THE ROLE OF INTERNAL AUDIT ON THE PERFORMANCE EFFECTIVENESS OF PUBLIC SECTOR ORGANIZATIONS

Irwansyah[1], Sonya Awaludin Malik[2], Yulia Patmawati Kusumawardani[3]

Megasari Kusumah[4], Ignatius Oki Dewa Brata[5]

Abstract---This research aims to determine the role of Internal Audit on organizational performance effectiveness. The factors tested in this study are internal audits as independent variables and organizational performance as dependent variables. The research methods used are quantitative. The population of this study is all employees of Yayasan Mandiri Daya Insani Jln. Kayu Agung II No. 5. RT 07/04 Bandung. The data collection techniques used in this research are included in the primary data obtained from the dissemination of the questionnaire to all employees of Yayasan Mandiri Daya Insani with a sample number of 49 respondents. While the method of analysis used in this research is simple linear regression analysis. On the level of significance of 5%. Based on the research results shows that Internal Audit has a strong relationship with the effectiveness of organizational performance. While the magnitude of the Internal Audit role for organizational performance effectiveness is 36.3% while the remaining 63.7% is the influence of other factors outside the Internal Audit role variables.

Keywords---Internal Audit, Effectiveness, Organizational Performance

I. Introduction

The growing demand from the public for public sector organizations to maintain quality, professionalism, and accountability in carrying out their activities and to ensure public accountability by public sector organizations. Then the form of accountability output in a public sector organization is present as a result of the audit activities and in broad outline is carried out by a program performance audit (management audit) based on the indicators of achievement and financial accounting audits. (Suprobo et al. 2014)

Accountability need to be determined by public sector organizations so that the goals and wealth of public sector organizations are not used for purposes other than the goals outlined in the articles of association. The performance of public organizations is considered good if the organization concerned can carry out tasks to achieve the goals set at a high standard at a low cost. Good performance for an organization is achieved when administration and service provision by the organization concerned is carried out at an economical, efficient and effective level. The concepts of economics, efficiency, and effectiveness are interrelated and cannot be interpreted separately. the economic concept ensures that the input costs used in the organization's operations can be minimized. The efficient concept ensures that maximum output can be

[1]*irwansyah@widyatama.ac.id, sonya.awaludin@widyatama.ac.id, yuliapatmawatikusumawardani@widyatama.ac.id, megasari.kusumah@widyatama.ac.id, ignatius.oki@widyatama.ac.id,*
Accounting Study Program, Faculty of Economics, Widyatama University

achieved with available resources, while the effective concept means that the services provided or produced by the organization can serve the needs of service users appropriately (Pratolo 2003)

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps organizations accomplish its objective by bringing a systematic. disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. (The Institute of Internal Auditor 2016)

The purpose of conducting internal audits is to identify and analyze typical deficiencies that cause inadequate organizational performance. After that, based on professional judgment, internal auditors can provide recommendations to overcome the causes of these deficiencies to improve and improve the efficiency and effectiveness of the organization's performance.

Various negative judgments and perceptions are often shown in the internal audit function. auditees often feel that the existence of the Internal Audit Division will only incur a greater cost than the benefits to be received. Internal auditors are considered to still far away from being able to become an internal consultant (which is the highest expression in the role of internal supervisors). Often the proposed changes or recommendations from the auditee may even appear to be formalities and tend to ignore the level of difficulty or obstacles that the auditee will face later on the implementation of the recommendations from the internal audit department. thus the internal auditor is expected to uphold the principles of integrity, objectivity, confidentiality, and competence which must be reflected in his behavior (Hery 2012)

Organizational management requires an internal audit to assist in providing performance appraisals and also provides opinions to evaluate in achieving management goals that have been set. In a large scope such as the foundation, leaders have difficulty in monitoring all operational control activities directly, because the greater a foundation organization, the greater the opportunity to commit fraud, resulting in inefficiencies, leakages, and disobedience to established procedures company. Such conditions require all individuals and management to continue to evaluate the operational performance of the foundation.

