means test Conformability test results associated with the process.

Analysis

Anti Fraud Program PT.Coca – Cola Amatil

Anti Fraud is a program which is designed to prevent fraudulent practices. The risk of falling victim to fraud increases with a company's size and the complexity of its organization and processes. The financial loss, coupled with the damage to the company's reputation, may be devastating. PT. Coca-Cola Amatil faces this risk with effective anti-fraud management. Financial crime may take a wide variety of forms, ranging from directly caused asset losses to corruption and manipulation of accounts. Although there is no such thing as complete protection, much can be done to reduce the risks. PT. Coca - Cola Amatil supplements its compliance measures with comprehensive anti-fraud management in all centres. These measures include strategies for preventing and detecting fraud as well as clearly defined steps that are to be taken in response to suspected incidents. During 2010 – 2013, there are three different periods of performing anti fraud program that will be explained below:

Year 2008-2010

Task Force

Task Force is a team consists of seven members who have responsibilities to find fraud and irregularities in PT. Coca – Cola Amatil. In the first year, the Task Force focused principally on ensuring that the company designed the best human resources systems possible for Coca-Cola employees. The Task Force was guided by the best practices as identified by the managements based on their experience, a review of relevant literature and a comparison of Coca-Cola and its peer organizations. Relying on these best practices as a guide, the Task Force evaluated, recommended changes, and ultimately approved various new or revised human resource systems proposed by the Company.

The Agreement established for four years an outside, seven-member Task Force to provide independent oversight of The Coca-Cola Company's compliance with the terms of the Agreement. The Task Force is empowered to evaluate the company's human resources policies and practices, recommend any necessary improvements to those policies and practices, monitor Coca-Cola's practices for the duration of the Agreement, investigate complaints, and provide periodic written reports on the company's progress toward fulfilling the terms of the Agreement. In 2008, the company voluntarily requested that the term of the Task Force be extended for an

additional year, through 2010. The Court and the Task Force agreed. But, after 2010, there will be not continued anymore.

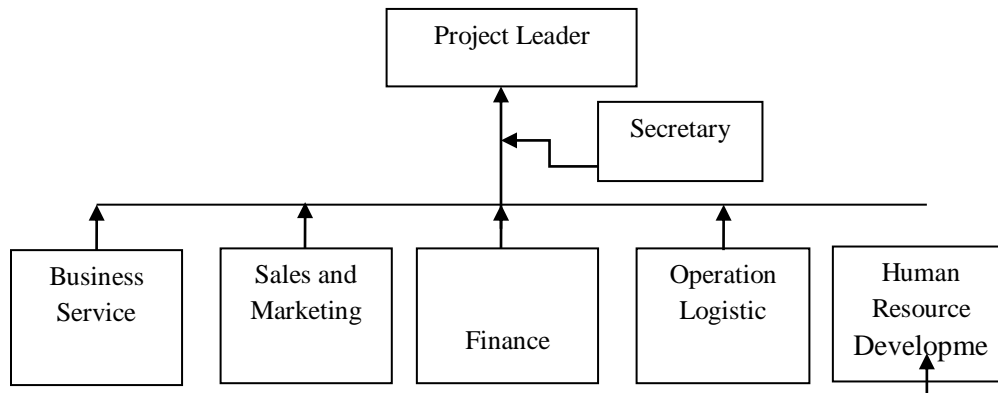


Figure 1. Task Force Team Chart PT. Coca-Cola Amatil
 Source: PT. Coca-Cola Amatil (2010) Task Force Report

- Project leader : a person who leads the performing of task force and receives a report from the others then makes a solution after findings.
- Secretary : a person who records task and reports to the project leader
- Business Service : a person who oversees in the business running
- Sales Marketing : a person who oversees in the sales centre
- Finance : a person who oversees in the finance field
- Operation Logistic : a person who oversees in the all distribution centre
- Human Resource: : a person who oversees in the human resource or employee

Over the course of its work, the Task Force determined that the terms and goals of the best be realized by organizing the general areas set forth in its Specific Programmatic Relief sections into nine human resource functional systems. The functional structure allows the Task Force to ensure that the company will also assist both the company and the Task Force in monitoring progress. The relief covers a wide range of human resources practices and procedures in various areas, which have been organized by the Task Force into the nine categories shown in the figure below:

