

The Role of Control Environment in Developing Internal Control Effectiveness and Good Corporate Government

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ABSTRACT

This study aims to investigate the role of the control environment on the effectiveness of the company's internal control and good corporate government (GCG). The study was conducted based on literate reviews and conducted investigations regarding the implementation of internal control which is the implementation of corporate governance at PT Bank Rakyat Indonesia, Tbk, (Bank BRI) which is one of the oldest and largest banks owned by the Government of Indonesia. The data was collected through investigations of various publications by the Bank and then a descriptive qualitative analysis was carried out in relation to corporate governance which depicts the implementation of internal control systems in these Banks. The results showed that BRI Bank has successfully implemented GCG, which includes internal control and its components. In addition, this study shows that there is a relationship between the control environment, internal control and corporate governance. The control environment is the most important and fundamental component in the internal control system. Therefore, in designing internal control in order to create GCG, it must be preceded by the design of a strong control environment because without it as good as the other control components, everything will not mean anything in achieving the objectives of internal control, good corporate governance and its culmination is the achievement of company goals overall.

Keywords

Internal control, environment, effectiveness, good corporate government

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Introduction

If an observation is made of business life in the community, it can be seen that there are many ethical violations committed by business people. It turns out that ethical violations have involved business people who are both local, national and international class.

In relation to the accounting profession, ethical violations committed are a cause of falsification of financial statements. To prevent and overcome the spread of such violations, public companies are required to implement Internal Control. Internal Control is a tool that provides adequate assurance regarding the company's achievements. The achievement of company goals is indicated by three indicators of success, namely those concerning the effectiveness and efficiency of operations (activities), the reliability of financial reporting and compliance with applicable regulations.

The importance of these problems is that internal control and good corporate governance have

attracted the attention of many researchers including Doyle (2007), Amudo (2009), Ayagre (2014), Adi Saputra (2017), Irsutami (2018), Muhammad Fadlan (2018) and many other research studies.

Internal Control was developed by The Committee of Sponsoring Organizations (COSO). The organization is an organization formed in 1985 that supports the National Commission Fraudulent Financial Reporting, an independent private sector initiative that conducts assessments of factors that lead to fraud in financial reporting. The organization also develops recommendations to corporate companies and their independent auditors, to the U.S. Securities and Exchange Commission (SEC) and regulators and educational institutions. This organization is jointly supported by five main professional associations based in United States, namely the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), Financial Executive International (FEI), The Institute of Internal Auditors (IIA) and the Institute of Management Accountants (IMA).

COSO states that internal control consists of five integrated components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. Of the five components, the control environment is considered the foundation for the uprightness of the other components. Thus, this study is conducted to study the role of the control environment in building internal control effectiveness.

Theoretical Review

Definition of Internal Control

The Committee of Sponsoring Organization of the Treadway Commission (COSO) in 1992 issued a definition of internal control. COSO's definition of internal control is as follows: Internal control is process, affected by 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.

Based on the definition above and the understanding in the previous section, the internal control system is a process that involves the board of commissioners, management and other personnel, which is designed to provide adequate assurance about the achievement of three objectives, namely: effectiveness and efficiency of operations, reliability of financial reporting, and compliance. against applicable laws and regulations). COSO emphasizes Internal Control as a "process" which is an integral part of the entity's ongoing business activities (Saudi, 2018).

In the COSO document it is stated that the parties involved in Internal Control are the board of commissioners, management, and other parties who support the achievement of organizational goals. As well as stating that the responsibility for the establishment, maintenance and supervision of the Internal Control system is the responsibility of management. This report emphasizes that the internal control system is a tool / tool of management and not a substitute for management.

So, management and control systems should be established in operating activities.

Internal Control Objectives

COSO mentions three objectives to be achieved from the design and implementation of an internal control system which includes:

1. Effectiveness and efficiency of operations
2. Reliability of financial reports
3. Compliance with applicable laws and regulations

Although all organizations including companies have set their own objectives for their operating activities, COSO identifies three main objectives of these entities as generic goals that must be achieved by the entity so that the objectives that have been formulated as entity objectives can be achieved. If the entity has been able to achieve the three objectives of internal control, namely being able to create effective and efficient operations, providing reliable financial reporting, and being able to comply with applicable laws and regulations, it can be ascertained that the formulated entity objectives will be achieved.