Literature Review and Hypothesis Development

The definition of internal audit is a derivative of the definition of auditing. The definition of internal audit continues to grow and is diverse. According to The IIA's Board of Directors, Internal Auditing is an independent, objective assurance and consulting activity is designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic. A disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. (The Institute of Internal Auditor 2016)

Sedarmayanti (Sekti and Bodroastuti 2015) revealed that performance is the work of an employee, a management process or the organization as a whole, where the results of the work must be demonstrated concrete and measurable (compared to predetermined standards). Whereas according to Edison (Muchtar, Fajri, and Aditia 2017) performance is the result of a process that refers and is measured over a certain period of time-based on provisions or agreements that have been set previously. Based on the above understanding, the authors can draw the conclusion that performance is as a result (output) of a particular process carried out by all components of the organization against certain sources used (input). So that in general performance can be interpreted as the entire work process carried out by all components of the organization carried out to achieve certain goals and can be used as a basis for determining whether the work is good or not during a certain period of time.

Organizational performance is the work of quality and quantity achieved by an employee in carrying out their duties by the responsibilities given to him. Performance in organizations is the answer to the success or failure of organizational goals that have been set and can be used as a measure of the success of an organization in achieving its mission.

There are several indicators used in measuring organizational performance according to Dwiyanto (2008: 50-51) in (Mokodompit 2013) namely:
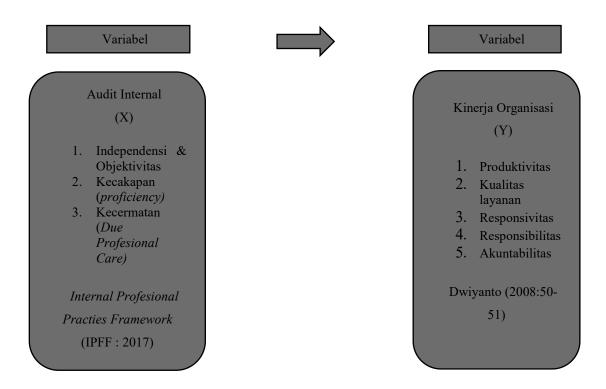
1. Productivity
2. Quality of Service
3. Responsiveness
4. Responsibility
5. Accountability

Internal audit has a highly important role in achieving company goals that have been determined. Internal audit activities can both prevent and prevent fraud by evaluating internal control. Internal audit is also required to provide information about the completeness and effectiveness of the organization's internal control system and the quality of the implementation of assigned responsibilities. This is intended so that organizational goals can be achieved properly.

II. Research methods

The research method is a scientific way to get data with specific purposes and uses. (Sugiyono 2018) Understanding research methods is useful for being able to carry out research activities effectively and efficiently. So the research objectives can be achieved. While the research method according to (Darmawan 2019) is a method used by researchers to obtain data and information on various types of matters relating to the problem under study. Based on this research, the research method used is quantitative. According to (Sugiyono 2018) Quantitative method is defined as a research method based on positivism philosophy, used to examine a particular population or sample, data collection using research instruments, quantitative/statistical data analysis, to test the hypotheses that have been set. In conducting this research, the author uses quantitative descriptive research with survey methods. The survey method according to (Sugiyono,2018) is used to get data from a particular place that is natural (not artificial) but the researcher treats the data collection, for example by distributing questionnaires and structured interviews with a descriptive analysis approach. Definition of a descriptive method according to (Muchtar, Fajri, and Aditia 2017) is a descriptive method is a method in examining the status of a group of people, an object, a situation, a condition, a system of thought or a class of events at present. The purpose of this descriptive study is to make a systematic, factual and accurate description, picture or picture of the facts, properties, and relationships between the phenomena investigated. With descriptive research methods, the writer can describe and analyze the real situation at the research site systematically by collecting data and facts to be analyzed.

Pictures Framework

Variabel		Variabel
Audit Internal **(X)** 1. Independensi & Objektivitas 2. Kecakapan (*proficiency*) 3. Kecermatan (*Due Profesional Care)* *Internal Profesional Practies Framework* (IPFF : 2017)	→	**Kinerja Organisasi** **(Y)** 1. Produktivitas 2. Kualitas layanan 3. Responsivitas 4. Responsibilitas 5. Akuntabilitas Dwiyanto (2008:50-51)

Based on the concepts, previous research and the schema of the above-thought frameworks, hypotheses in the study were:

Nihil hypothesis (Ho)   : Internal Audit does not play an act on effectiveness   Organization performance

The Alternative hypothesis (Ha)   :
Internal Audit contributes to performance effectiveness Organization

Independent variable

According to (Ridha 2017) "Independent variables are variables that affect or are the cause of changes or the emergence of dependent variables (bound)"

The independent variable (free) used in this study is an internal audit. To obtain information about independent variables, the authors collected primary data relating to the internal audit role of the Mandiri Daya Insani Foundation in the city of Bandung.