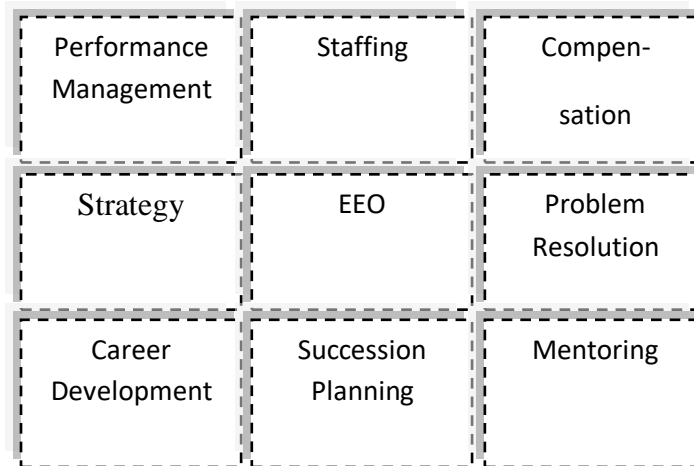


Figure 2. Nine Categories of Specific Programmatic Relief PT. Coca-Cola Amatil

Source: PT. Coca-Cola Amatil (2010) Task Force Report

- **Performance Management** covers the annual appraisal of employee job performance, as well as the procedures used to communicate expectations and provide feedback on performance throughout the year, and at year-end.
- **Staffing** covers the identification of internal and external candidates for employment positions (through job posting and recruitment, respectively), the assessment of candidates' qualifications (primarily through structured interviews) and the process for selecting candidates.
- **Compensation** includes the process for classifying jobs into pay grades; making base pay, bonus and stock option decisions; and evaluating the fairness of resulting compensation decisions.
- **Diversity Education/Strategy** includes diversity awareness education programs, and related strategies to promote diversity and reinforcement of diversity concepts over time through company policies, programs and practices.
- **EEO** covers compliance with federal and state laws and regulations related to equal opportunity and affirmative action, as well as monitoring the fairness of ongoing human resources systems through adverse impact analyses, exit interviews and diversity goal-setting.
- **Problem Resolution** covers the methods for internally surfacing, investigating and resolving employee complaints, including the Employee Reporting Service.
- **Career Development** covers programs designed to assist employees at all levels in the organization to define their career objectives, assess existing skills and develop additional skills needed for a desired career path.
- **Succession Planning** relates to the identification, assessment and development of internal candidates for senior management positions (within Coca-Cola these are

primarily salary grades 14 and above), including the defining of candidate slates and planning for organizational continuity.

- **Mentoring** covers both one-on-one and self-study programs in which a coach other than an employee’s supervisor assists the employee to identify and develop the experience and expertise necessary for his or her desired professional development.

Task Force generally concluded that most of the revised human resource systems were working as planned, but advised that the company should continue its efforts at identifying issues through ongoing monitoring and promptly undertaking corrective actions when needed. The Task Force continued to monitor the progress made by the company in achieving its commitment to a “Gold Standard” for its human resource systems. So, it is emphasized on findings of fraud and irregularities in each sector at PT. Coca-Cola Amatil Indonesia.

Matrix Punishment

Matrix punishment is a program to prevent fraud through socialization which is performed by head of examiner/examiner/human resource development and conducted in every beginning year. It explains the punishment that will be taken by the manager to give sanction for fraud perpetrators. There are two stages of punishment:

1. SP (Surat Peringatan/Warning Letter) is a letter which is given to an employee who conducts a fraud. The SP is divided into three stages separated by the kinds of fraud:
 - a. SP1 (Surat Peringatan 1/Warning Letter 1). SP1 is a basic warning letter issued after a perpetrator did a misdemeanour and do not affect a significant loss to the PT. Coca-Cola Amatil.
 - b. SP2 (Surat Peringatan 2/Warning Letter 2). SP2 is a secondary warning letter issued after a perpetrator did a fraud heavier and affects a financial effect to the PT. Coca-Cola Amatil.
 - c. SP3 (Surat Peringatan3/Warning Letter 3) is the heaviest warning letter issued after a perpetrator committed a fraud which affects a significant loss to the PT. Coca-Cola Amatil. After the perpetrators got SP2, they may obtain SP3 or they will obtain a terminated letter directly.
2. Terminated letter is the highest letter and punishment to a perpetrator who affects big impact to PT. Coca-Cola Amatil and it can never be forgiven.

