

THE ROLE OF INTERNAL AUDIT IN EFFORTS TO REALIZE *GOOD CORPORATE GOVERNANCE* (CASE STUDY AT PT BANK MANDIRI (PERSERO) TBK. AMBON BRANCH OFFICE)

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Abstract : This research discusses the Role of Internal Audit in Efforts to Achieve Good Corporate Governance (Case Research at PT Bank Mandiri (Persero) Tbk. Ambon Branch Office). The problem in this thesis is how the implementation of Good Corporate Governance at PT Bank Mandiri (Persero) Tbk Ambon Branch Office, how is the role of internal audit in an effort to realize Good Corporate Governance at PT Bank Mandiri (Persero) Tbk Ambon Branch Office, how can internal audit benefit Good Corporate Governance at PT Bank Mandiri (Persero) Tbk Ambon Branch Office. The type of research used in this research is descriptive research with a qualitative approach. The data were obtained from the interview process, and then reduced, and the data was presented, after which the data was verified. The results of this research indicate that the role of internal audit in an effort to achieve good corporate governance in PT. Bank Mandiri (Persero) Tbk. Ambon Branch Office where the implementation of Good Corporate Governance at PT Bank Mandiri (Persero) Ambon Branch Office has been carried out well, socialized by letter and has been monitored by its implementation and always evaluates employee performance and at least four times a year, HR also always does employee development and it is carried out continuously, employee development in the form of being given training, consulting assistance, and discussions. Internal audit certainly provides the benefits of Good Corporate Governance at PT Bank Mandiri (Persero) Ambon Branch Office in the form of being able to increase points from year to year regarding good corporate governance (GCG) because internal audit provides recommendations for improvements and objective information about the activities being examined at all levels management so that there is an increase in achieving company goals.

Keywords: *Internal audit, Good Corporate Governance (GCG)*

1. Introduction

Today, everything is limitless due to technological developments in this digital era. This development certainly affects all aspects of life, including the world of the economy. The growing globalization of the economy has led to intense economic competition in the business world. This competition triggers business and economic actors to take various actions so that their business can survive in the business world. This is not enough to survive in the business world, the company must also be able to move in order to outperform its competitors in the market, because the more numerous competitors are, the greater the threat

to the company. These competitions also occur in companies operating in the banking world. A bank is a business entity whose main task is as an intermediary to channel credit supply and demand at a specified time. According to Kuncoro in his book *Banking Management, Theory and Application* (2000: 68) a bank is a financial institution whose main business is to collect funds and redistribute these funds to the public in the form of credit and provide services in payment traffic and money circulation. Due to the competition faced by companies operating in the banking world, it presents a threat to these companies as well, as a result of which the company's operations are increasing so that top management does not have sufficient communication with various existing operations to assess the effectiveness of performance so that it becomes a point of departure weakness in the company.

The limited communication between top management and the ongoing line of operations cannot rule out the possibility that practices that can harm the company such as corruption, collusion and nepotism will occur. This will be difficult to detect, because it will be known if there is a coincidence or an intentional thing. This practice is also a dangerous threat to the company, because the action has an effect on the risk of financial loss resulting in the company being able to go bankrupt. In addition, in the banking world, it is very important to maintain a sense of trust from customers, because banking is a financial institution that carries out various kinds of financial services. The thing that holds the most important influence in business in the service sector is trust. In maintaining this trust, the banking sector provides various kinds of convenience and a variety of attractive products for customers. Both in the form of collection and distribution of funds. In addition to providing various conveniences and products, customers will also pay attention to the good operations of a bank.

To prevent the occurrence of practices that can harm the company and realize good operations, the thing that can be applied is the implementation of *Good Corporate Governance* in the company. The term *Good Corporate Governance* emerged especially since the international scandals, such as in the case of Enron and World Com, thus *Good Corporate Governance* is not a new pattern or an innovation, but is accountability to the public regarding existing developments. To implement *Good Corporate Governance*, an audit party is needed which is the company's supporting organ. Audit or examination in a broad sense means an evaluation of an organization, system, process, or product. According to the evaluation of evidence of measurable information on an economic entity that makes it competent and independent to be able to determine and report information in accordance with predetermined criteria. The audit is carried out by a competent, objective and impartial party called the auditor.

Auditors according to Mulyadi (2013: 1) are public accountants who provide services to auditees to examine financial statements so that they are free from misstatements. Auditors usually work to audit various financial-related reports from an institution, agency, or company. Examination of the fairness of a financial statement is the responsibility of an auditor, and the auditor must also check whether each report is in accordance with accounting principles or not. The intended auditor is the internal auditor. Internal auditors are auditors who work for one company's management so that they have the status of employees of that company. The Internal Auditor is an integral part (cannot be separated) from the company's organizational structure, where its role is to provide continuous monitoring and assessment. Internal auditors have an interest in the effectiveness of internal control in a company. Internal auditors are the most important part in a company or banking. (Hery, 2017:4).

