

The Influence of The Role of Internal Auditors, Performance of Internal Auditors and Effectiveness of Internal Control Systems on Company Performance in People's Credit Banks in Jember District

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ABSTRACT

BPR is a financial institution, one of which collects public funds in such a way that it must follow the principles of prudence and good governance in its operations. In accordance with Regulation (POJK) number 4/POJK.03/2015 concerning the Implementation of BPR Management, sanctions are given to BPRs that do not comply with these provisions. This research aims to determine the influence of the role of internal auditors, the performance of internal auditors and the effectiveness of the internal control system on company performance at Rural Banks in Jember Regency. This research uses primary data in the form of questionnaires and secondary data in the form of previous research and BPR data accessed via the OJK website/Perbarindo website. The respondents of this research were 30 internal auditors who worked at BPR Jember Regency. The sample determination method is based on purposive sampling. The data analysis technique uses a multiple linear regression model. The results of this research show that the role of internal auditors has a positive and significant effect on company performance, the performance of internal auditors has a positive and significant effect on company performance, and the effectiveness of the internal control system has a positive and significant effect on company performance.

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1. INTRODUCTION

In the current era of globalization, OJK hopes that BPRs can increase their productivity and have an internal control structure to be able to compete with other financial institutions. In accordance with Regulation (POJK) number 4/POJK.03/2015 concerning the Implementation of BPR

Management, sanctions are given to BPRs that do not comply with these provisions. BPR is a financial institution, one of which collects public funds in such a way that it must follow the principles of prudence and good governance in its operations. Internal auditors and an effective internal control system are needed to improve company performance in BPR. Of course, there are

several variables involved in improving company performance, namely: the role of internal auditors, the performance of internal auditors, and the effectiveness of the internal control system. If the internal auditor's role is consistent with the auditor's ethical guidelines, the internal auditor's work will have a positive impact on the company's bottom line. However, on the other hand, if the internal auditor's role commits fraud or embezzlement, it will have a negative impact on the company's bottom line.

Internal auditors play an important role in a company because the role of internal auditors influences internal control and increases company efficiency. The activities of a company are considered successful and successful if the company is able to survive, develop and obtain profits or profits in each period. The success of a leader in managing his company can be seen from the description of financial reports which present figures that are reliable, not misleading and can be accounted for. Another role and responsibility of BPR internal auditors is to assist the CEO and management in controlling BPR activities which include planning, implementing and monitoring audit results. In carrying out their work, internal auditors make analyzes and assessments in the fields of finance, accounting, economic activities and other activities, as well as proposals for improvements and objective information about subordinate activities, at least directly through document review and analysis. Achieving the above requires responsible oversight of a company's internal control system, known as an internal auditor. To provide confidence that what subordinates report about the company is true and trustworthy, business managers need internal auditors to audit the company. The control system implements management policies as best as possible, including securing organizational assets, obtaining accurate and reliable accounting information.

There are several cases that occurred at BPR, one of which is the BPR Jember Lestari case which occurred in 2022 where

the defendant embezzled customer funds by misusing the amount of customer deposits, some of which were used in full and some were used in part which should have been recorded in the customer's savings book. or office savings cards, where this case will also be processed legally.

The author conducted research on internal audits in Jember Regency BPRs because the author wanted to know whether the internal audits in several Jember Regency BPRs had carried out internal audit functions in accordance with applicable SOPs and based on the background, the author was interested in raising problems and making them the object of thesis research. title "The Influence of the Role of Internal Auditors, Internal Auditor Performance and Internal Control System Effectiveness on Company Performance at Rural Banks in Jember Regency"

2. LITERATURE REVIEW

2.1 *Role Theory*

Role Theory is a theory that is a combination of theory, orientation and scientific disciplines. Apart from psychology, role theory originates from sociology and anthropology [1]. In these three disciplines, an actor must play as a certain character and in his position as that character he is expected to behave in a certain way. The position of the actor in the theater (play) is then analogous to the position of people in society. As is the case in theater, the position of a person in society is the same as the position of an actor in theater, namely that the behavior expected of him does not stand alone, but is always in connection with the presence of other people who are in contact with that person or actor. It is from this point of view that role theories are developed [2]. Role theory also states that when the behavior expected by individuals is inconsistent, they can experience stress, depression, feel dissatisfied, and their performance will be less effective than if these expectations did not invite conflict [3].

