

# Analysis of Internal Audit Implementation in Private University

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**Abstract**— internal conflicts between foundation managers and Higher-Education leadership have not been able to be properly resolved as the reason for the need for internal Audit. This study aims to assist universities in planning and implementing audits and evaluating the follow-up of audit results. The research method used is qualitative research with data sourced from interviews with key informants, namely from a university and document analysis in the period from July to August 2018. The validity of the data was tested by triangulation techniques. Data analysis techniques in this study use inductive analysis. The results of a quality internal audit show supervision and management of a good and responsible institution. If the quality of internal audit is low, then it gives the organization an allowance to make mistakes and irregularities that result in the risk of lawsuits against the institution carrying out it.

**Keywords**—*Internal Audit*

## I. INTRODUCTION

The role of internal audit in an agency is very necessary in helping the management carry out its responsibilities effectively and efficiently. With the role of the internal audit, the management is expected to be able to devote their attention to managerial tasks, while the daily supervision of an agency can be carried out more intensively and effectively without reducing its responsibilities. Internal Audit aims to assist management in carrying out its responsibilities by analyzing, assessing and reviewing and commenting on the activities examined [1].

The purpose of internal audit according to IIA is to help an organization achieve its objectives through objective independent consulting and assurance services with a systematic approach. And the function of the internal auditor in the organization is to oversee the implementation of the internal supervision system and provide suggestions for improvement to the management if weaknesses and irregularities are found in the system and in its implementation in the company. [2].

Minister of Research, Technology, and Higher Education (Menristek Dikti) Muhammad Nasir revealed, there are still 43 universities (PT) with unhealthy status. The internal campus still has conflicts with the foundation. That is why, the Ministry of Research, Technology and Higher Education urges the matter to be addressed immediately. "There are still many problematic universities, the problem is the lecturers. Lecturers who teach above 35 years so they do not get a lecturer master number. Nasir in the end-of-year reflection on the Ministry of Higher Education Kemristek, in Jakarta, Monday (12/28). He mentioned, PT status that was unhealthy in May 2014 was 576. Then on September 29, 2015, 243 PTs

were deactivated. 23 November 2015 as many as 122 PTs enter coaching. December 1 99 PT is given guidance / assistance."Now there are 43 PTs that are still not healthy. Therefore I have asked each PT to immediately resolve its internal conflict," he said. [3].

The purpose of Internal Audit is to assist the organization in planning and conducting audits, as well as evaluating the follow-up of audit results. Identifying all possibilities to improve the efficiency of resource use also recommends a thorough improvement of the internal and operational control systems objectively. Ensuring compliance with laws, regulations and policies that apply in the organization. [4]

Based on the explanation of the background above, the writer is interested in knowing about Internal Audit and this research is entitled "Analysis of Internal Audit Implementation in an Organization".

## II. METHOD

This research is a qualitative descriptive study. The data used in this study are qualitative data sourced from the results of interviews with informants and document analysis. The key informants in this study were informants from the Internal Audit Section in private universities, and interviews were conducted from July to August 2018. The selection of informants by researchers was based on information about the Implementation of Internal Audit. The instruments of this research were researchers, where researchers knew the person or situation under study, so that it is possible to have an in-depth and detailed understanding of things that are going on. Data collection techniques used in this study by considering the adequacy of information, efficiency and ethics, are interviews supported by documents. The validity of the data was tested by triangulation techniques. While the analysis strategy used is qualitative analysis. Data analysis techniques in this study use inductive analysis. Ended by drawing conclusions to provide solutions to problem solving obtained from the results of the study.

## III. RESULTS AND DISCUSSIONS

The first general standard statement in the SPKN is: Collective examiners must have sufficient professional skills to carry out audit duties. With this standard Statement of Examination, all auditing organizations are responsible for ensuring that each audit is carried out by auditors who collectively possess knowledge, expertise and experience needed to carry out the task. Therefore, the inspection organization must have procedures for recruitment, appointment, continuous development, and evaluation of inspectors to assist the inspection organization in maintaining auditors who have adequate competence.

Competence is obtained through education and experience. Members should not describe themselves as having expertise or experience that they do not have. In all assignments and in all responsibilities, each member must try to achieve a level of competence that will ensure that the quality of services provided meets a high level of professionalism as required by ethical principles. The Government requires Work Experience of at least three years as an accountant with a good reputation in the field of auditing for accountants who wish to obtain practice permits in the public accounting profession [5].

