

**THE ROLE OF INTERNAL CONTROL AS A PART OF INTERNAL AUDIT  
IN IMPLEMENTATION AS THE LEGAL SERVICE AGENCY  
(Case Study in Haluoleo University, Indonesia)**

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**Abstract:** The report analyses the role of internal control as a part of the internal audit function in Haluoleo University. The aim behind this study is to give conclusion and recommendations to improve the performance of internal audit unit in order to support the good governance of the university. The recommendation if delivered can be a strong contribution of strength for the university to add value and for the responsibility to the stakeholders. The research was delivered through questionnaires, interviews and desk research. The internal audit itself had just started the work for two years, for this reason, the researcher chose targeted sample for the respondents. I spread 32 questionnaires with all respondents are the leader in the university and faculties. The entire samples are mainly the users of internal audit unit. Internal audit unit has become an essential component of public sector governance, considering Haluoleo became a public service agency. Therefore, it is important for the internal audit unit to improve their performance. Due to the lack of the human resources to support the audit program for the whole unit in the university, the internal audit unit focuses on the assurance and consulting service. On the other hand, the unit also through the managing risk, the intent of this program is to get the effectiveness of the university by scanning the environment and may identify opportunities for the performance improvement. Build upon the finding of the study, in order to improve the performance of the internal audit unit, the researcher recommend: firstly, that Internal auditors should be more responsive and improving its anticipation in the face of problems that occur in work units that exist in firms that audit findings and recommendations are not late and useful for management. Secondly, Internal Audit unit should improve the performance by strengthening the team to increase the competence of internal auditors. In other words, it needs more internal auditor with experienced. I recommend recruiting three people of civil servant to work full time. If the number of internal auditor is occupied, then the team can do the audit regularly and in fixed time.

**Keywords:** Internal control, Good University Governance

**Abstrak:** Laporan ini menganalisa peran dari kontrol internal sebagai bagian dari fungsi audit internal di Universitas Haluoleo. Tujuan dari penelitian ini memberikan kesimpulan dan rekomendasi untuk meningkatkan kinerja unit audit internal untuk mendukung *good governance* di universitas. Rekomendasi tersebut dapat memberikan kontribusi yang besar bagi keuntungan universitas untuk menambah nilai dan untuk tanggung jawab para pemegang kekuasaan. Penelitian ini disampaikan melalui kuestioner, interview, dan *desk research*, audit internal sendiri baru mulai melakukan pekerjaan selama 2 tahun, karena alasan inilah, peneliti memilih sampel yang disasar untuk para responden. Saya menyebarkan 32 kuestioner dengan seluruh responden merupakan pemimpin di universitas dan fakultas. Keseluruhan sampel hanya pengguna

unit audit internal. Unit audit internal telah menjadi sebuah komponen yang penting dari tata kelola sektor publik, dengan mempertimbangkan Haluoleo menjadi agen jasa publik. Maka, merupakan hal yang penting bagi unit audit internal untuk meningkatkan kinerjanya. Sehubungan dengan kurangnya sumber daya manusia untuk mendukung program audit bagi unit keseluruhan di universitas, unit audit internal fokus pada kepastian dan jasa konsultasi. Sebaliknya, unit juga melalui resiko pengelolaan, tujuan dari program ini untuk mendapatkan efektivitas dari universitas dengan cara mengamati lingkungan dan mungkin mengidentifikasi kesempatan-kesempatan untuk perbaikan kinerja. Berdasarkan penemuan dari penelitian, untuk meningkatkan kinerja unit audit internal, peneliti merekomendasikan: pertama, bahwa auditor internal sebaiknya lebih responsif dan meningkatkan antisipasinya dalam menghadapi masalah yang terjadi pada unit-unit kerja yang ada di perusahaan-perusahaan bahwa penemuan dan rekomendasi audit tidak terlambat dan berguna bagi manajemen. Kedua, unit audit internal sebaiknya meningkatkan kinerja dengan memperkuat tim untuk meningkatkan kompetensi dari auditor internal yang berpengalaman. Saya merekomendasikan merekrut tiga orang dari pegawai negeri untuk bekerja penuh waktu. Jika jumlah dari auditor internal terpenuhi, maka tim dapat melakukan audit secara teratur dan dengan jadwal tetap.