There are 15 types example of fraud which often occurs in PT. Coca-Cola Amatil and it is written on matrix punishment board to remember all members in the organization. The other form of matrix punishment socialization is a matrix punishment board. It is a board which consists of frauds and its punishment and it is located in each room of office. It purposes to be read for each member in every situation so that it can reduce the occurring of fraud.

NO.	TYPE	FRAUD	SP1/SP2/SP3/TE RMINATED
1.	A/R Review	Bookkeeper does not allocate payment	SP3

		properly.	
2.	Discount Review	Supervisor does not conduct a review on invoice discount which affects inaccurate discount.	SP2
3.	Cash Reconciliation	SC does not conduct daily review on reconciliation of cash deposit	SP2
4.	Salesman differences	Supervisor and SC does not conduct daily follow up to find out differences on salesman	SP2
5.	Inventory Review	Review on stock movement is not daily conducted .	SP2
6.	Inventory Approval	Physical count is not conducted properly .	SP2
7.	A/R Manipulation	Credit money collection is used to personal needed.	TERMINATED
8.	Discount Manipulation	Discount is not given to outlet but, it is given to personal needed.	TERMINATED
9.	Data Manipulation	Bookkeeper conducts data manipulation which is cause inaccurate data.	TERMINATED
10.	Cash Manipulation	Cashier does not deposit the money of selling but it uses to personal needed.	SP2
11.	Document Manipulation	Doing split petty cash voucher to avoid over limit.	SP1
12.	Inventory Manipulation	Shipper does not conduct daily check on physical measurement.	TERMINATED
13.	Sales manipulation	Doing pre-booking of sale and delaying of sales	TERMINATED
14.	Theft of Stock	Conducting theft of the product bottle in a outlet	TERMINATED
15.	Theft of Asset	Stealing asset in a company.	TERMINATED

Table 2. Matrix Punishment Board in PT. Coca-Cola Amatil

Source: PT. Coca-Cola Amatil (2013) Matrix Punishment

Year 2011-2012

Matrix Punishment

There was only one anti fraud program during 2011-2012 (re-performed the matrix punishment in 2010). Re-performed matrix punishment had a purpose to remember all employees about the sanction of fraud perpetrators as a tool of fraud prevention. The task force was not continued because the work period of the members of the task force has been finished and the manager of PT. Coca-Cola Amatil did not give any extension of work period to the members. The manager intended that the company only needs one anti fraud program to perform fraud prevention. But, in reality there was high increasing number of fraud in 2012 that might be caused by the difference of anti fraud program period. This case will be discussed later on section of fraud at PT. Coca-Cola Amatil.

Year 2013-present

Task Force

The appearance of many frauds in 2012 encourages management to recreate task force as a fraud prevention to find the fraud and irregularities. In this year, the Task Force challenged the company to address three remaining issues necessary to assure that change becomes fully rooted in the company's culture. These tasks are: 1) to monitor and discover possible causes of adverse impact in performance rating system and provide additional training where necessary; 2) to ensure that the staffing and selection process is fair by analyzing possible causes of observed differences in selection rates and by re-evaluating the efficacy of the structured interview process; and 3) to implement its comprehensive "diversity" as a business strategy.

First, the company took important steps to address the performance management process. At the Task Force's urging, the company closely monitored and provided needed training to its middle level management on the performance management process. The company extensively analyzed its performance ratings in order to discern and address possible causes of adverse impact. The company began to institute a more robust monitoring of proposed ratings to prevent any adverse impact from occurring in the first instance. This real-time monitoring and opportunity for necessary corrective action is an indispensable component of ensuring fairness in performance ratings and should continue into the future. The company also engaged in more determined and direct communications regarding the performance management process and provided additional calibration training for managers when needed. As a result, there was a substantial increase in employees' perceptions of the fairness of the process.

Second, the company also revised the structured interview process by reducing the number of competencies evaluated, adding additional function skills questions based on job profile requirements and implementing a new interview training program. As a result of all of these efforts, there was a notable positive increase in employees' perceptions of the fairness of the

staffing system. The Task Force expects the company to continue its efforts to identify issues and promptly self-correct when necessary.

