

ABSTRACT

Fraud is any dishonest act aimed at taking the property or resources of another person/organization. Cheating means dishonesty and deceit. So that it can be concluded that fraud has elements of acts that violate the law, are carried out by people inside or outside the organization, to gain personal/group benefits, and directly/indirectly harm other parties. Fraud can be minimized with adequate internal controls in a company. In 2019 the company PT. Our North Sumatra Plantation experienced a case of fraud committed by an internal part of the company.

Given this phenomenon, this study aims to determine the effect of internal audit and the effectiveness of internal control on fraud prevention (Case Study at PT. Perkebunan Utara Sumatra), either simultaneously or partially.

This type of research is descriptive. The population in this study are all employees who work at the head office of PT. North Sumatra Plantation as many as 40 people. The sampling technique uses non-probability sampling through saturated sampling. A sample of 40 respondents is divided into divisions of internal control unit, finance, general and human resources (HR), sales, public relations, and secretariat. Data collection technique is by distributing questionnaires. The analytical method used is multiple linear regression analysis using IBM SPSS 23.0 software.

The results of the study show that the variables of internal audit and internal control have a simultaneous effect on fraud prevention. Partially, internal audit variables have no significant effect and internal control variables have a significant effect on fraud prevention.

The results of this study are expected to be able to contribute to the development of knowledge and add insight regarding internal audit, internal control, and fraud prevention.

Keywords: *Internal audit, Internal Control, and Fraud Prevention.*