**Kata kunci:** kontrol internal, *good governance*

## INTRODUCTION

Education institutions as one of the public service agencies are spearheading the development of science and society insights. However, not a few complaints have been directed at the quality of educational institutions are still considered low; especially educational institutions of government/state universities should be able to provide appropriate educational services to the community. Therefore, educational institutions are also required to hold good governance, the mandate and also implementing state policies. To achieve the goal of becoming a college or university that excels and implement good governance, the Government has issued various policies and regulations to improve the quality of higher education. One is the Law no. 20 of 2003 on National Education System of Higher Education stated that education should carry out an evaluation of control activities, underwriting, and determining the quality of both the course and institution in a sustainable manner.

For the implementation of the General Services Agency and assurance control, Haluoleo University is supported by two agencies, namely: (1) Quality Assurance Agency, Monitoring and Evaluation of Education; (2) Internal Audit Unit

In addition, the government also issued regulations regarding the mandatory establishment of the internal control unit within the Ministry of National Education. Which are set in the Regulation of the Minister of National Education Republic of Indonesia No. 16 year 2009 on the Internal Control Unit in the Ministry of National Education.

Internal Control Unit can help college administrators and managers to maintain Assets; guarantee the availability of financial reporting, managerial accurate and reliable; optimize the utilization of resources economically and efficiently; improve adherence to rules and regulations as well as reduce the risk of irregularities and violations of the principle of prudence.

The sponsor company is Haluoleo University, Indonesia. It has 8 faculties with the addition of some programs and the opening of the Graduate Diploma. Based on the results of "Evaluation of Self-Study Program by the Director General of Higher Education delivered at the National Meeting of the Vice Rector I, II and III all over Indonesia, which was held on November 29, sd. December 1, 2004 in Surabaya, Haluoleo University ranked 15<sup>th</sup> of 82 State Universities throughout Indonesia.

Before the internal audit is formed there are violations that occurred that should not happen, either in the financial, operational and compliance. One example that is still many professors who teach but still holds S1, and it is not in accordance with existing regulations. In addition, there is still lack of teachers so that sometimes the amount the ratio between lecturers and students are not balanced. Deviations are also a lot happening in the financial section and other parts. However, with the SPI more or less has brought changes in management Unhalu. Internal Audit unit University Haluoleo evaluate compliance with laws and regulations applicable, and policies and procedures of the organization. It is also carrying out surveillance in order to provide early warning and improve risk management in the implementation of tasks and functions work unit within the University Haluoleo. Internal audit unit of University Haluoleo perform special assignments that are relevant to the scope of the assignment of such work, such as identifying and revealing fraud and waste.

The research purpose will be explanatory. The study focuses on studying a situation or a problem in order to explain between variables. In this research the descriptive study will address to answer the question on how the performance of internal control unit in Haluoleo University be improved. The aim behind this study is to give conclusion and recommendations to improve the performance of internal audit unit in order to support the good governance of the university. The recommendation if delivered can be a strong contribution of strength for the university to add value and for the responsibility to the stakeholders.

**Internal Auditing.** Asare quoted that in 1978, the Institute of Internal Auditor (IIA) defined internal auditing as: "An independent appraisal activity established within an organization as a service to the organization. It is a control, which function by examining and evaluating the adequacy and effectiveness of other controls. The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analysis, appraisals, recommendations, counsel and information concerning the activities reviewed.

The modern scope and focus of internal auditing are reflected in the current definition that was formally adopted by IIA in 1999:

"An independent, objective assurance and consulting activity designed to add value and improve an organisation's operation. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes".

The current definition also contemplates two main internal audit services: Assurance and consulting services.

*Assurance services, according to IIA (2008):*

Involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, an operation, a function, a process, system, or other subject matter. The nature and scope of the assurance engagement are determined by

the internal auditor. There are generally three parties involved in assurance service: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter – the process owner, (2) the person or group making the assessment – the internal auditor, and (3) the person or group using the assessment – the user.

And consulting services, according to same source:

Are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice – internal auditor, and (2) the person or group seeking and receiving the advice – the engagement client. When performing consulting services the internal auditor should maintain objectivity and not assume management responsibility.

