

Internal Factors in Realizing Good Corporate Governance of PT. INTI

Andhika Ligar Hardika*, Daniel Nababan, Ivan Gumilar Sambas Putra, Radhi Abdul Halim, Mohd Haizam Saudi

Widyatama University, Bandung, Indonesia

**andhika.ligar@widyatama.ac.id*

Abstract- This study aims to determine the implementation of internal audit, audit committee, and good corporate governance, as well as to determine the influence of the role of internal audit and audit committee in an effort to realize good corporate governance at PT INTI. The factors tested in this study are internal audit and audit committee as independent variables. Meanwhile, good corporate governance is the dependent variable. The research method used in this research is explanatory method. The population in this study were internal auditors at PT. INTI which consists of 32 people. The sampling technique used in this study is non-probability sampling technique with saturation sampling technique, the number of samples in this study amounted to 32 internal auditors of PT. INTI. The analytical method used in this research is multiple linear regression analysis at a significance level of 5%. The program used in analyzing data used the Statistical Package for Social Sciences (SPSS) Ver20.00. Based on the research result, it shows that internal audit and audit committee have an effect on good corporate governance in PT. INTI both partially and simultaneously. The magnitude of the influence of internal audit and the audit committee in contributing to the influence of good corporate governance is 67.7%.

Keywords: *Internal Audit, Audit Committee, and Good Corporate Governance.*

INTRODUCTION

The government has begun to introduce the concept of good corporate governance within BUMN and helps realize the principles of good corporate governance in order to improve company performance, especially BUMN, namely by issuing a Regulation of the State Minister for State-Owned Enterprises Number PER-01 / MBU / 2011 concerning the Implementation of Corporate Governance Good (Good Corporate Governance) in State-Owned Enterprises where Article 2 requires BUMN to consistently implement good corporate governance and / or make good corporate governance the basis of its operations.

Theoretically, the implementation of good corporate governance will provide several benefits, including increasing the value of the company by increasing the value (performance) will reduce the risk that may be carried out by company managers with policies that can benefit the manager's personal. Conversely, if the implementation of good corporate governance is bad it will reduce the company's image, so that investor confidence will decline (Gusnardi, 2008).

In the discussion of the Effect of GCG on Investment in the Banking World in Bandung, according to Aviliani, an economist at the Institute for Development of Economics and Finance (INDEF), the application of GCG is

useful so that the managerial process can run well and efficiently. Professionalism in managing this company is a consideration for potential investors because it can reduce the risk of failure, if there is no GCG there will be irregularities. GCG can be one of the keys for a company so that it can continue to grow and gain long-term benefits through incoming investment (Sulaksono, 2018).

However, in practice, there are still many BUMNs that practice window dressing or manipulation of corporate financial books. As happened at Garuda, Jiwasraya, and Asabri. Amin AK, Member of Commission VI DPR RI, said that the majority of BUMNs are currently in poor condition. Amin said that the decline in BUMN was due to weak corporate governance (GCG) being implemented (FIN, 2020).

One of the efforts to realize the implementation of good corporate governance in the company is the internal audit. According to Mardiasmo (2009), there are 3 aspects to realizing good governance, namely: supervision, control, and inspection. Audit (audit) is an activity carried out by an independent party with professional competence to check whether the results of government performance are in accordance with established standards. The existence of internal audit to carry out the audit function can encourage the creation of good corporate governance (Cassandra, 2017).

Internal auditors are one of the professions that support the realization of GCG, because in this case internal auditors play a role in supervising and evaluating the company's operational activities by ensuring that the company has carried out practices in implementing GCG principles in the company (Amelita, 2015). In order to avoid internal problems that can harm the company, therefore it is important for the company to carry out internal control or internal control (Naibaho, 2013).

Another effort in realizing good corporate governance is the establishment of the Audit Committee. The creation of good corporate governance in existing practices requires the role of the audit committee. Good corporate governance will not be created successfully and only become a written concept without any supervisory action taken by an independent party on business management (Chrisdianto, 2013). The audit committee has the task of assisting the Board of Commissioners in carrying out its supervisory function over company performance, especially in relation to reviewing the company's internal control system, ensuring financial reports, and increasing the effectiveness of the audit function (Muhammad, 2007).