Components of Internal Control

To create an effective internal control system, COSO identifies the five components that must be present in the system. The five components of internal control are components that are interconnected and mutually support the achievement of the entity's goals. Thus, the quality of the internal control system depends on these five components. The five components are:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication Systems
5. Monitoring

Control Environment

COSO defines the control environment as a set of standards, processes, and structures that provide the basis for implementing internal control throughout the organization. The control environment creates an atmosphere of control in an organization and affects the organization's personal awareness of controls. The control

environment is the foundation for all components of internal control that make up the discipline and structure of the other components.

The Control Environment it is the responsibility of top management to clearly state the values of integrity and intolerable unethical activity. The control environment is the foundation of the other components and includes several factors including:

1. Integrity and Ethics
2. Commitment to improve competence
3. The board of commissioners and the audit committee
4. Management philosophy and types of operations
5. Human resource policies and practices

COSO provides guidelines for evaluating each factor. For example, management philosophy and type of operation can be assessed by examining the nature of the acceptance of business risk, the frequency of interactions of each subordinate, and the effect on financial reporting.

Top management is responsible for stating clearly the values of integrity and intolerable unethical activity. Furthermore, COSO stated, that there are five principles that must be upheld or implemented in the organization to support the control environment so that it can be realized properly, namely:

1. An organization consisting of a board of directors, management, and other personnel demonstrates a commitment to integrity and ethical values.
2. The board of directors demonstrates independence from management and in overseeing the development and performance of internal controls.
3. Management, with the supervision of the board of directors, establishes the structure, reporting lines, powers and responsibilities in pursuit of objectives.
4. The organization demonstrates a commitment to attracting, developing, and retaining competent individuals with objectives.
5. The organization assures individuals are responsible for their internal control duties and responsibilities in pursuit of their goals.

Risk Assessment

Companies must identify and analyze the factors that create business risks and must determine how to manage these risks. Risk assessment consists of risk identification and risk analysis. Risk identification is an examination of external factors such as technological developments, competition and economic changes. Internal factors include employee competence, nature of business activities, and characteristics of information system management. Meanwhile, Risk Analysis is carried out by estimating the significance of risks, assessing the likelihood of risk occurring, and how to manage these risks.

According to COSO, risk assessment involves a dynamic and interactive process for identifying and assessing risks to achieving goals. Risk itself is understood as the likelihood that an event will occur and affect the achievement of the entity's objectives, and the risk to the achievement of all the objectives of this entity is considered relative to the established risk tolerance. Therefore, risk assessment forms the basis for determining how risk should be managed by an organization.

The principles underpinning risk assessment under COSO are as follows:

1. The organization establishes objectives with sufficient clarity to allow identification and assessment of risks associated with objectives.
2. The organization identifies risks to the achievement of entity-wide objectives and analyzes risks as a basis for determining how risks should be managed.
3. The organization considers potential fraud in assessing the risks to achieving objectives.
4. The organization identifies and assesses significant changes that can affect the internal control system.

Control Activities

To reduce the occurrence of fraud, management must design policies and procedures to identify the specific risks faced by the company. Consists of policies and procedures that ensure employees carry out management directions. Control activities include a review of the control system, separation of duties, and control over the information system.

Control over information systems includes two ways: General controls, including control of access, software, and system development and Application controls, including prevention and detection of unauthorized transactions. Serves to ensure completeness, accuracy, authorization and validity of the transaction processes that occur.

According to COSO, control activities are those actions that are established through policies and procedures that help ensure that management directives to reduce risks to the achievement of objectives are carried out. Control activities are exercised at all levels of the entity, at various stages in the business process, and over the technological environment.

Control activities have a variety of purposes and are applied in various actions and functions of the organization. Control activities include different activities, such as: authorization, verification, reconciliation, analysis, work performance, maintaining the security of company assets and segregation of functions. COSO emphasizes the principles in organizations that support control activities, namely as follows:

1. The organization selects and develops control activities that contribute to mitigating the risk of achieving targets at an acceptable stage.
2. The organization selects and develops general control activities over technology to support the achievement of objectives.
3. The organization propagates control activities through policy policies that define what is expected, and procedures that put policy policies into action.

Information and Communication

The internal control system must be communicated and informed to all company employees from top to bottom. A system that allows people or entities to obtain and exchange the information needed to carry out, manage and control their operations and a way to be able to access information from inside and outside, by developing potential strategies and integrated systems, and the need for quality data. Meanwhile, discussions on communication focused on addressing Internal Control issues and gathering competitor information.

