

Effectiveness Of The Audit Function As An Internal Control Tool

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Abstract. This research aims to determine the effectiveness of the audit function as an internal control tool. Audit as an internal control tool is very important for the efficiency and productivity of company operations. Internal audit is a process in which internal auditors review and assess the internal control systems and procedures used by an organization. Internal audits can assist in carrying out fixed asset acquisition procedures, improve management performance, and help companies maintain internal control. The internal audit function also makes it possible to measure and assess how effective other internal control components are, assisting management in implementing effective internal control. The results of this research are a very important tool for management to ensure that company operations run well and efficiently.

Keywords: Audit Function, Internal Control, Internal Audit

INTRODUCTION

Management manages and supervises all company operations, and internal audit oversees policies and procedures to ensure management instructions are followed and that necessary actions to reduce risks in achieving company goals are taken. Therefore, a special part of the company that is independent is necessary. Internal auditors, or internal examiners, will help management safeguard the company's assets, provide information on which to base honest management decisions, and are responsible for assessing how effective and efficient the company's operations are. In addition, with the help of internal audit, companies must continue to improve existing procedures and controls. Fixed asset acquisition procedures can be facilitated by internal audits (Apandi & Nasution, 2022).

In the business world, internal control is very important to ensure the effectiveness and efficiency of company operations. One means that can be used to increase the effectiveness of internal control is internal audit. Internal audit is the process of reviewing and evaluating internal control systems and procedures implemented in an organization by internal auditors. Internal audits are effective if they include financial audits and other aspects such as consulting, insurance, and emphasize their added value and role in

achieving organizational goals (Wibowo, 2019). Internal audit will help to better achieve organizational goals by expanding the scope of its functions (Wibowo, 2019).

LITERATURE REVIEW

Audit Function

The internal audit function is responsible for examining and evaluating internal control and the effectiveness of operational implementation by various divisions of the organization (Gultom, 2014). The purpose of internal audit is to view and assess internal control and how effectively various organizational functions are implemented (Rizkiana, 2017). The purpose of the audit function is to ensure compliance with applicable regulations, rules and standards. Independent and trained auditors perform audits to provide reasonable assurance as to the reliability of the information. Internal audit helps the directors and board of commissioners as independent, proactive advisors and forward-looking examiners. A financial audit is a process carried out by an auditor to examine financial reports so that they are objective. Internal audits are discretionary assessment activities that help management fulfill their duties by examining accounting, finance, and other areas (Indonesia, 2020).

Internal Control

TMBooks (2015) defines, "Internal control is a process or activity that is influenced by human resources and information technology systems and is created to ensure the achievement of objectives related to efficient and effective operations, reliability, financial reporting and compliance with applicable legal regulations. "

Internal Audit

According to Hery (2018) Internal audit is a collection of technical actions and procedures carried out by company employees to ensure that the company's financial information and operations run according to standards. The main objective of internal audit is to provide confidence to management and the board of directors that the company's internal control system and business processes are running well (Yusriwati & Susanti, 2022).

Effectiveness

Effectiveness is how big the level of engagement is between the output achieved by an organization or individual and the expected output from the amount of input (Syam, 2020). Effectiveness is a measure of how well an activity or action achieves a goal. In other words, effectiveness refers to achieving desired results, while efficiency refers to how resources are used to achieve those results. Effectiveness shows whether goals are achieved or not. Output is measured as the level of effectiveness (Bastian, 2005). If an organization or program successfully achieves its goals and uses available resources efficiently, the organization is said to be effective. If an organization has achieved its goals, then the organization is running effectively.

RESEARCH METHODS

The method used in this research is a literature review approach. A literature review, also known as a literature review, is a very important type of research that involves reviewing, collecting, and synthesizing various literature related to a particular subject (Ferdiansyah, 2024). The main aim of the literature review is to increase understanding of research progress in the area under study and to build a strong theoretical foundation for the research to be conducted (Ferdiansyah, 2024). To collect information about the audit function as an Internal Control Tool, this research uses the Google Scholar database.

RESULTS AND DISCUSSION

The effectiveness of the audit function as an internal control tool is one of the objectives of internal audit. Within the scope of internal audit duties, which cover all stages of company operations, internal audit helps management provide appropriate accountability (Judhistira, 2004). The internal auditor's function is a type of control whose responsibility is to evaluate the good performance of other internal control components. By providing a systematic method for assessing and improving internal control performance and providing records of errors found during the evaluation process, internal auditors help management achieve performance (Apandi & Nasution, 2022). One of the functions of internal audit is to assist in maintaining the company's internal control. This control can take the form of increasing control regularly or periodically, and is in accordance with the internal audit function, namely ensuring how far the implementation and identification process has been carried out. Internal audit is an independent

assessment function carried out by a company to evaluate and test various company activities. According to Apandi & Nasution (2022), they concluded that in terms of internal control over the acquisition of fixed assets, the very important role of Internal Audit can be seen from its involvement in every process of acquiring fixed assets and monitoring internal control elements. This is in line with research by Halim Rachmat et al. (2018) stated that PT Karya Utama Jayamegah uses internal sales audits to improve internal sales control. To find out this, internal audit checks the implementation of sales procedures, checks the accuracy of implementation, checks whether there is collusion between people involved in sales activities, checks the implementation of sales recording and reporting methods, and checks the completeness and correctness of sales records.

An internal control is said to be effective when the entity's objectives are achieved, applicable laws and regulations are complied with. All components of an internal control system, including processes, elements, and activities, are closely connected and function to ensure that organizational goals are set and implemented most effectively. The effectiveness of internal control greatly impacts the role of internal audit (Meikhati & Rahayu, 2015). Businesses really need internal controls to prevent errors and mistakes. Therefore, good control helps management achieve company goals and objectives. Research results Widyaningsih (2010) show that the effectiveness of PT Dirgantara Indonesia (Persero) Bandung's internal production cost control is greatly influenced by internal audits carried out by the Internal Audit Unit (SPI). Production cost budgets and Accounting/Management Information Systems (AIS/SIM) are also other factors.

CONCLUSION

The research results show that internal audit is a very important tool for management to ensure that company operations run well and efficiently. Internal audits can improve management performance, assist in the process of acquiring fixed assets, and help companies maintain internal control. Good internal audits not only carry out financial audits, but also do other things such as consulting and insurance, and emphasize their added value and role in achieving organizational goals. Internal audit is very important in maintaining internal control so that the company does not experience errors or errors.

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