**Internal Control.** Hayes stated that internal control, according to Committee of sponsoring Organisations of the Treadway Commission (COSO), is a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

This definition reflects perform certain fundamental concepts: (1) Internal control is a process. It's a means to an end, not an end in itself.; (2) Internal control is effected by people. It's not merely policy manuals and forms, but people at every level of an organization.; (3) Internal control can only be expected Provide reasonable assurance, not absolute assurance, to an entity's management and board.; (4) Internal control is geared to the achievement of objectives in one or more separate but overlapping categories. "(COSO, 1994:13)

**The COSO Cube.** The original COSO framework described by Hayes contains five control components needed to help assure sound business objectives. The control components are: (1) Control Environment.; (2) Risk Assessment.; (3) Control Activities.; (4) Information and Communication.; (5) Monitoring.

More specifically, the thought process behind these five components was that they would work together to support efforts to achieve an organization's mission, strategies and related business objectives. All five components would need to be in place to achieve an "effective" internal control system.

COSO's Internal Control – integrated framework, the most widely accepted internal control framework in the United States, describes internal control as consisting of five components that management designs and implements to provide reasonable assurance that its control objectives will be met. Each component contains many controls, but auditors concentrate on those designed to prevent or detect material misstatements in the financial statements.

The control environment consist of action, politics, and procedures that reflect the overall attitudes of top management, directors, and owners of an entity about internal control and its importance to the entity. To understand and assess the control environment, auditors should consider the most important control subcomponents

Risk Assessment for financial reporting is management's identification and analysis of risks relevant to the preparation of financial statements in the conformity with GAAP. For example, if a company frequently sells product at a price below inventory cost because of rapid technology changes, it is essential for the company to incorporate adequate controls to overcome the risk of overstating inventory.

Control activities are the policies and procedures, in addition to those included in the other four components that help ensure that necessary actions are taken to address risk in the achievement of the entity's objectives. There are potentially many such control activities in any entity, including both manual and automated controls. SAS 94 and COSO note that control activities generally relate to policies and procedures that pertain to (1) segregation of duties, (2) information processing, (3) physical controls, and (4) performance reviews. The development of control activities related to these types of policies and procedures generally falls into the following five types of specific control activities: (a) Adequate separation of duties; (b) Proper authorization of transaction and activities; (c) Adequate documents and records; (d) Physical control over assets and records; (e) Independent checks on performance.

The purpose of an entity's accounting information and communication system is to initiate, record, process, and report the entity's transaction and to maintain accountability for related assets. An accounting information and communication system has several subcomponents, typically made up of classes of transactions such as sales, sales return, cash receipt, acquisitions, and so on.

Monitoring activities deal with ongoing or periodic assessment of the quality of internal control performance by management to determine that control are operating as being assessed comes from a variety of sources, including studies of existing internal control system, internal auditor report, exception reporting on control activities, reports by regulators such as bank regulatory agencies, feedback from operating personnel, and complaints from customers about billing charges.

**Internal Control Objectives.** According to Alvin A. Arens about internal control objectives is : A system of internal control consist of policies and procedures designed to provide management with reasonable assurance that the company achieves its objectives and goals. These policies and procedures are often called controls, and collectively, they comprise the entity's internal control. Management typically has three broad objectives in designing an effective internal control system:

1. Reliability of financial reporting. Management is responsible for preparing financial statement for investors, creditors, and other user. The objective of effective internal control over financial reporting is to fulfill these financial reporting responsibilities.
2. Efficiency and effectiveness of operations. Control within an organization are meant to encourage efficient and effective use of its resources to optimize the company's goal. An important objectives of these controls is accurate financial and non financial information about the entity's operations for decisions making.
3. Compliance with law and regulations.

**Types of Auditor.** According to Hayes: There are two basic types of auditors: independent external auditors and internal auditors. Governmental auditors take both the functions of internal and external auditor. Many large companies and organizations maintain an internal auditing staff. Internal auditor are employed by individual companies to investigate and appraise the effectiveness of company operations for management.

Much of their attention is often given to the appraisal of internal controls. A large part of their work consist of operational audits; in addition, they may conduct compliance audits. In these circumstances the external auditor should review the work performed by the internal auditor.

The internal audit department report directly to the president or board of directors. An internal auditors must be independent of the department heads and other executives whose work he reviews. Internal auditors, however, can never be independent in the same sense as the independent auditors because they are employees of the company they are examining. Internal auditor have two primary effect on a financial statement audit: (1) Their existence and work may affect the nature, timing, and extent of audit procedures.; (2) External auditors may use internal auditor to provide direct assistance in performing the audit. If this is the case the external auditor must assess internal auditor competence (education, experience, professional certification, etc.) and objectivity (organizational status within the company).