COSO explained that information is very important for each entity to carry out internal control responsibilities to support the achievement of its objectives. Information needed by management is relevant and good quality information from internal and external sources and information used to support the functions of other components of internal control. Information is obtained or generated through a continuous, repeated, and shared communication process between internal and external parties. Most organizations build an information system to meet their needs for reliable, relevant, and timely information.

There are 3 principles that support the information and communication components in internal control according to COSO, namely:

1. The organization obtains or produces and uses quality and relevant information to support the internal control function.
2. The organization internally communicates information, including the objectives and responsibilities for internal control in order to support the internal control function.
3. The organization communicates with internal parties about matters that affect the internal control function.

Monitoring

The internal control system must be monitored regularly. If there is a significant deficiency, it must be reported immediately to top management and to the board of commissioners. The internal control system needs to be monitored at all times, this process aims to assess the quality of system performance at all times. This is carried out through continuous monitoring activities, separate evaluations or a combination of the two, through continuous activities and through evaluations aimed at specific activities or areas.

Monitoring activity according to COSO is an evaluation activity in several forms, whether it is continuous, separate or a combination of the two used to ascertain whether each of the five components of internal control affects the functions of each component, exists and functions. Continuous evaluation, (continuous) built into business processes at different levels of the entity presenting information in a timely manner.

Separate evaluations are carried out periodically, will vary in scope and frequency depending on risk assessment, effectiveness of ongoing evaluations, other management considerations. The findings are evaluated against the criteria set by policy makers, recognized standard-setting bodies or management and the board of directors, and deficiencies found are communicated to management and the board of directors.

Good Corporate Government

In accordance with the topic of this research, in addition to the internal control system, the concept to be studied is Good Corporate Governance (GCG). Like internal control, GCG also seeks to achieve conditions related to the achievement of objectives and the survival of the entity.

The importance of GCG was felt after the onset of the national and even global economic crisis. To overcome this crisis, GCG is absolutely necessary so that entities can improve themselves in overcoming the crisis. In addition, it has become a fact that the entity interacts with various stakeholders, namely Directors / Management, Stockholders both majority and minority, Creditors, Government, Employee, Public. The inter-marriage of the parties often forms an agent relationship holding the decision-making authority which results in benefits for the principal. In the course of this, conflicts between agents and employees often occur (agency conflict).

An example of a Conflict of interest is what often occurs between insiders (: Management, Majority Stockholders) and out siders (Creditors, Minority Stockholders, Government, Employees, Public). These parties will pursue their respective interests which can conflict. Those whose actions cannot be observed (i.e. insiders) tend to hide them to the detriment of others.

Another example is what often occurs in relationships that often lead to conflict between the Stockholder (principal) and –Manager (agent). Managers as agents tend to pursue personal interests' Personal interests that may conflict with the interests of stockholders. For example: managers tend to prefer growth and bigger companies: including better security at work, greater compensation, higher prestige, higher

policy fees, excessive consumption of facilities: direct benefits: company cars, various costs, indirect benefits: office renewal, defaulting on obligations and so on.

Conflict of interest also often occurs between creditors (principal) and stock holders (agents). Conflict of interest occurs when a company issues a risky debt, the stockholder has the option to fight the debtholder by thwarting the debt.

The Need for Governance

Governance is needed to control the possibility of a conflict of interest between various parties, protect the interests of the principals and the ultimate goal is to increase shareholder value and increase benefits for other stakeholders.

Definition of GCG

Various definitions of GCG can be found in various sources / writings. The following are some definitions of GCG:

- A process and structure used to direct and manage the company's business and activities through increasing business prosperity and corporate accountability
- CG includes efforts to achieve a balance between economic and social goals, individual and communal goals.
- The CG framework is designed to promote efficient use of resources, and achieve accountability and use of these resources
- The goal of CG is to bring the interests of individual, corporate and society as closely as possible (Cadbury Report)
- CG is a system for directing and controlling a company.
- The CG structure determines the distribution of rights and responsibilities between various participants in the company such as the Board of Commissioners, managers, shareholders and other stakeholders and establishes rules and procedures for decision-making in managing the company
- CG also provides a framework for setting company goals, means of achieving goals and monitoring performance

CGC Principles

KNKG (2006) mentions five principles that must be applied by companies, which are needed to help the company achieve its goals. The five principles are:

1. Transparency, which means the company must provide material and relevant information in a way that is easily accessible and understood by stakeholders. Companies must take the initiative to disclose not only the problems implied by laws and regulations, but also matters that are important for decision making by shareholders, creditors and other stakeholders.
2. Accountability, meaning that the company must be accountable for its performance in a transparent and fair manner. For this reason, the company must be managed properly, measured, and in accordance with the interests of the company by taking into account the interests of shareholders and other stakeholders. Accountability is a prerequisite needed to achieve sustainable performance.
3. Responsibility, meaning that the company must comply with laws and regulations and carry out responsibility for the community and the environment so that it can run the company in the long term and gain recognition as a good corporate citizen.
4. Independency, the company must be managed independently so that each company organ does not dominate each other and cannot be intervened by other parties
5. Fairness, meaning that the company must be able to pay attention to the interests of majority and minority shareholders and other stakeholders based on the principles of fairness and equality. The subject of this research is the company

The Organisation for Economic Co-operation and Development (OECD) mentions the following six principles of GCG

1. Ensuring the basis of corporate governance framework
2. Protecting shareholders' right
3. The equitable treatment of shareholder, including minority shareholder
4. Recognizing the right of stakeholders and encouraging active co-operation between the corporation and stakeholders

5. Ensuring timely and accurate disclosure is made on all material matter regarding the corporation
6. Effective monitoring of management by the board, and the board's accountability to the company and the share holders

The Relationship Between Environmental Control, Management Control Systems and GCG

As explained in the previous section, the control environment is the most important and fundamental component in designing and implementing an internal control system. This means that if the components of the control environment are weak, the overall internal control system will be weak and can even collapse. This is because the components of internal control are not supported by a strong control environment.

The control environment is seen as a fundamental element because in the control environment there are sub components that involve the human element, namely those related to the development of integrity and ethical values, commitment to competence and management philosophy.

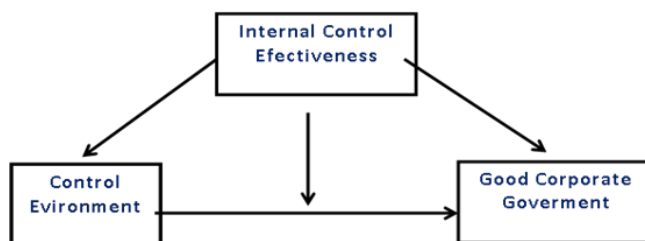


Figure 1. Research paradigm

Based on the picture above, it can be concluded that the control environment, internal control effectiveness and GCG have a very close relationship. As one of the components of internal control, the control environment will determine the success of achieving the internal control effectiveness.

Supported by a strong control environment, internal control contributes a lot to the development of good GCG.

Methodology

This research is a descriptive qualitative research. This type of research is in accordance with the data that can be collected. The research was conducted at PT. Bank Rakyat Indonesia Tbk. hereinafter referred to as BRI Bank, which is a Bank Owned by the Indonesian Government that has grown from a small (micro) bank to become the top bank in Indonesia.

Data collection was carried out through secondary data collection, especially from company publications and news about companies concerning the topic of this research. This method had to be taken because during the Covid 19 pandemic when the research was conducted, primary data could not be obtained due to restrictions on community and company activities. Data analysis was adjusted to the collected data, namely qualitative descriptive analysis. Based on the facts and information obtained, a qualitative analysis was carried out to achieve the research objectives

Results and Discussion

This section discusses the results of research and discussion of the process and results of the implementation of GCG at one of the Government Banks, namely Bank BRI TBK. Bank BRI was chosen as a model for implementing GCG in Indonesia, especially in the banking business because BRI is a state-owned bank that grew from micro and is currently the top bank in Indonesia.

Initially, Bank Rakyat Indonesia (BRI) was founded in Purwokerto, Central Java by Raden Bei Aria Wirjaatmadja under the name *De Poerwokertosche Hulp en Spaarbank der Inlandsche Hoofden* [1] or "Bank of Aid and Savings Owned by the Priyayi of Purwokerto", a financial institution that serves people of Indonesian nationality (pribumi) [citation needed]. The institution was founded on December 16, 1895, which was later used as a birthday

In the period after Indonesian independence, based on Government Regulation no. 1 of 1946 Article 1 states that BRI is the first Government Bank in the Republic of Indonesia. During the war to defend independence in 1948, BRI's activities had stopped for a while and only started to become active again after the Renville agreement

in 1949 by changing its name to Bank Rakyat Indonesia United.