Internal audit has a significant positive effect on the implementation of Good Corporate Governance, these results show that the better and more adequate internal audit is carried out, it will have implications for the better implementation of good corporate governance (Kusmayadi, 2012). Furthermore, there is research related to the Audit Committee conducted by Chrisdianto (2013), the results of his research show that to create Good Corporate Governance, the role of the Audit Committee is needed. The application of the duties of the audit committee carried out in accordance with the existing system will fulfill the principles of good corporate governance, namely fairness, responsibility, accountability, and transparency. The existing conditions make good corporate governance not only a written goal but also able to be realized by the function of the audit committee in the company

In other research, conducted by Yusman (2013) shows that the Audit Committee plays a role in improving Good Corporate Governance, the role of an adequate audit committee makes the implementation of good corporate governance run well and effectively.

LITERATUR REVIEW

The role of the Internal Auditor in implementing Good Corporate Governance is quite significant by providing the results of the analysis or the adequacy and effectiveness of the organization's internal control system to the president director and the audit committee, particularly with regard to compliance and efficiency. Furthermore, the evaluation that must be carried out by internal auditors in the process of implementing good corporate governance is evaluation of material information both financial and non-financial (transparency), evaluation of laws and regulations and the principles of sound organizational management (independence), evaluation of the effectiveness of management. company (accountability), evaluation of the compliance of organizational management to legislation and sound corporate principles, and evaluation of the treatment and equality of stakeholder rights (Tugiman, 2006).

The internal auditor has the duty to ensure that internal control in the company can be applied, then the internal auditor is responsible for submitting an accountability report to the company's management. Thus, it is increasingly clear that internal auditors play a very important role in the company in realizing good corporate governance. The internal auditor has the duty to ensure that internal control in the company can be applied, then the internal auditor is responsible for submitting an accountability report to the company's management. Thus, it is increasingly clear that internal auditors play a very important role in the company in realizing good corporate governance (Astuti, 2010). The activities of internal auditors who always ensure the reliability of financial statements so that they can be used as a basis for decision making so that corporate governance runs well (Putri, 2017).

H1: Internal Auditor affect Good Corporate Governance

The responsibility of the Audit Committee is to ensure that internal control in the company is running well. This responsibility can be carried out through the use of reports and discussions with management, internal auditors and external auditors. The active involvement of the audit committee in evaluating the implementation of recommendations for improvement of internal control by management will be able to encourage the emergence of a good control environment so that good corporate governance is expected to be carried out well (Gusnardi, 2008).

The Audit Committee can reduce earnings management practices in a company, this can be seen from the internal control in the company, the more internal control is enforced in the company, the more deviations in the company can be minimized (Astuti, 2010). The audit committee will make a lot of information reported or disclosed, so that according to this information no parties related to the company (stakeholders) will be harmed. Healthy management to increase the value held by stakeholders or the creation of good corporate governance will be fulfilled by the function of the audit committee (Chrisdianto, 2013).

H2: Audit Committee affect Good Corporate Governance

According to Fajriati (2017), the Audit Committee and Internal Audit have a positive and significant influence both simultaneously and partially. In order to improve the implementation of good corporate governance, the audit committee should be able to understand problems and matters that carry risks. When the internal audit is carried out, it is recommended that the internal auditors have a good plan every time they carry out an examination so that risks can be predicted, and can work in detail and be responsible for the company.

The Influence of Internal Audit, Internal Control, and the Audit Committee on the Implementation of Good

Corporate Governance in BUMN companies in Bandung, it can be concluded that Internal Audit, Internal Control, and the Audit Committee have a relatively large influence on the implementation of good corporate governance in BUMN companies. there is a strong relationship between the variables of Internal Audit, Internal Control, and the Audit Committee on the variable of implementing good corporate governance (Anamukti, et al., 2015).

H3: Internal Auditor and Audit Committee affect Good Corporate Governance

METHODOLOGY

This type of research conducted in this research is explanatory research. According to Nuryaman and Christina (2015), Explanatory research is research that aims to obtain answers about "how" and "why" a phenomenon occurs. The population in this study is the internal audit at PT. INTI which consists of 32 people. The research was processed using multiple regression analysis.