Dependent Variable

Dependent or dependent variables according to (Ridha, 2017) "The dependent variable is also called the output variable, criteria, consequent. In the Indonesian language is called the dependent variable. The dependent variable is the variable that is affected or which is due, because of the independent variable". The variable in this study is Organizational Performance. This variable uses data sourced from the Mandiri Daya Insani Foundation in Bandung.

Data Processing Techniques

Processing the results of the data from the questionnaire, for analysis using an ordinal scale with five categories arranged in stages with a rating or score as follows:

The score for the choice of answers to the questionnaire submitted for the statement is as follows:

Table 1. Weight of answer values

Strongly Agree	Skor 5
Agree	Skor 4
Hesitate	Skor 3
Disagree	Skor 2
Strongly Disagree	Skor 1

Source: (Sugiyono, 2018)

It is then searched for the average of each respondent's response. To facilitate the assessment of the average, then made intervals. To determine the length of the interval class used formulas according to (Sugiyono 2018) as follows:

$$\text{Interval class length} = \frac{\text{range}}{\text{many classes}}$$

$$= \frac{5-1}{5}$$

$$= 0.8$$

Description:

Range = difference between highest class and lowest class

Alternative answers can be identified by the following intervals:

Table 2. Alternative Answers and Scores

interval	alternative answers	
	Internal audit	**Organizational performance**
1.00 to 1.79	Very No Good	Very low
1.80 to 2, 59	Not good	Low
2.60 to 3.39	Moderately good / Moderate	Moderately high / Moderate
3.40 to 4.19	Good	High
4.20 to 5.00	Excellen	Very high

Source: (Sudjana 2005)

To obtain good and correct results, researchers use data processing techniques and precise data analysis. Questionnaires returned to researchers and have been filled by the respondent will be checked the completeness of the data including the completeness of filler identity, completeness sheet questionnaire, and stuffing completeness. Editing is done in the collection of data so that if there is a discrepancy can be completed immediately. After checking and continuing the coding to facilitate the processing and scoring of the items that need to be the score. Further done grouping the data into the table that corresponds to the criteria.

The last step is to enter the data that has been emulated to the computer by using the program SPSS 25.0 data analysis used in this research is univariant analysis that analyzes existing variables descriptively with Calculating the frequency distribution performed on each research variable.

III. Analysis method

Validity test

The validity testing of the instrument or questionnaire, according to (Sugiyono 2018) is carried out the calculation of the correlation between each question with an item score with a total score using the correlation technique of Product moment with the SPSS Program. The test criteria are as follows:

If r xy counts ≥ r tables, then the statement is declared valid

If r xy counts < rtable, then the statement is declared invalid. The validity testing criterion according to (Suliyanto 2011) The decision on a question item may be considered valid, can be done in the following ways:

1.   If the correlation coefficient of product moment > R-table (α; n-2) n = number of samples.

2.   2. The value of sig. ≥ α.

Reliability testing using SPSS 25.0, the step that can be pursued is the same as the validity testing step. Because both outputs together appear.

Test Reliability

Reliability shows the extent of the consistency of the measurement of a respondent to another respondent or in other words the extent to which the question can be understood so as not to cause a different interpretation in the understanding. In this study, the method used was using the Cronbach coefficient alpha. Meanwhile, the magnitude of the reliability coefficient is 0.60. (Simamora, 2004; 177) in (Ismawan, n.d.)

Spearman Rank Correlation Analysis

The purpose of using the correlation analysis Rank Spearman is to determine the relationship between two independent variables and the dependent variable.

Data analysis authors have defined two variables:

1) Internal Audit as an independent variable, notation X.

2) Organizational performance as dependent variables, notation Y.

Analyzing the influence of internal Audit on organizational performance is used with the correlation formula Rank Spearman. The value of the correlation coefficient of Rank Spearman (r_s) ranged between $1 < r_s < 1$ negative/positive sign by (Sugiyono 2018) is interpreted as follows:

Table 3. Guidelines for Providing Interpretation of Correlation Coefficient

Coefficient Interval	Relation Level
0:00 - 0199	Relation are very small and can be ignored
0:20 - 0399	Relation were small (not close)
0:40 - 0599	Relation are being
0.60 - 0.799	A strong relation
0.80 - 1.000	A very strong relation

Source : (Sugiyono 2018)

Based on the analysis will be obtained whether r positive or negative. If the correlation coefficient (R) of positive (r > 0) means there is a positive or direct relationship. This means that if there is an increase in variable X, it will be followed in the variable Y, or if there is a decrease in variable X, it will be followed by a decrease in the variable Y. Coefficient of correlation (r) negative (R < 0) means that if there is an increase in variable X it will be followed by a decrease in the Y variable.