**The IFAC Code of Ethics for Professional Accountants.** The ethical guidance set out by the International Federation of Accountant (IFAC) is developed by the IFAC Ethics Committee who report their recommendations to the IFAC Board after a research and appropriate exposure of draft guidance. The guidance is incorporated into the *Code of Ethics for Professional Accountants* (the code). The code is intended to serve as a model on which to base national ethical guidance. It sets standards of conduct for professional accountants and states the fundamental principles that should be observed by professional accountant in order to achieve common objectives.

Committee of Sponsoring Organizations of the Treadway Commission (COSO), which consists of the American Institute of Certified Public Accountants (AICPA), the American Accounting Association (AAA), the Institute of Internal Auditors (IIA), Institute of Management Accountants (IMA), and the Financial Executive Institute (FEI), gives the definition of internal control as follows: "Internal Control is broadly defined as a process, effected by an entity's board directors, management and other personnel, Designed to Provide reasonable assurance Regarding the achievement of objectives in the Following categories: (1) Effectiveness and efficiency of operations; (2) Reliability of financial reporting.; (3) Compliance with applicable laws and regulations (COSO, 1994: 3).

Next COSO states that: "This definition reflects perform certain fundamental concepts: (1) Internal control is a process. It's a means to an end, not an end in Itself. (2) Internal control is effected by people. It's not merely policy manuals and forms, bat people at every level of an organization. (3) Internal control cans only be expected Provide reasonable assurance, not absolute assurance, to an entity's management and board. (4) Internal control is geared to the achievement of objectives in one or more separate but overlapping categories. "(COSO, 1994: 13)

Internal control is not only essential to maintaining the accounting and financial records of an organization, it is essential to managing the entity. Internal control is geared to the achievement of objectives in one or more separate overlapping categories: (a) Operations; (2) Financial reporting; (3) Compliance; (4) Safeguarding of assets (Hayes, 2005: 231)

**Referred to IIA (institute of Internal Audit), Internal auditors can add value by:** (1) Reviewing critical control systems and risk management process; (2) Performing an effectiveness review of management's risk assessments; (3) Providing advice in the design

and improvement of control system and risk mitigation strategies; (4) Implementing a risk based approach to planning and executing the internal audit process; (5) Ensuring that internal auditing's resources are directed at those areas most important to the organization; (6) Challenging the basis of management's risk assessments and evaluating the adequacy and effectiveness of risk treatment strategies; (7) Defining risk tolerances where none have been identified, based on internal auditing experience, judgement, and consultation with management.; (8) Facilitating ERM workshop

## **METHOD**

**Field research.** Data-collection techniques have been done systematically to collect information about the objects of study (people, objects, phenomena) and about the settings in which they occur. A written questionnaire (also referred to as self-administered questionnaire) is a data collection tool in which written questions are presented that are to be answered by the respondents in written form.

The researcher delivered a written questionnaire and administered in few step as describe below: (1) Sending questionnaires directly to the respondents with clear instructions on how to answer the questions and hand-delivering questionnaires to respondents and collecting them later.; (2) For some respondent, I assist them for the questioner, if they have difficulties for some questions or just giving oral or written instructions, and letting the respondents fill out the questionnaires; or (3) I also do the interview to approach the empirical question and to get further explanation from few people which is important to get information.

**Types and Sources of Data Research.** The types of data used in this study are the primary data. Sources of data in this study are a response in writing through the questionnaire from the leaders as a user of the system of internal control units at the University of Haluoleo. Secondary data, the data obtained from SPI Haluoleo University which is a source of documentation writers. Data of this type include a brief history, organizational structure and job descriptions.

