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The Fraud Risk Assessment to Determine Significant Fraud Risk in The Raw Material Purchase Cycle & Revenue Cycle at FL - CV. FBP

Maria Windia Raharjeng and Sylvia Fettry
Universitas Katolik Parahyangan

Abstract. This research is aimed to identify and find significant fraud risks. In the cycle of revenue and cycle of expenditure – raw material purchase at FL. FL is a division of CV. FBP company that selling leather products. The company used the traditional system that employees easily doing fraud on both cycles will inflict the company a great financial loss.

Three factors motivate the wrong doing of fraud i.e., pressure, opportunity, and rationalization. These factor are called are called as the fraud triangle. To reduce the fraud action, the company must have a good internal control. Five components of internal control i.e., control environment, risk assessment, control activities, information and communication, and monitoring. Fraud risk assessment is very important to identify fraud risks to be minimized by an effective internal control.

The method used in this research is descriptive method. Descriptive method is a methods are to collect data, classifying data, and analyzing data. The collected data is done and then analyzed data to research so that the conclusion of the research result can be obtined to provide advice to the company.

This research shows some interviewed, questioner, and observation, significant risks of fraud at the company, such as the opportunity of employees to steal products and General Manager to manipulate the financial statement to omit his fraud evidences. Moreover, there is opportunity of the Craftman to steal operational money of raw materia purchase. The recommendation is that the owner must enhance the compancy's compensating contol by monitoring directly and regularly on FL - CV. FBP

Keywords: fraud, fraud risk, internal control