Simple Linear Regression Analysis

(Sunyoto 2011) states a regression analysis used to measure the relationship strength between two or more variables, also shows the direction of the relationship between dependent variables and independent variables. simple linear regression analysis is an analysis used to see the existence of a relationship and the influence between independent variables (X) against the dependent variable (Y). in data management used software tools SPSS ver 22.0. As for the model of the regression equation as follows:

$$y = a + bx + e$$

information:

y = Organizational Performance

x = Role of Internal Audit

a = Constant

b = Regression Coefficients

e = Error

Hypothesis test

Due to the hypothesis this will be used about an independent variable's influence on dependent variables, in this study, using zero hypothesis testing (H0) and alternate hypotheses (Ha) as well as hypotheses expressed in this study are:

H0: r < 0 = Internal Audit does not contribute to organizational performance.

Ha: r > 0 = Internal Audit contributes to organizational performance.

IV. Results and Discussion

Research result

The authors of this chapter present and discuss the research results on the role of internal audit on the organizational performance of the public sector organizations (Survey: Yayasan Mandiri Daya Insani). As for the general description of respondents covering the gender, the last education and the length of work.

Table 4. Classification of Respondents by Gender

Gender	amount	%
Men	35	71.43
Woman	14	28.57
Total	49	100

Source: Primary data that have been processed

Table 5. Classification of Respondents

Based on Latest Education

Last education	amount	%
SMU	10	20:41
3-year diploma	9	18:37
Bachelor degree	30	61.22
Total	49	100

Source: Primary data that have been processed

Table 6. Category Respondents by Old Working

Length of work	Amount	%
0-3 Years	14	28.57
3-6 years old	17	34.69
6-9 Years	10	20:41
> 9 Years	8	16:33
Total	49	100

Source: Primary data that have been processed

Validity and Reliability Test

Validity test

Validity is used to determine the feasibility of grain in a list of questions in defining a variable. Validity is defined as the extent of the precision and accuracy of a measuring instrument in performing its function. Therefore, researchers tested the

validity rate of questionnaires distributed to respondents using the SPSS software program. Using the number of respondents as much as 49, then the value of R table can be obtained through DF (degree of freedom) with the formula DF = N – k and significance value 0.05 then obtained the value of R table is 0273. Then based on the calculation data SPSS coefficient correlation (R) is known that the entire correlation of item variable X (internal audit) and Y (performance organization) is greater than the R table or 0273 then the instrument is declared valid.

Table 7. Test Validity

Internal Audit

Question	R Count	R Table	Information
var00001	0822	0273	valid
VAR00002	0672	0273	valid
VAR00003	0736	0273	valid
VAR00004	0757	0273	valid
VAR00005	0811	0273	valid
VAR00006	0801	0273	valid
VAR00007	0679	0273	valid
VAR00008	0751	0273	valid
VAR00009	0703	0273	valid
VAR00010	0483	0273	valid

Source: SPSS output

The results in the table show that the R count value is greater than the R table of 0273 so that it can be concluded that the entire internal audit Variable statement item can be said to be valid and can be used in subsequent data analysis.

Table 8. Test Validity

Organizational Performance

Question	R Count	R Table	Information
VAR00011	0676	0273	valid
VAR00012	0501	0273	valid
VAR00013	0569	0273	valid
VAR00014	0702	0273	valid
VAR00015	0633	0273	valid
VAR00016	0647	0273	valid
VAR00017	0677	0273	valid
VAR00018	0703	0273	valid

| VAR00019 | 0615 | 0273 | valid |
| VAR00020 | 0701 | 0273 | valid |

The results in the table indicate that the R count value is greater than the R table of 0.273 so that it can be concluded that the entire item statement of the organization's performance variables can be said to be valid and can be used in subsequent data analysis.