Internal audit arises as a method or technique to overcome the increased risk due to the rapid pace of development of the business world or the existence of *economic turbulence*, where changes occur dynamically and cannot be predicted in connection with the era of globalization, so that traditional and informal sources of information are no longer available. able to meet the needs of managers who are responsible for things that are not directly observed. One of the companies that implement GCG practices is a state-owned company engaged in banking, namely PT Bank Mandiri (Persero) Tbk Ambon Branch Office. With the implementation of GCG within the company, the company expects a good image of the company in the eyes of the public and investors. The existence of GCG in the company also plays a role in the monitoring function of the company's management performance to help make the company more effective and efficient in achieving goals and improving performance, besides that it can be taken into consideration for improving the performance of the company itself.

However, the unexpected hit PT Bank Mandiri (Persero) Tbk, as quoted in "NEWS CLIPPING" Wednesday, July 24, 2019 *Jakarta, Cyberthreat.id*-Member of the Ombudsman of the Republic of Indonesia Dadan Suparjo urged Bank Mandiri to immediately carry out an internal settlement of the short-term impact on its customers. As is known on Saturday, July 20, 2019, there was an information technology system disruption at PT Bank Mandiri Tbk (BMRI) which resulted in customer account balances. There are customers who lose their balances, some have their balances increased. Bank Mandiri's online services and ATMs did not work. In addition, the current pandemic situation has become one of the obstacles for PT Bank Mandiri (Persero) Tbk Ambon Branch Office in maintaining and even surpassing competitors engaged in the same field, so of course various strategies are needed that can be a solution to the problem. by the company. Therefore, *Good Corporate Governance* is one of the keys to the success of a company to grow and develop in the long term. Especially persisting in the midst of a pandemic situation which weakens the country's economic situation.

With *Good Corporate Governance* being the key to this problem, an extra role from internal auditors is needed in supervising the implementation of *Good Corporate Governance* in the company. So the authors are very interested in seeing and researching "The Role of Internal Audit in Efforts to Realize Good Corporate Governance" (Case Research at PT Bank Mandiri (Persero) Tbk. Ambon Branch Office) , with the formulation of the problem, namely; (1) How is the implementation of *Good Corporate Governance* at PT Bank Mandiri (Persero) Tbk Ambon Branch Office?, (2) How is the role of internal audit in an effort to realize *Good Corporate Governance* at PT Bank Mandiri (Persero) Tbk Ambon Branch Office?, (3) How can internal audit benefit *Good Corporate Governance* at PT Bank Mandiri (Persero) Tbk Ambon Branch Office?.

2. Method Research

This research uses descriptive analysis method with a qualitative approach. The subjects of this research are employees at PT Bank Mandiri (Persero) Tbk. KC. Ambon. The research subjects were drawn using a non- *probability sampling technique*, namely *purposive sampling* where the method of selecting sample members was based on certain considerations with certain objectives as well. (Triyono 2017:152). In this research, there were 5 research informants consisting of 4 (four) employees who worked in the internal auditor section and the Head of the Internal Audit Division of PT Bank Mandiri (Persero) Tbk. KC. Ambon. The location of this research is PT Bank Mandiri (Persero) Tbk. Ambon Branch Office which is

located at Jl. Mardika Beach No. 1, Batu Merah Village, Sirimau District, Ambon City, Maluku Province, 97123. Tlp. 0911-3834450. Sources of data used in this research are primary data sources obtained from interviews. Data collection techniques by means of *Interview* (interview), Observation, and Documentation. The data analysis technique in this research used an interactive analysis model (Miles and Huberman 1984: 15 – 21).

3. Results and Discussion

3.1 Results

Based on the results of the research that the author conducted on the five auditors using thirteen questions contained in the interview instrument, it can be seen that internal audit efforts in realizing *good corporate governance* at PT Bank Mandiri (Persero) Tbk Ambon Branch Office are evaluating the performance of employees at PT Bank Mandiri (Persero) Tbk Ambon Branch Office is conducted four times in one year and is *random*. The evaluation of employee performance is carried out by PT Bank Mandiri (Persero) Tbk Ambon Branch Office with the aim of increasing employee and company productivity. Activities carried out in the field of HR at PT Bank Mandiri (Persero) Tbk Ambon Branch Office are also very adequate and that is a good thing. It is said to be a good thing because the more activities carried out in the HR field to hone the potential of its employees, the more optimal the function of all workers in an organization or company. Activities carried out in the HR field are in the form of *continuous* employee development, such as providing *training*, consulting assistance, and discussions. Employee development at PT Bank Mandiri (Persero) Tbk Ambon Branch Office is useful for making their employees as individuals with qualities as desired by the company.