RESULTS AND DISCUSSION

Model Summary^b

Model	R	R Square	Adjusted R Square
1	.823 ^a	.677	.656

Sumber : Hasil Output SPSS

Hypothesis Testing

Model	T statistic	F statistic	Significance	R statistic
internal Auditor → GCG	3.566		0.001	0.457
Audit Committee → GCG	3.523		0.001	0.452
Internal Auditor and Audit Committee → GCG		31.457	0.000	0.000

Effect of Internal Audit on Good Corporate Governance

Based on the research results, it shows that internal audit has a significant effect on good corporate governance. Meanwhile, the magnitude of the influence of internal audit in contributing to the influence of good corporate governance was 45.7%. The results of this study are supported by the theoretical basis in the previous discussion which states that internal auditors can play a role in encouraging the realization of GCG in the company. Several things that need full support from internal auditors, namely by encouraging transparency and integrity in corporate financial reporting, encouraging accountability in managing company assets, encouraging corporate responsibility to the public through corporate social responsibility (CSR), community development, or the Partnership and Community Development Program. (PKBL), encourages company independence against related parties, including minority shareholders and also encourages fairness in the procurement of goods and services, including ensuring that there are no violations of the anti-monopoly and fair business competition Law.

The role of the internal auditor is increasingly felt by the management of the company, management increasingly needs parties who can control and control management's duties in running the company because companies with strong internal control systems, at least the company is running its activities efficiently and effectively and irregularities can also minimize. The internal auditor has the duty to ensure that internal control in the company can be applied, then the internal auditor is responsible for submitting an accountability report to the company's management. Thus it is increasingly clear that internal auditors play a very important role in companies in realizing good corporate governance (Saptantinah, 2010).

The Effect of the Audit Committee on Good Corporate Governance

The audit committee is able to play a big role in implementing good corporate governance. Basically, the audit committee is able to encourage company management to make various developments related to efforts to comply with the principles of good corporate governance. The role of the audit committee in creating good corporate governance through the fulfillment of the principles of good corporate governance, one of which is by fulfilling the principles of transparency in which the supervision carried out by the audit committee will result in a lot of information being reported or disclosed, so that according to this information there are no parties, parties related to the company (stakeholders) who are harmed. Healthy management to increase the value held by stakeholders or the creation of good corporate governance will be fulfilled by the function of the audit committee (Chrisdianto, 2013).

The audit committee plays a role in the implementation of good corporate governance in a company, this is indicated by the activities of the audit committee in the form of encouraging companies to present financial reports on time, encouraging the company to run effectively and efficiently, encouraging the SPI division to carry out its duties according to applicable regulations and conduct supervision in preparing reports finance in accordance with generally accepted accounting principles. The adequate role of the Audit Committee makes the implementation of good corporate governance run well and effectively (Yusman, 2013).

The Effect of Internal Audit and the Audit Committee on Good Corporate Governance

The influence of internal audit and audit committee in contributing to the influence of good corporate governance is 67.7%. The results of this study are supported by the theoretical basis in the previous discussion which states that the audit committee and internal auditors play an important role in realizing good corporate governance. Because the audit committee also plays a role in evaluating financial statements. In addition, internal audit is also a part that plays an important role in realizing the creation of good corporate governance such as assisting the board of directors and commissioners in preparing and implementing GCG (Zakarsyi, 2008).

The audit committee and internal audit have a positive and significant effect both simultaneously and partially. In order to improve the implementation of good corporate governance, the audit committee should be able to understand problems and matters that carry risks. When the internal audit is carried out, it is recommended that the internal auditors have a good plan every time they carry out an examination so that risks can be predicted, and can work in detail and be responsible for the company (Fajriati, 2017).

CONCLUSION

To improve the implementation of Good Corporate Governance in the company, the company should: Increase the expertise of internal auditors in applying various auditing standards, procedures and techniques required in conducting audits by following existing internal audit training; Increase the understanding of internal auditors in the fields of accounting, auditing, taxation, information systems, and others as the basis for various knowledge about auditing; Determining the focus of supervision to be carried out by using risk assessment reports, namely by choosing to conduct audits on high-risk areas, and monitoring or evaluating low-risk areas. So that the resources owned by the company do not run out in areas with moderate or low risk; Have a program that has been prepared beforehand, and has goals to be achieved so that the audit process can be more focused on the performance or performance of the company; Provide an assessment of company policies, and ensure that internal auditors report the results of examinations of good corporate governance and other important findings to the audit committee in order to create responsibility for company supervision by the audit committee.

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