

Abstract

The purpose of this study was to determine the personal understanding of the company regarding the red flags that occur in fraudulent use of assets and the reasons for whistleblowing fraud reporters. This research is a qualitative research in the form of a case study at PT XYZ which is engaged in piping distributor in Indonesia.

Data collection was carried out through interviews with participants who are operational managers (AJ), Internal Audit (HH), East Java regional head (DS), cashier (T), and sales admin (D). Based on the findings of an audit of a fraud case that occurred in 2018, it was found that branch heads made changes to the operational system, manipulated sales turnover, used petty cash for their personal needs, and created fictitious costs. This case was revealed by the existence of a whistleblower who revealed fraud.

The results of this study found that the personal of the organization had understood the fraudulent use of assets that had been committed by the branch head of PT XYZ by looking at the red flags. The purpose of the whistleblower is to reveal fraud due to feelings of pressure and a guarantee from the company.

Keywords: *Fraud, Red Flags, Whistleblower.*