2.2 *Auditing*

A Statement of Basic Auditing Concepts which defines audit as a systematic process for objectively collecting and evaluating evidence regarding assertions about various economic actions and events to determine the level of conformity between these assertions and predetermined criteria and convey the results to interested users [4].

2.3 Role of Internal Auditors

Role according to the Big Indonesian Dictionary (KBBI) is the behavior that is expected to be possessed by people in society. Role reflects a person's position in the social system with the rights and obligations, power and responsibilities that accompany it. Internal audit according to the Standards for the Professional Practice of Internal Auditing "Internal audit is an independent assessment function established within a company to examine and evaluate its activities as a service provided to the company" Furthermore, the definition of Internal Audit is the agent most suitable for realizing internal control, risk management, and Good Corporate Governance which will definitely provide added value for human resources and the company [5]. Currently, the internal audit profession continues to develop in accordance with the demands of the developing business world and economy which requires a company to carry out its activities professionally, which means utilizing resources effectively and efficiently in accordance with the company's objectives. The role of internal auditors in an organization is very necessary. Internal auditors have the responsibility as an independent assessor to review company operations and evaluate the adequacy of controls as well as the efficiency and effectiveness of company performance.

2.4 Internal Auditors Performance

Internal auditor performance is a result achieved by an auditor in carrying out the tasks assigned to him which is based on competence, experience and seriousness of time which is measured by considering quantity, quality and timeliness [6]. So internal auditor performance is the result obtained by an auditor in carrying out his

duties of carrying out internal supervision of a company in improving the performance of a company.

2.5 Effectiveness of the Internal Control System

The Internal Control System is a business system or social system implemented by a company which consists of an organizational structure, methods and measures to maintain and direct the company's path so that it moves in accordance with the company's goals and programs so that efficiency is encouraged and management policies are adhered to [7]. Evaluation of the internal control system is basically carried out by auditors to determine various control weaknesses in a system and the impact of the resulting weaknesses. Evaluation of the internal control structure is very important because internal control is one of the main keys in ensuring the reliability of financial reports.

2.6 Company Performance

Performance is work ability shown by work results. Company performance is something produced by a company in a certain period with reference to established standards. Company performance should be a result that can be measured and describes the empirical conditions of a company from various agreed sizes [8]. So, company performance is a result obtained by a person or group by sacrificing various kinds of human resources and also company finances to achieve company goals in accordance with the responsibilities of each employee and without violating applicable laws.

3. METHODS

This research uses quantitative data in the form of values or scores for the answers given by respondents to the questions in the questionnaire. The data obtained in this research was obtained by distributing questionnaires, that is, researchers went directly to obtain data from the parties concerned directly or also called primary data.

This research uses a sample collection method with purposive sampling. So, purposive sampling is a technique for determining samples with certain considerations [9]. Of the 26 BPRs in Jember Regency, 15 BPRs were included in the sample criteria. So, the number of respondents in this study was 30.

1. BPR supervised by OJK and registered with Perbarindo.
2. Banking companies that do not provide complete financial information during 2017-2021.
3. Banking companies that did not conduct Auditor Switching in 2017-2021.

4. RESULTS AND DISCUSSION

4.1 General Description of the Research Object

Rural Credit Bank (BPR) is a bank that carries out business activities conventionally or based on sharia principles, whose activities do not provide services in payment traffic. BPR activities are much narrower compared to commercial bank activities because BPRs are prohibited from accepting current account deposits, foreign exchange activities and insurance.

4.2 Distribution of Respondents Based on Characteristics

a. Distribution of Respondents Based on Age

Karakteristik (Tahun)	Jumlah (Orang)	Persentase(%)
<25	4	13,3
25-40	25	83,3
>40	1	3,3
Jumlah	30	100

Based on Table it shows that there were 4 respondents aged <25 years or 13.3%. Respondents aged 25-40 years were 25 people or 83.3%. Respondents aged >40 years were 1 person or 3.3%.

b. Distribution of Respondents Based on Education

Tingkat Pendidikan	Jumlah (Orang)	Persentase(%)
Diploma	2	6,6
S1	26	86,6

S2	2	6,6
Jumlah	30	100

Based on Table it shows that there were 2 respondents with a diploma or 6.6%. There were 26 undergraduate students (S1) or 86.6% and 2 graduate students or 6.6%.

c. Distribution of Respondents Based on Length of Work

Lama Bekerja	Jumlah (Orang)	Persentase (%)
<3 Th	4	13,3
3-5 Th	22	73,3
>5 Th	4	13,3
Jumlah	30	100

Based on Table it shows that there were 4 respondents with a length of work <3 years or 13.3%. Length of work was 3-5 years as many as 22 people or 73.3% and >5 years as many as 4 people or 13.3%.