The importance of independence in the auditor as well as the presence of influence or intervention on the independence of an auditor makes it necessary for several ways to build the independence of an internal auditor. Internal audit position in the organizational structure that is directly under the board of commissioners and president director and can communicate directly with them is one way to build independence.

To build a stronger independence in an internal auditor, it takes commitment from the internal auditor itself to be independent and objective in carrying out their duties. The commitment is stated in the company's internal audit code of ethics and each internal auditor also signs a statement of independence. An internal auditor may not have an interest in the unit or activity being audited. If in practice an internal auditor has a relationship with the unit or activity that is audited and results in the auditor being not independent, the internal audit must report the matter to top management.

Among internal auditors and external auditors have in common, both are professions that have an important role in the governance of organizations or companies / institutions and have a common interest in the effectiveness of internal control of financial statements. Professionals both have extensive knowledge of business, finance, industry, and strategic risks faced by the organizations they serve. In terms of professionalism, both also have a code of ethics and professional standards set by each professional institution that must be obeyed, as well as an objective and independence mental attitude from the activities they audit.

The relationship between external auditors and internal auditors regulates certain conditions in what areas and to what extent, external auditors can use the work of internal auditors in achieving their assignment goals. External auditors must determine whether the work of the internal auditor can be used, by evaluating the extent to which organizational status, policies and procedures are sufficient to support the objectives of internal auditors, the level of competence of internal auditors, whether the internal audit function applies a systematic and orderly approach, including implementing quality control. If these three things are not met, external auditors are not allowed to use the results of internal audit work.

While some of the things that can create collaboration between the two types of auditors are the level of understanding of each internal auditor and the external auditor itself. Competencies of both types of auditors, providing audit objectives from external auditors to internal auditors, and direct reporting to internal auditors and objectivity from internal auditors.

The purpose of the examination carried out by the internal auditor is to assist all company leaders

(management) in carrying out their responsibilities by providing analysis, assessment, suggestions and comments regarding the activities they examine [1].

To achieve these objectives, internal auditors must carry out the following activities:

- a. Review and assess the goodness, adequacy and applicability of the management control system, internal control and other operational controls and develop effective controls with less expensive costs.
- b. Ensure compliance with policies, plans and procedures established by management.
- c. Ensuring how far the company's assets are accounted for and protected from the possibility of all forms of theft, fraud and abuse.
- d. Ensure that the management of data developed within the organization can be trusted.
- e. Assess the quality of work of each part in carrying out the tasks assigned by management.
- f. Suggest operational improvements in order to improve efficiency and effectiveness.

The scope of the audit or scope of the internal audit is as wide as the management function, so that the scope includes the financial and non-financial fields. Internal audit standards refer to the Internal Audit Standards issued by the Institute of Internal Audit (IIA) or known as the Professional Practices Framework (PPF) which includes the Professional Standards of Internal Audit (Professional Standards and Performance Standards) and the Internal Audit Code of Ethics. [2]

In the implementation of a good internal audit which includes independence and high professional ability, a wide scope of work, as well as the functions and roles of the audit and management of the internal audit section that are good in accordance with the Internal Audit Professional Standards and Audit Performance Standards can lead to the implementation of Internal Audit in Higher Education The private sector gets better. In private universities it gets better. The results of this study are in line with the results of research conducted by. [6,7,8,9]. Internal Audit is expected to assist organizations in designing and implementing internal controls given the many changes in the business environment and expanding internal controls in handling operations and reporting objectives. and clarify the requirements for determining what constitutes effective internal control.

#### IV. CONCLUSION AND SUGGESTIONS

##### A. Conclusion

The Internal Audit component of the institution under study has not run as it should be related to its competence because its educational background is less supportive of the tasks it carries out. The results of the research on the function and role of internal audit are quite good but nevertheless have not been implemented ideally. The internal professional audit standard has been run well.

##### B. Suggestions

1) Related to the internal audit component, it is suggested that it be carried out by a competent person in their field.

2) The function and role of internal audit to be further enhanced so that it can support the activities of the institution.

3) The internal audit professional standard is recommended to run better

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