**Population and Sample.** The population of this study was the leader at the head office Rectorate, chief of the bodies, bureau of finance, academic and general affair, the members of the Internal audit unit and the Dean and Director of postgraduate studies. They were selected as the population of the study. This, because they have access and can deal directly with auditors who audited the financial statements prepared by the management. Besides, the leaders are part of the management as the university's internal use of financial statements within the framework of decision making. In this study sample is not performed (sampling) but do census (complete enumerations) because respondents still allowing for an examination of the entire population, so that the population in this study were the entire leadership of the university level, faculty / graduate institution, the equivalent of the Bureau and units within the University Haluoleo, among others:

**Data Collection and Analysis.** In order to collect the data needed and relevant to this research, the authors used the following way: (1) Interview, by conducting interviews or debriefing with management and employees are authorized and expected to complete the answers obtained through the answer or filling in the questionnaire.; (2) Questionnaires, which is a technique of data collection by distributing a questionnaire to head office, head

of the faculty, and also bureau in the Haluoleo University environment.; (3) Documentation, namely the collection of data by recording / copying documents at the University of Haluoleo Kendari.

No	Name	Number of Respondents
1.	Leader at the head office Rectorate	5
2.	Chief of the Bodies in the University	11
3.	Bureau of Finance, Academic, General Affair	3
4.	The members of the Internal audit unit	5
5.	Dean of Faculty/Director of postgraduate prog.	8
	Total Respondents	32

Given the data collection is done by using the questionnaire method (questionnaire) that are covered with a Likert scale instrument that normally uses five levels of assessment in the form of a statement. Statement in this section is developed using a Likert scale model (Likert Summated Rating) which each item statement was given a score of 1 to 5.

Scale 5 : Strongly agree

scale 4 : Agree

Scale 3 : Less Disagree

Scale 2 : Disagree

Scale 1: Strongly Disagree

**Test of Validity.** After data collection, then do the testing data. Given the data collection is done by using a questionnaire, then the variance of the respondents in answering the statements are of great importance in the study. Validity of a result of the research is largely determined by the measuring tool used. If the gauge used is invalid or cannot be trusted, then the results obtained will not describe the real situation. To overcome this, two kinds of testing required proficiency level of validity or the validity (test of validity) and reliability test (test of reliability). Validity and reliability testing conducted with the help of SPSS software version 19.

Tests conducted to determine whether the validity of measuring instruments which have been prepared really measure what needs to be measured. Test validity is intended as a measure of how closely a test performs the function of its size. A measuring instrument of high validity will have a small error variance, so the data collected is reliable data. Test the validity of the research is done by correlating each of these statements with a total score for each variable. Validity test is done using product moment correlation coefficient test criteria that are used on an instrument is said to be valid if the r value of 0.30 with a degree significant  $\geq \alpha = 0.05$

Having determined that the statements used in this study is valid, then the next valid statement in question was tested reliability.

**Test of Reliability.** Reliability test intended to determine whether the data collection tool basically shows the level of precision, accuracy, stability or consistency of the tool in revealing a specific symptom of a group of individuals, although performed at different times. Tests conducted on the reliability of statements that are valid to determine the extent to which measurement results remained consistent when measurements were taken back to the same symptoms. Reliability testing used in this study using Cronbach alpha

technique. SPSS version 19 provides the facility to measure the reliability by using Cronbach alpha coefficient statistic test.

A lot of research work has already been carried on the topic of Fraud or Internal Audit by different researchers. Some of the findings and conclusions they came up with may be very relevant to the research and I intend to acknowledge and make use of them. The researcher basically in line with journal wrote by Thomas Asare (2007), Internal Auditing in Public Sector: Promoting Good Governance and Performance Improvement. Asare concluded that a well configured internal audit function can play a vital role in the governance and accountability process of public sector institutions through their assessment on the effectiveness of of key organizational controls, governance and risk management processes. Governing bodies and senior management in the public sector need the services of internal audit to be effective and efficient. At the same time the legitimacy of internal audit activity and its mission should be understood and supported by senior management of government entities to enhance its effectiveness in promoting good public sector governance, control and risk management systems.

### **Operational Definition of Research**

- a. Internal audit function is to monitor policy implementation and assist all levels of management which was formed by the inspection program, and audit reports should be followed up by management. Dimension or indicator: (1) Qualifications of internal auditor independence; (2) Competence and qualifications of internal auditors; (3) Audit program; (4) Audit report; (5) Follow-up on internal audit reports
- b. Components of Internal Audit. Internal audit component Haluoleo University adopted the COSO model. Component COSO is an integrated control model and structured so that it can be used as an audit approach. COSO components formed by the control environment, risk assessment, control activities, information and communication, and monitoring.
- c. Internal Control Unit can assist leaders and managers of universities to maintain the assets, ensuring financial reporting, managerial accurate and reliable, optimize utilization of resources economically and efficiently, improve adherence to rules and regulations of the law and reduce the risk of irregularities and violations against the precautionary principle.