Regression analysis

Table 9. Linear regression

Mod	Coefficients unstandardized		standardized Coefficients	T	Sig.
	B	Std. Error	beta	B	Std. Error
1 (Constant)	15 602	5,133		3,0 39	.004
Internal audit	.5 97	.115	.603	5,1 76	.000

Source: SPSS output

Regression models formed based on the results of the study are::

Y = a + bx + e

Y = 15 602 + 0.597X1 + e

Based on the regression model can be explained:

1.   If α = constant at 15.602 and marked positive meaning if the independent variable is the variable internal audit role is considered constant (at 0), then the dependent variable is the variable organizational performance will be valued at 15.602.

2.   If the value of the regression coefficient variable internal audit role by 0.597 and is positive, it means if the variable internal audit role has increased by (one) unit, then the dependent variable organizational the performance will increase by 0.597.

Coefficient of Determination

To find out the magnitude of the role of internal audit on organizational performance as follows:

Table 10. Determination Coefficient Test

Model	R	R Square	Adjusted R	Std. Error of the

			Square	Estimate
1	.603(a)	.363	.350	4.10583

a Predictors: (Constant), Audit Internal

Based on these calculations, the determination coefficient value of 0.363 is obtained, meaning that the effectiveness of organizational performance at the Mandiri Daya Insani Foundation is influenced by an internal audit of 36.3%, while the remaining 63.7% can be caused by the influence of other factors not examined by the author.

Hypothesis test

To determine whether the hypothesis is accepted or rejected, then the t test with the following hypotheses:

Ho　　: T < 0; internal audit does not contribute to organizational performance.

Hi　　: T> 0; internal audit contributes to organizational performance.

Test criteria:

-If T counts the table > T, then Ho is rejected and Hi is accepted, the internal audit is instrumental to the organizational performance.

-If T counts < t of the table, then Ho is accepted and Hi is rejected, internal audit does not play a role in the organization's performance.

Where the level of confusion (α) is used by 5%. To set the value of calculated t used formula as follows:

df　　　　　= n-2

　　　　　= 49-2
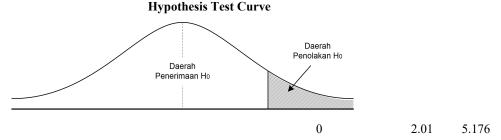
t table = this = t (α; df)

　　　= (0.05; 47)

= 2.01

Where the error rate (α) is used by 5%, the result of the calculated T value is as follows :

Table 11. Hypothesis Test

Mod		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	15.602	5.133		3.039	.004
	Audit Internal	.597	.115	.603	5.176	.000

Based on the statistical calculations T obtained Thitung = 5.176 greater than this = 2.01, then Ha accepted and Ho rejected. This means that internal audits contribute to organizational performance. So the hypothesis that the author asked in chapter II, namely: "Internal audit plays a role in supporting organizational performance". acceptable.

It can be seen that T count 5.176 > T the table 2.01 which means Ho is rejected and Hi is accepted. This means the role of internal audit on organizational performance.

Hypothesis Test Curve

Daerah
Penolakan Ho

Daerah
Penerimaan Ho

0   2.01   5.176

Based on the statistical calculations, T obtained Thitung = 5,176 greater than this = 2.01, then Ha accepted and Ho rejected. This means that hypotheses are internal audits that contribute to organizational performance acceptable

V. Conlusions, Limitations, And Suggestions

Internal audit is one of the functions in an organization to review and assess activities and provide suggestions and recommendations to management on weaknesses found during the audit activities. The purpose of internal audit is to help all levels of the organization so that the resulting performance can be achieved effectively and efficiently.

The test results of this study indicate the role of internal audit in independent human resources foundations in practice is very good. the independent auditors of the human resource foundation have carried out their responsibilities well and participated in helping the foundation's management by providing recommendations, as well as suggestions for improvements on the conduct of the audit carried out and also helping the auditee to complete the suggested corrective actions.

The effectiveness variable of organizational performance in independent human resource foundations is at a very high criterion, whereas a whole of the indicators of productivity indicators, service quality, responsiveness, responsibility, and accountability have been carried out very well.

From the objectives of the internal audit as well as the implementation of internal audits, particularly on the foundation's organizational performance, the internal audit of the independent human resources foundation has a strong relationship to the organization's performance so that in other words the effectiveness of the organization's performance at the independent human resource foundation is influenced by internal audit.

The limitations of this study are only focused on internal audit variables by not testing and paying attention to other variables that might affect organizational performance. so the authors advise that further research is expected to add and pay attention to the scope of other variables, so as to provide a more comprehensive picture of the research results.

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