Third, the company has made major strides in changing its culture by designing and implementing a comprehensive strategy that links diversity to business goals and makes diversity a business imperative. A specific focus for implementing “diversity as business” was to embark on a “sustainability road map,” highlighting what the company has called the “Four C’s” (Commitment, Communications, Culture, and Consumption). Repeated, consistent internal communications to employees, coupled with training of senior and mid-level managers, formed a cornerstone to ensure culture change and sustainability. Significant time and resources were committed to executing “diversity as business,” and middle managers have begun to cascade this plan throughout all levels of the company. The Task Force expects that the company’s effort to affirm and apply this diversity strategy framework will be clearly articulated with well-defined measures to assess the success of these efforts over time. The Task Force also expects that the management in the future will provide oversight, advice and input, much as the Task Force has provided in two years ago.

Code of Business Conduct (COBC)

Code of Business Conduct is a new anti fraud program in PT. Coca-Cola Amatil. It serves to guide the actions of employees consistent with PT. Coca-Cola Amatil’s company values. The code is summarized in a small book which is given and socialized in the beginning of year. The code helps people do the right thing and run by the rules wherever the company operates around the world. The Code of Business Conduct is applied to everyone who works for PT. Coca-Cola Amatil without exception. This includes temporary and contract staff and is regardless of location, role or level of seniority. Each employee has a responsibility to make his/herself aware of the contents of the Code of Business Conduct and if there is anything employees are not sure about, they should speak to their Line Manager. Each of employee should make sure that they fully understand what is expected from company in roles and how the policies contained in the Code of Business Conduct apply to the company.

Since its founding, Coca-Cola business practices have been governed by integrity, honesty, fair dealing and full compliance with all applicable laws. Coca-Cola’s employees have upheld and lived this commitment in their every day responsibilities ever since, and PT. Coca-Cola Amatil reputation remains one of the company's most important assets today. The PT. Coca-Cola Amatil corporate business principle prescribes certain values and principles which the company has committed worldwide. This COBC specifies and helps the continued implementation of the corporate business principles by establishing certain non negotiable minimum standard of behavior in key areas.

The nature of this code is not meant to cover all possible situations that may occur. It is designed to provide a frame of reference against which to measure any activities. Employees should seek guidance when they are in doubt about the proper course of action in a given situation, as it is the

ultimate responsibility of each employee to do right thing and not to do fraudulence act (a responsibility that cannot be delegated).

As well as PT. Coca-Cola Amatil employees, they should not engage any contractor, agent, consultant, supplier, client, customer, business partner or any other third party whose business practices conflict with the Code of Business Conduct. If one of employees is engaging any third party to act on behalf of PT. Coca-Cola Amatil, it is company's responsibility to ensure that they are made aware of the Code of Business Conduct and that they agree to act in accordance with it. If possible, employees should seek a contractual obligation from them to comply with the Code of Business Conduct and they should actively manage the third party to ensure that they continue to act in accordance with it. Any breaches of the Code of Business Conduct by third parties or examples of behavior inconsistent with the PT. Coca-Cola Amatil Values should be reported to Line Manager. Employees should seek to eradicate any such behavior and where necessary, consider terminating the relationship.

All employees are required to follow the Code of Business Conduct and the policies contained in it (including new employees joining the PT. Coca-Cola Amatil through acquisitions or contract wins). A failure to follow the Code of Business Conduct may result in disciplinary action and including dismissal. With the existing of COBC, management expects that all employees obey the regulation of this code and has a purpose to decrease the committed fraud.

Matrix Punishment

Manager of PT. Coca-Cola Amatil has still applied the matrix punishment as one of fraud prevention tool that will be socialized in every beginning year and also, there are no differences of matrix punishment in yearly socialization.

Fraud at PT. Coca-Cola Amatil

Fraud is aimed at everyone and every part of society, government at every level, businesses large and small, charities and individuals. It cannot be denied that fraud occurs in a PT. Coca-Cola Amatil as a big multi-national corporation in a world. After PT. Coca-Cola Amatil has been observed, there were many kinds of fraud and occurred almost two hundreds frauds in one of year during the time research (2010-2013).