Through PERPU No. 41 in 1960, the Farmers and Fishermen Cooperative Bank (BKTN) was formed, a fusion of the BRI, the Tani Nelayan Bank and the *Nederlandsche Maatschappij* (NHM). Based on Presidential Decree (Penpres) No. 9 of 1965, BKTN was integrated into Bank Indonesia under the name Bank Indonesia Urusan Tani and Nelayan Cooperative. After walking for a month, out of Penpres No. 17 of 1965 concerning the formation of a single bank under the name Bank Negara Indonesia. In this new regulation, Bank Indonesia Affairs for Cooperatives, Farmers and Fishermen (ex BKTN) is integrated with the name Bank Negara Indonesia unit II in the Rural sector, while NHM becomes Bank Negara Indonesia unit II in the Export Import (Exim) sector.

Since August 1, 1992 based on Banking Law No. 7 of 1992 and Government Regulation No. 21 of 1992 BRI status changed to a limited liability company. The ownership of BRI at that time was still 100% in the hands of the Government of the Republic of Indonesia. In 2003, the Government of Indonesia decided to sell 30% of the bank's shares, so that it became a public company with the official name PT Bank Rakyat Indonesia (Persero) Tbk., which is still in use today.

In early 2019, BRI acquired one of Bahana Artha Ventura's subsidiaries, namely Sarana NTT Ventura, and changed its name to BRI Ventures, as part of the company's plan to enter the venture capital business.

At the end of 2019, BRI acquired a business unit of the BRI Worker Welfare Foundation, namely Bringin Sejahtera Artamakmur Insurance, or better known as BRINS, as part of the company's plan to enter the general insurance business.

The implementation of good corporate governance of state-owned companies (BUMN) is increasingly recognized internationally. Bank BRI has been named the Top 3 Indonesian Public Listed Company (PLC) and ASEAN Asset Class Thresholds by the ASEAN Corporate Governance Scorecard (ACGS). ACGS is an independent assessment of the implementation of GCG for all

companies listed on the stock exchange, including countries in the Southeast Asia (ASEAN) region.

BRI's Corporate Secretary said that this achievement is proof of the progress of BUMN companies that are increasingly being taken into account in the outside world. This is inseparable from the strong commitment of the board of commissioners and directors of BRI to implement GCG practices in all aspects of the organization.

"The company's positive and sustainable growth performance cannot be separated from the commitment to prudent risk management and the implementation of GCG based on international best practices, so that BRI has succeeded in becoming one of the three best public companies in Indonesia," he said.

From the results of observations and investigations of various publications conducted, field observations as a customer and from investigations of other secondary data, it can be concluded that Bank BRI as one of the top government-owned companies with good performance in the industry has implemented the principles of internal control and good corporate governance.

Implementation of GCG and Internal Control at BRI

BRI implements GCG best practices by managing and directing business activities in accordance with regulations. BRI is committed to implementing the principles of Good Corporate Governance (GCG) based on statutory regulations, namely: The Indonesian Corporate Governance Code and BRI's GCG Charter. The objectives of implementing GCG principles are as follows:

1. Supporting the achievement of the Bank's Vision and Mission;
2. Supporting the Bank's achievement through significant performance improvements;
3. Maximizing company value;
4. Increase confidence and trust in shareholders and other stakeholders in the company;
5. Ensuring the health and progress of the Bank on an ongoing basis;
6. Support more efficient and effective management of Bank resources;

7. Optimizing the risk - return relationship that is consistent with the business strategy;
8. Support the creation of decision making by all Bank personnel based on the principles of GCG; and
9. Helping the realization of GCG as a culture and good corporate citizen. As a manifestation of BRI's commitment to implementing good corporate governance,

Based on investigations into publications and reports on GCG implementation and when evaluated based on the principles of GCG issued by the OECD, the implementation of GCG at Bank BRI has successfully implemented GCG very well. This is known based on the following investigation results:

BRI has ensured the basis of corporate governance framework. This can be seen from the complete components and infrastructure of the organizational structure designed and implemented. Values that reflect the strength of the Integrated Governance structure aspects of the BRI Financial Conglomeration are related to the implementation of an integrated governance structure. The BRI Board of Directors has been created very well, and runs effectively and efficiently, appointed by members of the Board of Commissioners of the Main Entity (EU) from various backgrounds scientific knowledge that has qualified knowledge and experience in their respective fields and has adequate integrity, competence and financial reputation so that the active supervision process of the EU Board of Commissioners can be carried out properly. The members of the Board of Commissioners have also passed Risk Management certification and are continuously improving their competence. BRI has formed a Good Corporate Governance Section in the BRI Compliance Division as the part that carries out the Integrated Governance function.