4.3 Research Instrument Test Results

4.3.1 Validity test

No	Variabel	Item Pertanyaan	Koefisien Korelasi	Ket
1.	Peran Auditor Internal	X _{1.1}	0,839	Valid
		X _{1.2}	0,845	Valid
		X _{1.3}	0,797	Valid
		X _{1.4}	0,845	Valid
		X _{1.5}	0,895	Valid
2.	Kinerja Auditor Internal	X _{2.1}	0,956	Valid
		X _{2.2}	0,948	Valid
		X _{2.3}	0,932	Valid
		X _{2.4}	0,948	Valid
		X _{2.5}	0,956	Valid
3.	Efektivitas Sistem Pengendalian Internal	X _{3.1}	0,620	Valid
		X _{3.2}	0,895	Valid
		X _{3.3}	0,871	Valid
		X _{3.4}	0,870	Valid
		X _{3.5}	0,799	Valid
4.	Kinerja Perusahaan	Y ₁	0,904	Valid
		Y ₂	0,904	Valid
		Y ₃	0,809	Valid
		Y ₄	0,809	Valid
		Y ₅	0,904	Valid

The calculated r value in the table above shows that all the calculated r values above are greater, the value of r table = 0.3. A research instrument is declared valid if it has

a correlation value between the factor scores and the total score which is positive and the value is more than 0.30 ($r > 0.3$). Thus, all research instruments used are valid and then these instruments can be used for further statistical analysis.

4.3.2 Reliability test

No	Variabel	Koefisien Korelasi (Cronbach Alpha)	Ket
1	Peran auditor internal (X ₁)	0,749	Reliabel
2	Kinerja auditor internal (X ₂)	0,794	Reliabel
3	Efektivitas sistem pengendalian internal (X ₃)	0,808	Reliabel
4	Kinerja perusahaan (Y)	0,780	Reliabel

Coefficients^a

Model	Collinearity Statistics	
	Tolerance	VIF
1 Peran auditor internal	.805	1.242
Kinerja auditor internal	.897	1.115
Efektivitas SPI	.890	1.123

a. Dependent Variable: Company performance

The reliability test results presented in Table show that the four research instruments have a Cronbach Alpha correlation coefficient greater than 0.60. These results prove that all instruments are reliable so they can be used to conduct research.

4.4 Classic assumption test
4.4.1 Uji Normalitas Data

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		30
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	1,0526380
		0
Most Extreme Differences	Absolute	,166
	Positive	,166
	Negative	-,151
Kolmogorov-Smirnov Z		,911
Asymp. Sig. (2-tailed)		,377

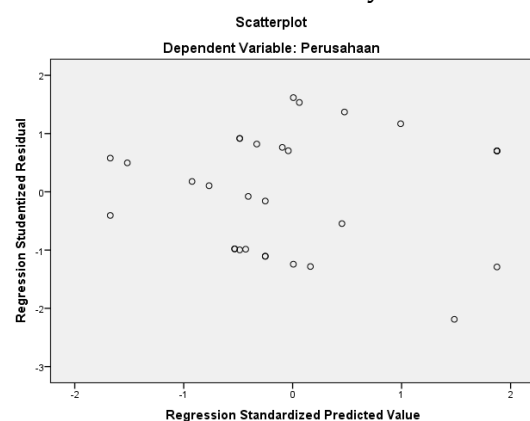
- a. Test distribution is Normal.
- b. Calculated from data.

The results of the normality test using the Kolmogorov-Smirnov test obtained an unstandardized residual of 0.377, greater than $\alpha = 0.05$, which means the data is normally distributed.

4.4.2 Multicollinearity Test

In the table, it can be seen that the results of the tolerance value calculation show that there are no independent variables that have a tolerance value greater than 10% (0.100). Likewise, the VIF values are all below 10. This means that multicollinearity does not occur in the regression model.

4.4.3 Heteroscedasticity Test



Based on the picture, it can be seen that all variable data has a random distribution. The absence of a particular pattern in the scatter plot graph means that

in the regression model there is no heteroscedasticity.