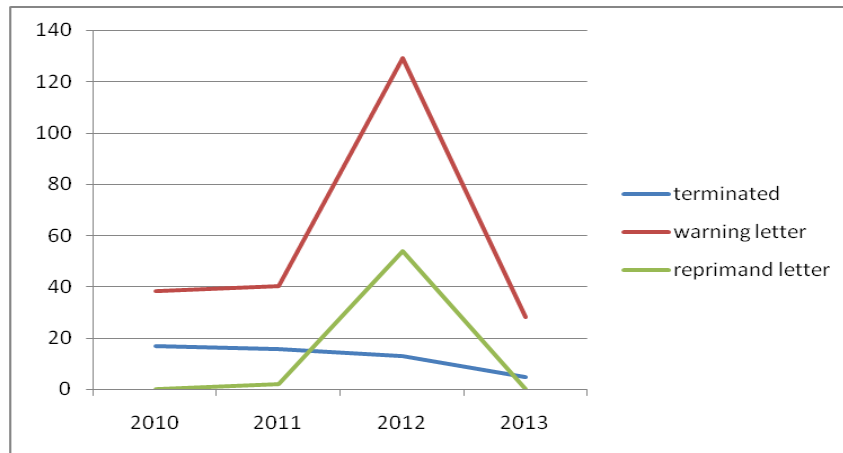


Figure 3. Line Graph of Existing Fraud at PT. Coca-Cola Amatil
Source: PT. Coca-Cola Amatil (2013) Disciplinary Action Report

The graph 3 illustrates the number of existing fraud at PT. Coca-Cola Amatil between the years 2010 and 2013. As an overall trend, it is clear that the number of fraud cases which had received warning letter reach a peak in more than a hundred cases in 2012. Fraud cases with warning letter and reprimand letter increased rapidly until 2012 and fell dramatically until the end of 2013. Before increasing, the fraud cases in 2010-2011 remained stable for around 40 cases of warning letter and under five cases of reprimand letter. On the other hand, the fraud cases that had been terminated decreased gradually during four years period.

The analysis of fraud trends during four years of PT. Coca-Cola Amatil reveals a more than 300% increase in overall level of fraud, when compared with the two previous years. While the rate of the increase has slowed from 2010-2011, further key findings present a more complex picture of the true state of the fraud cases in PT. Coca-Cola Amatil. The condition of many fraud cases in PT. Coca-Cola Amatil is caused by internal factor such as: the lack of internal auditor/examiner security system and the weaknesses of internal control. An internal auditor/examiner security system is a systematic evaluation of the security of a company's information system by measuring how well it conforms to a set of established criteria. A thorough system typically assesses the security of the system's physical configuration and environment, software, information handling processes, and user practices. If the system is not performed based on the procedure, it will affect the lack of internal auditor/examiner security system that inflicts the occurrence of fraud symptoms. In this year, the examiner of PT. Coca-Cola Amatil obtains unexpected fact related to the weaknesses of the internal control. There were more than 25 kinds of internal control weaknesses in 2012 that will be discussed in section 4.8.2, eliminating opportunities for fraud. This fact urged the examiner to make efforts in order to create an appropriate anti fraud to maximize the tools of fraud prevention.

Conclusion and Recommendation

Conclusion

The research shows that the anti fraud program in PT. Coca-Cola Amatil Semarang has been conducted well in present year (2013). The company established anti fraud program since 2008, however in the 2011-2012, the anti fraud program in PT. Coca-Cola Amatil has not been applied as expected, they need good anti fraud program as a tool of fraud prevention considering that the fraud can affect negative effect to the company. The result of this research shows that in 2011-2012, the occurrence of fraud is higher than the frauds in 2013. It is shown that frauds in this year significantly increased. This is proven that the anti fraud program in 2011-2012 does not run as expected. It was due to the lack of the role of the task force. This matter led to the loss both material or non-material for the organization. PT. Coca-Cola Amatil was less capable to overcome the fraud situation especially in creating an appropriate anti fraud program. Recognizing the importance of implementation of anti fraud program, the management decided to modify the anti fraud program. However if the anti fraud program is implemented well as a procedure, the committed fraud will decrease directly.

Limitations

The researcher did not measure the impact of this fraud in monetary unit.

Recommendation

For the next researchers may consider measuring the impact of the fraud in the company in monetary unit.

For any company, it would be better to make sure to implement good anti fraud program along with to set the task force as their tools of fraud prevention and perform the appropriate programs to increase internal control and system with the purpose to reduce the occurrence of fraud.

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