**Research Philosophy.** The research applied positivism approach, it was basically to understand how the research is perceived and how we can best come to understand the problem. It was carried out within a social research, specifically in auditing field, hopefully context and the results will be similar if the study is replicated by other observers. The researcher also works in the university and keep the positivism, therefore not influenced by her feeling to maintain the purity of the research result.

### **DISCUSSION OF QUESTIONNAIRE RESULT**

Internal Auditor Qualifications. The independence refer to the ability to act objectively and integrity. This can only be done by someone who has a high psychological and full of intellectual honesty. By therefore independence is a state of mind is not easy to measure. Assessment of the limited independence of the evaluation of appearance, on the way and the results of work done by accountants public. For practical purposes a public accountant

must be free from relationships have the potential to cause bias in give opinions on the client's financial statements.

The independence is impartiality. Auditor independence is impartiality to the interests of anyone in doing examination of financial statements prepared by management. Auditors have an obligation to be honest not only to the management, but also against third parties as users of financial statements, such as creditors, owners and prospective owners.

**Table 1.** Internal Auditor Qualifications

	Strongly Agree	Agree	Less Disagree	Disagree	Strongly Disagree
Independence					
Questioner 1	47%	37%	16%	-	-
Questioner	37%	44%	19%	-	-
Questioner	25%	44%	22%	12%	-
Competence					
Questioner 1	30%	44%	23%	3%	-
Questioner	41%	34%	12%	13%	-
Questioner	35%	44%	21%	-	-
Questioner	44%	47%	9%	-	-

From the table above, it can be seen the results of the calculation of the two indicators of variable function internal auditor qualifications those are independence and competency.

In internal audit, an adequate independence urgently needed so that the audit can be dealt with well and supports the reasonableness of the information, evaluations conducted thoroughly by the internal auditors showed that the competence of auditors itself so that the implementation of company policy can refer to the goal organization.

While in this variable, there is a weakness that does not much effect, but the competence of internal auditors will be questioned Internal audit activity collectively should possess or obtain the knowledge, skills and other competencies needed to carry out its responsibilities. The Internal Auditor should be people with experienced, but the recruitment that internal auditor is were from the lecturers based on the accounting education and get the training for internal auditor.

From the description above, then the public accountant should be competent and independent in performing their duties, which has meaning, that responsibility to behave better than just meet the responsibilities assigned to him and can meet the legislation and regulatory communities. As professionals, CPAs acknowledges its responsibility towards the community, clients and colleagues, including to behave in a respectful way that is personal sacrifice. High professional behavior in public accounting is important to reassure clients and users of financial statements for quality audit and other services rendered. However, 12 % strongly disagree that Internal auditor get the difficulties to access data. In some cases, that happened when: the data was not recorded well, the staff were not ready to prepare the documents.

In addition, in order to succeed, the auditor should be given the widest possible access to data and the parties should be involved in tracking the transaction. Freedom of access to information is so important, -like a regular financial audit- accountant as financial audits are not allowed to express a positive opinion about the fairness of the financial statements if the limitation is so great. In the context of forensic accounting as

part of audit activities (special audit), these access restrictions could even be charged with a deliberate suppression of justice (obstruction of justice). Besides the quantity of the number of internal auditors (a measure of the size of the internal departments auditing, quality (competence) the auditor of understanding of the code of ethics, standards, techniques and the necessary knowledge in audit activity will affect the implementation of the audit function intern. One of the criteria of competence, among others, is tested through internal professional certification program auditors. This is confirmed in the IIA (2004) interpretation of the standard attributes of 1230, which among another mentioned that to show the internal auditor's proficiency level achieved with through the appropriate professional certification. Certification can be categorized as internal auditors the certification of national and international levels. Certification of the national level between Other Qualified Internal Auditor (QIA) organized by the Education Foundation Internal Auditor (YPIA).

**Implementation of Audit Internal.** The audit program is a plan and move the work to be performed during the audit based on defined goals and objectives as well as information about the activities being audited. For better results, could have made changes to procedures in the execution of field work. Audit program is not something that is rigid and dogmatic but dynamic and flexible. In the audit, internal auditors should collect, analyze, interpret, and document information to support the audit. In the management audit that the audit evidence needed is all the information used by auditors as a basis to support the findings, conclusions, and recommendations given in the audit. Characteristics of audit evidences are sufficient, competent, relevant, and useful. Generally the stages of the audit carried out sequentially. Stage of the audit conducted after the preparation phase of the audit, field research, and preparation of audit work program.