Policies that are carried out in carrying out quality human resources at PT Bank Mandiri (Persero) Tbk Ambon Branch Office are carried out through periodic work evaluations, mentoring, and employee learning *classes*. All of this is done with the aim of improving employee competence and is carried out at least once a month. In corporate culture, PT Bank Mandiri (Persero) Tbk Ambon Branch Office always carries out the *culture* that has been created by the independent bank management such as morning *briefings*, praying together, understanding about corporate culture, *sharing knowledge such as products, fraud* prevention /risk mitigation, sports, reminding each other of the implementation of health protocols, and other *cultures* related to the work culture of Bank Mandiri.

3.2 Discussion

PT Bank Mandiri (Persero) Tbk Ambon Branch Office the implementation of *good corporate governance* (GCG) has been well implemented, socialized through letters and has been monitored by its implementation, and the implementation of *good corporate governance* (GCG) can be seen in the form of them acting as a reminder unit and monitoring the implementation in the field. And the implementation of *good corporate governance* at PT Bank Mandiri (Persero) Tbk Ambon Branch Office is better than before and this continues from year to year, this can be seen from the comparison of the evaluation report for the current year with the previous year. Regarding the issue of the C-19 pandemic situation that is currently engulfing the agency on the continuity of *good corporate governance* at Bank Mandiri (Persero) Tbk, it turns out that the C-19 pandemic situation does not affect the continuity of *good corporate governance* (GCG) at Bank Mandiri (Persero) Tbk, considering compliance with the implementation of *good corporate governance* will continue to be carried out by continuing to carry out health protocols during the pandemic.

The role of internal audit in the implementation of *good corporate governance* at PT Bank Mandiri (Persero) Tbk Ambon Branch Office is very important, because internal audit is the last supervisory unit in the company which acts as a reminder unit and monitors implementation in the field and activities in the implementation of good internal audit. for PT Bank Mandiri (Persero) Tbk Ambon Branch Office, namely ondesk data collection (by utilizing data accessed directly from the internal audit office, ondesk can also be interpreted as an indirect audit behind the desk) and the implementation of onsite inspections (by making direct visits to the location of the *auditee*, meet face to face with them, see the process, and take evidence directly in the field. Onsite can also be interpreted as auditing directly in the field). This is carried out routinely and the results of the review along with suggestions for improvement are monitored by the Head Office (KP). Internal audit can play an important role for *good corporate governance* (GCG) at PT Bank Mandiri (Persero) Tbk Ambon Branch Office because internal audit is the last supervisory unit in the company.

At PT Bank Mandiri (Persero) Tbk Ambon Branch Office aspects of internal HR activities, namely increasing competence through training, socialization and discussion, auditing at PT Bank Mandiri (Persero) Tbk Ambon Branch Office is carried out once a year and PT Bank solutions Mandiri (Persero) Tbk for increase the point of year to year regarding *good corporate governance* (GCG) by increasing *knowledge good corporate governance* (GCG) on the sidelines of *briefings* such as the implementation of GCG and so on, continue to implement *good corporate governance* consistently even during the pandemic, keep reminding each other between employees, provide guidance, socialization, and assistance to new employees related to *good corporate governance* .

4. Conclusion

Based on the results of research and discussions that have been carried out by researchers, it can be seen about the role of internal audit in an effort to realize *good corporate governance* at PT. Bank Mandiri (Persero) Tbk KC. Ambon where:

1. Implementation *Good Corporate Governance* at PT Bank Mandiri (Persero) Ambon Branch Office has held with good, socialized through letter and has monitored by implementation and always To do evaluation to performance employee and at least four times in one years, HR also always To do development employee and that conducted by *continue* (continue), development employee in the form of given *training*, mentoring consulting, and discussion.
2. The role of internal audit in effort realize *Good Corporate Governance* at PT Bank Mandiri (Persero) Ambon Branch Office in implementation that is conducted data collection on desk (by utilizing data accessed directly from the internal audit office, ondesk can also be interpreted as an indirect audit behind the desk) and implementation the examination onsite (by making direct visits to the *auditee 's location*, meeting them face to face, seeing the process, and taking evidence directly in the field. Onsite can also be interpreted as auditing directly in the field) and the results of the review and suggestions for improvement monitored by head office (KP). a number of aspect HR internal activities at PT. Bank Mandiri (Persero) Tbk Ambon Branch Office, namely increase competence with training, socialization and discussion , and auditing conducted one time in one year To use for increase the point of year to year regarding *good corporate governance* (GCG), namely: with increase *knowledge good corporate governance* (GCG) on the sidelines *briefing*, stay doing *good corporate governance* consistent although in Century pandemic, still each other remind between employee, do

mentoring, socialization, and accompaniment to employee new related *good corporate governance*.

3. Internal audit of course give benefit *Good Corporate Governance* at PT Bank Mandiri (Persero) Ambon Branch Office in the form of: could increase the point of year to year regarding *good corporate governance* (GCG) because internal audit provides suggestions for improvement and objective information about checked activities on all level management so that existence enhancement in reach destination company.

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