4.5 Multiple Linear Regression Analysis
4.5.1 Multiple Linear Regression Analysis Test Results and T Test Coefficients^a

Model	Unstandar dized Coefficients		Standardized Coefficients		t	Sig.
	B	Error Std.	Beta	t		
(Constant)	1.77	1.244		1.424	.166	
Peran auditor internal	.223	.043	.381	5.156	.000	
Kinerja auditor internal	.378	.035	.757	10.74	.000	0
Efektivitas SPI	.218	.031	.468	6.922	.000	

a. Dependent Variable: Company performance

Based on the table, a multiple regression equation is obtained as follows.

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3$$

$$= 1.771 + 0.223X_1 + 0.378X_2 + 0.218X_3$$

4.5.2 Simultaneous Significance Test (F Statistical Test) ANOVA^b

Model	Sum of Squares		Mean Square	F	Sig.
	Residual	Total			
	20.38	30.7			

1	Regress	18.33	3	6.112	80.4	.000 ^a
	n	6			72	
	Residual	2.051	27	.076		
	Total	20.38	30			
			7			

a. Predictors: (Constant), SPI effectiveness, internal auditor performance, internal auditor role
 b. Dependent Variable: Company performance

Based on the table, it can be seen that the significance value of the F test is 0.000 which is smaller than 0.05. Based on these results, it can be concluded that the role of internal auditors, the performance of internal auditors, the effectiveness of the internal control system together have a positive and significant effect on company performance.

4.5.3 Analysis of the Determination Coefficient (R2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.948 ^a	.899	.888	.27560

a. Predictors: (Constant), System Performance, Performance, Role

Source: Data processed 2023

Based on the table, the coefficient of determination is 0.888 or 88.8%. This shows that the influence of the role of internal auditors (X1), the performance of internal auditors (X2) and the effectiveness of the internal control system (X3) contributes to the rise and fall of company performance by 88.8% and 11.2% due to other factors not discussed in this research.

4.6 Discussion of Research Hypotheses

4.6.1 The influence of the role of internal auditors on company performance

Based on the regression equation, the results show that the role of internal auditors has a positive influence on company performance. The coefficient value of the internal auditor role variable is 0.223 with a significance value of 0.000 which is smaller than 0.05. So the first hypothesis is accepted. This means that the role of internal auditors has a positive effect on company performance.

4.6.2 The influence of internal auditor performance on company performance

Based on the regression equation, the results show that the performance of internal auditors has a positive influence on company performance. The coefficient value of the internal auditor performance variable is 0.378 with a significance value of 0.000 which is smaller than 0.05. So, the second hypothesis is accepted. This means that the performance of internal auditors has a positive effect on company performance.

4.6.3 The influence of the effectiveness of the internal control system on company performance

Based on the regression equation, the results show that the effectiveness of the internal control system has a positive influence on company performance. The coefficient value of the internal control system effectiveness variable is 0.378 with a significance value of 0.000 which is smaller than 0.05. So the second hypothesis is accepted. This means that the effectiveness of the internal control system has a positive effect on company performance.

4.6.4 The influence of the role of internal auditors, internal auditor performance, effectiveness of the internal control system on company performance

Based on decision making, the significance value of the F test is 0.000 which is smaller than 0.05. Based on these results, it can be concluded that the role of internal auditors, the performance of internal auditors, the effectiveness of the internal control system together has a positive and significant effect on company performance.

5. CONCLUSION

Based on the data that has been collected and the tests that have been carried out on BPRs in Jember Regency in this research, using a multiple linear analysis regression model, it can be concluded that the role of internal auditors (X1) has a positive and significant effect on company performance. The internal auditor role variable has a significance level of 0.000, this significance level is smaller than α (0.05) which means accepting H1; Internal auditor performance (X2) has a positive and significant effect on company performance. The internal auditor performance role variable has a significance level of 0.000, this significance level is smaller than α (0.05) which means accepting H2.; The effectiveness of the internal control system (X3) has a positive and significant effect on company performance. The internal control system effectiveness variable has a significance level of 0.000, this significance level is smaller than α (0.05), which means accepting H3.

Based on the conclusions of the research results above, the author can propose several suggestions that could be useful for future researchers, namely as follows: reduce the role and improve the performance of internal auditors because the better the role and performance of internal auditors, the better the performance of BPR companies in Jember Regency. , With the optimal role and performance of internal auditors, it can prevent the possibility of fraudulent manipulation, errors that can affect the performance of BPR companies in Jember Regency, BPR must also have an effective control system so that company goals are achieved. The limitations of this research lie in the research sample. taken. This research sample only took 15 BPRs in Jember Regency from the existing 26 BPRs in Jember Regency. So it would be better for further research to increase the number of other BPR samples.

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