In the audit, the auditor using the formulation of audit procedures, may obtain information that causes the auditor to revise the perception that originally had and may also cause the auditor needs to modify the audit program that has been drawn up. In this phase, the auditor is basically devoted solely to the process of acquisition and measurement of evidence. Evidence obtained is measured, analyzed, and summarized in the audit working papers.

Stage of this audit stated the audit is completed if the supervisor has conducted the final review and assess the working paper prepared by the auditor has complete and documentation sufficient evidence to support audit conclusions and recommendations.

**Table 2.** Implementation of Audit Internal

	Strongly Agree	Agree	Less Disagree	Disagree	Strongly Disagree
Audit Program					
Questioner 8	35%	55%	10%	-	-
Questioner 9	19%	44%	34%	3%	-
Questioner 10	22%	75%	3%	-	-
Implementation of Internal Audit					
Questioner 11	28%	72%	-		-
Questioner 12	31%	63%	6%	-	-
Questioner 13	16%	56%	16%	12%	-
Questioner 14	22%	69%	6%	3%	-

The table above is tailored toward answering the question of implementation of audit internal, The data shows that from question 13, which is asked about the implementation of internal audits carried out within a fixed period of time and periodically. 72% agreed and another 16% disagreed that internal audits carried out within a fixed period of time and periodically. Based on the performance of activities conducted SPI Haluoleo University at the end of 2009, the Internal Control Unit (IAU) Haluoleo University implement 10 (ten) courses of action. But only 6 (six) courses of action with 13 (thirteen) activities has been completed, while the 4 (four) courses of action have yet to materialize. Thus, the success of Internal Audit unit of the Haluoleo University institutional field has reached 60%, the remaining 40% has not been done, which are (1) implementation of internal monitoring and evaluation of the achievements of each sector and (2) assistance to troubled units.

Operational audit programs written for the review of selected activities as specified in the planning stages. This becomes a bridge between the planning and fieldwork stages. Operational audit program is a plan of action to conduct operational audits. Operational audit teams to consider each area of the material that has been identified in the planning stages for further review and develop measures specific audit work that they believe will very clearly show the extent and causes of operational deficiencies and lead to recommendations for improvement. Audit program is important for auditors operating as a map for navigator.

**Internal Audit Report.** The implementation of good governance is a prerequisite for the organization of accountable of Higher Education. Higher Education in achieving good performance accountability reporting system needed a quick, clear, and reliable so that implementation can take place in colleges economical, efficient, effective, efficient, effective, clean and responsible and free from corruption, collusion and nepotism.

In fulfilling its obligations, the Head of SPI Unhalu responsible to the Rector for: (1) Provide an assessment of the adequacy and effectiveness of management processes Unhalu in controlling its activities and risk management. (2) Report on important matters relating to process control management, including reporting the possibility of making improvements to the process.; (3) Provides information about the development and implementation of the results the annual audit plan and the adequacy of audit resources.

**Table 3.** Internal Audit Report

	Strongly Agree	Agree	Less Disagree	Disagree	Strongly Disagree
Questioner 15	44 %	50 %	3 %	3 %	-
Questioner 16	25 %	53 %	19 %	3 %	-
Questioner 17	47 %	44 %	9 %	-	-
Questioner 18	31 %	66 %	3 %	-	-
Questioner 19	38 %	59 %	3 %	-	-
Questioner 20	25 %	63 %	9 %	3 %	-

In table above, most of the respondents agreed or strongly agreed that internal audit reports play a role in improving the performance of university Haluoleo. Internal audit reports are always giving advice and recommendations to auditees so that the results of internal audits can provide direction for the leaders to make decisions.

**Table 4.** Follow-up Report of Internal Audit

	Strongly Agree	Agree	Less Disagree	Disagree	Strongly Disagree
Questioner 21	31 %	66 %	3 %	-	-
Questioner 22	13 %	84 %	3 %	-	-

From the table above about the follow up report of internal audit, more than 75% of the respondents agreed or strongly agreed that the internal auditor do monitor with respect to the recommendations given, and also to monitor that suggestions and recommendations are accepted and implemented by the auditee.