BRI is also serious about protecting shareholders' right. BRI periodically and continuously holds General Meeting of Shareholders as one of the rights of shareholders in addition to dividends and the right to be used in decision making.

BRI has implemented the equitable treatment of shareholders, including minority shareholders.

Every shareholder, both majority and minority, is treated equally BRI always recognizes the right of stakeholders and encouraging active co-operation between the corporation and stakeholders. BRI has organized various programs to build relationships with stakeholders, including the Corporate Social Responsibilities (CSR) program for the community.

BRI always ensures timely and accurate disclosure is made on all material matter regarding the corporation. BRI organizes various publications about companies that are easily accessible by the public. The public can easily obtain this information.

BRI has conducted effective monitoring of management by the board, and the board's accountability to the company and the shareholders. The implementation of this principle is manifested in the formation of committees under the Board of Commissioners. The committees formed consist of the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Oversight Committee, and the Integrated Governance Committee.

The implementation of GCG in BRI which has been implemented very well has also proven that BRI has implemented GCG principles according to the KNKG, namely:

1. Transparency, which means the company must provide material and relevant information in a way that is easily accessible and understood by stakeholders. Companies must take the initiative to disclose not only the problems implied by laws and regulations, but also matters that are important for decision making by shareholders, creditors and other stakeholders.
2. Accountability, meaning that the company must be accountable for its performance in a transparent and fair manner. For this reason, the company must be managed properly, measured, and in accordance with the interests of the company by taking into account the interests of shareholders and other stakeholders. Accountability is a prerequisite needed to achieve sustainable performance.
3. Responsibility, meaning that the company must comply with laws and regulations and

carry out responsibility for the community and the environment so that it can run the company in the long term and gain recognition as a good corporate citizen.

4. Independency, the company must be managed independently so that each company organ does not dominate each other and cannot be intervened by other parties
5. Fairness, meaning that the company must be able to pay attention to the interests of majority and minority shareholders and other stakeholders based on the principles of fairness and equality. The subject of this research is the company

One form of transparency is the implementation of a Whistleblowing System (WBS), which is a means provided to BRI Internal and External Reporters in submitting information on indications of violations to be followed up in accordance with the mechanisms determined by the Company. BRI Bank is committed to implementing GCG practices with integrity and transparency in maintaining stakeholder trust and provide the best service to customers. In carrying out this commitment, BRI provides a means to report indications of violations that have occurred within BRI through the BRI Whistleblowing System. We will follow up on reports of violations that meet the whistleblowing system report criteria. To speed up the follow-up process of the report, the Reporting Party is required to provide personal identification information in the form of name and telephone / e-mail number that can be contacted (anonymously allowed) As a form of protection for the whistleblower, we guarantee the confidentiality of personal data and the contents of the report submitted by the whistleblower.

Conclusion

Conclusion

There is a concrete relationship between the control environment, internal control and GCG. The control environment is the most important component in the internal control system. In addition, the implementation of a good internal control system will support the implementation of quality GCG. There is harmony between the internal control system and GCG both in the elements and in the objectives to be achieved.

Bank BRI has successfully implemented GCG principles according to the KNKG and OECD. For this success, BRI has gained international recognition.

Implications

The control environment is the most important and fundamental component in implementing the effectiveness of internal control. The most important subcomponents in this environment are the values of integrity, commitment to competence as well as management philosophy and operating style. This means that the element of human resources is an important and fundamental factor as well. For the achievement of goals.

Limitations

This study contains limitations, especially regarding the number of research objects, research methods and depth. This research is still limited to the case of a company and does not involve a recommendation population. In addition, the data in this study are limited to secondary data, especially those that have been published.

Recommendations

For researchers who are interested in the same field, it is recommended to conduct research on this topic at non-governmental companies in a population. Research on the ability of non-governmental companies in implementing internal control systems and GCG is recommended to be carried out with appropriate research methods.

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