**Implementation of Component COSO in Haluoleo University.** Internal control unit in Haluoleo University also applied COSO component to examine the internal control in the unit audited. The first step in the examination in a work unit is to perform testing of Internal Control System is set at the unit, which is examined to assess its effectiveness and to determine whether there is a problem in implementation, the weaknesses are include: (1) Reviewing the handbook that govern the working procedures of the work unit were examined and compared with its implementation on some selected activities.; (2) Observed directly by tracing the actual process carried out from start to finish.; (3) Reviewing the handbook that govern the working procedures of the work unit were examined and compared with its implementation on some selected activities.; (4) Observed directly by tracing the actual process carried out from start to finish.

## CONCLUSION AND RECOMMENDATION

**Conclusion.** Based on the discussion of empirical studies that have been the writer suggested regarding the role of internal control, particularly the role of internal audit in the financial management environment Haluoleo based public service agencies (BLU), it can be concluded as follows:

1. The role of internal audit units in achieving the status of the Public Service Board has been quite significant. In Addition, the position of the internal audit unit in the organization accountable to the Rector that is supported by Decree of the Rector. It is stated that Internal Audit is responsible directly to the Rector. This allows the internal audit unit can perform the duties and responsibilities to the maximum, because the positions are independent of the unit of work or activity which is the object of the audit.
2. Components of the implementation of the examination conducted by COSO method approach can not be implemented in total. On internal control guidelines to apply the five COSO components consisting of: (1) control environment, (2) Assessment of risk, (3) control activities (4) information and communication (5) Supervision.

The COSO approach guided the internal audit unit to implement internal controls in Haluoleo University, by applying the systematic implementation of a true audit, internal audit unit as an independent division can be more straightforward in expressing more major problems are to be early detection of violations in university management. Furthermore, the role of internal audit unit is in providing advice, recommendations to the leadership of the rector of the system which is run by the university.

3. At the age of two years, the Internal Supervisory Unit Haluoleo still undergo much the limitations of both internally and externally. Internally the: a) There are five of certified internal auditor, with the educational background of teachers. According to the authors it is a weakness for Internal Audit Haluoleo, because they are not be able to carry out audit activities for 21 units of work need to increase the internal auditor.; b) Internal auditors who currently is a lecturer, so it can not work full time. This has an impact on the effectiveness of auditors to be able to complete the program of work per year. In general, internal quality assurance system is one aspect of an organization that was built by the leadership of Haluoleo order to achieve the expected quality standards.

**Recommendation.** As the researcher found and analyzed in the field research, that the internal audit unit has just started the work since 2008. The internal audit unit developed an assurance and consulting service with consideration due to time and of human resources constraints within the audit unit to do the examining or ensuring records of the routine operations. the more than which still have weaknesses. Therefore, in order to improve the performance and the contribution to promote a good governance of Haluoleo University; some contributive feedbacks are recommended below:

1. Internal audit can be used as a place to consult in carrying out routine operational tasks. This is necessary so that the work climate can be maintained properly and harmoniously.
2. Internal auditors should be more responsive and improving its anticipation in the face of problems that occur in work units that exist in firms that audit findings and recommendations are not late and useful for management.
3. Internal Audit unit should improve the performance by strengthening the team to increase the competence of internal auditors. In other words, the unit need more internal auditor with experienced. The current condition of internal audit unit has 5 members of internal auditor with all of them is lecturer. With this background, they are not able to work full time, and it influences their performance to finish the audit program. I recommend recruiting three people of civil servant to work full time. If the number of internal auditor is occupied, then the team can do the audit regularly and in fixed time.

I recommend for training of certification of certified internal audit, with this description of budget:

QIA Planning	Time planned	Total Budget Needed
3 people	8 weeks	18,000 euro

Likewise, need to be structured career development program is ongoing to support the creation of a qualified internal audit staff. With regard to service to stakeholders, Haluoleo remains and will always make improvements on university governance system transparent and accountable. This needs to be done to be able to provide excellent service in education. In addition, a positive imaging of the institution remains to be done. Haluoleo has advantages in various fields become hallmark of Southeast Sulawesi and eastern Indonesia, such as sago, cacao, and bio-organic fertilizer, seaweed, abalone, cattle, marine studies (walacea), tourism, and arts and culture

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