

# **INFLUENCE OF THE ROLE OF THE AUDIT AND INTERNAL AUDIT COMMITTEE ON THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE IN PT. PINDAD (PERSERO)**

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**Abstract** - *This study is aimed to determine the effect of the role of the audit committee and internal audit on the implementation of Good Corporate Governance at PT. Pindad (Persero) in 2020 either partially or simultaneously.*

*The research strategy used in this research is a quantitative method with a descriptive research approach, which is measured using a method based on multiple linear regression with SPSS 25.00 software. The population in this study were employees who served as audit committees, internal control units, corporate secretaries and financial staff at PT. Pindad (Persero). The sampling technique in this study using convenience sampling technique, with a total of 100 people, this data used in this study is primary data. The data collection technique used a questionnaire method. Hypothesis testing uses the coefficient of determination test, t statistical test, and statistical test f.*

*The results of the study prove that the role of the Audit Committee has an effect on the implementation of Good Corporate Governance. This shows that the more effective and many audit committees play a role, the better the implementation of Good Corporate Governance in the company. Internal Audit has an effect on the implementation of Good Corporate Governance. This shows that the increased performance of internal auditors can improve the implementation of Good Corporate Governance in the company. The role of the Audit Committee and Internal Audit has a simultaneous effect on the implementation of Good Corporate Governance. This shows that the more effective the role of the audit committee and internal audit in the company, the implementation of Good Corporate Governance will increase and be good.*

**Keywords:** *Role of the Audit Committee, Internal Audit and*

## **I. INTRODUCTION**

Companies need to implement good governance, so that people can choose the best services and information. Every organ of the company must play its role so that misuse or provision of unqualified services and information can be avoided. In company organs, supervisory and management functions must be carried out, starting from mapping business needs, planning, implementing, to continuous monitoring. In general, Corporate Governance is a method of regulating a company just like regulating a nation or a sovereign state so that it follows the laws or policies of the company, whether from the highest or lowest levels. Principles of good corporate In this digital era, of course, it is no longer only a work tool, but has entered into the realm of business strategy, so that decision making and supervision have become an important agenda discussed in meetings of the company's Directors and Board of Commissioners. Good governance is a business need to ensure it can support the company's business goals and needs.

Corporate governance will provide added value for shareholders in a sustainable manner in the long term, while respecting the interests of other stakeholders, based on applicable laws and norms in the Financial Services Authority (OJK) issued regulation Number: 21 / POJK.04 / 2015 (2015) suggested that Settings corporate governance with the "Apply or Explain" ( Comply or Explain) is expected to encourage Public Companies to implement good corporate governance practices. Increasing the implementation of corporate governance by public companies is also very necessary in welcoming the 2015 ASEAN economic community (AEC), so that the level of governance of public companies can at least be aligned with corporate governance in other ASEAN countries. Chairman of the OJK Board of Commissioners, Wimboh Santoso revealed, only two issuers from Indonesia were included in the list of 50 Best Issuers in GCG Practices in ASEAN in the ASEAN awarding event. Corporate Governance Awards 2015 organized by ASEAN Capital Markets Forum ( ACMF) in Manila, Philippines. The two issuers are PT Bank Danamon Tbk and PT Bank CIMB Niaga Tbk (CNN,2017).

During the last 10 (ten) years, the term Good Corporate Governance is becoming increasingly popular, because Good Corporate Governance is one of the keys to the company's success to grow and be profitable in the long run while at the same time winning the global business competition, because of the stakeholder believe that with the disclosure good corporate governance that is accurate, timely and transparent can add value to customers stakeholder ( Sadi, 2016: 40).

Every year the company's annual financial statements must be audited by an external auditor appointed by the GMS from the candidates proposed by the board of commissioners and the audit committee. The Audit Committee is an independent committee formed and responsible to the Board of Commissioners in carrying out the supervisory function of company management which is carried out by the board of directors / management. In carrying out this supervisory function, the Audit Committee deals with management, the company's internal auditors and external auditors. The Audit Committee is part of good corporate governance which is very important as one of the supporting organs.

Internal auditor's relationship with good corporate governance can play a role in its realization good corporate governance in the company stated by Arief Effendy (2016: 146), several things that need full support from internal auditors such as encouraging transparency and integrity in corporate financial reporting, encouraging accountability in the management of company assets, encouraging corporate accountability to the public through Corporate Social Responsibility ( CSR), community development, or the Partnership and Community Development Program, encouraging the company's independence from related parties, including minority shareholders, and encouraging fairness in the procurement of goods and services, including ensuring that there are no violations of the ban-monopoly and fair business competition law.

PT. Kereta Api Indonesia (KAI) Persero, one example of a case that shows how the governance process is carried out in a company, and how the role of each supervisory organ in

ensuring that the presentation of financial statements is not misstated and is able to describe the actual financial condition of the company. Starting from the difference in views between management and the commissioners, especially the chairman of the audit committee, where the commissioner refused to approve and sign the financial report that was audited by the external auditor and the commissioner asked for a re-audit so that the financial statements could be presented transparently and in accordance with the facts. Regardless of which party is right, this problem is of course based on non-functioning check and balance which is a substantive function within the company. The most important thing is to identify existing weaknesses so that improvements can be made to avoid the same problems arising in the future.

The case of PT. KAI is interesting to observe because this case can occur in other companies. As a state-owned company engaged in public services, PT KAI has business environment which is different from other companies and is an interesting lesson for other companies, especially regarding how to build effective supervision.

PT Pindad (Persero) is an example of a state-owned company in Indonesia which also owns business environment which is different from other companies that already have and function the Audit and Internal Audit Committees in implementing practical supervision good corporate governance. By enabling the role of the Audit Committee and Internal Audit to be effective in its implementation good corporate governance, cases that have happened to PT. KAI can be avoided. So researchers are interested in discussing more deeply with the title **“Influence of the role of the Audit Committee and Internal Audit on the Implementation of Good Corporate Governance in PT Pindad (Persero) ”**.

## **II. THEORETICAL FRAMEWORK**

### **2.1. Audit Committee**

The definition of an audit committee was put forward by Otoritas Jasa Keuangan (OJK) which issued Circular Number 32 / SEOJK.04 / 2015 on November 17, 2015 regarding the meaning of the Audit Committee, namely a committee formed by and responsible to the Board of Commissioners in helping carry out the duties and functions of the effectiveness of the Board Commissioner. An Audit Committee can be formed to assist the Board of Commissioners in overseeing the company's operational activities. The Audit Committee has become a key element of the auditor's communication with those charged with governance. (Hery, 2017: 24).

The audit committee is a committee under the board of commissioners which consists of at least one independent commissioner and independent professionals from outside the company, whose responsibilities include helping auditors remain independent from management according to Arief Effendi (2016: 51). In addition to the requirements of Bapepam-LK, audit committees are also needed in BUMN and banks. Most audit committees are made up of three and sometimes five to seven members who are not part of company management. OJK has requested that the members of the audit committee be independent, and companies must disclose whether or not one member is a financial expert. Auditors are responsible for communicating all important matters identified during the audit to the audit committee. This increases the independence and role of the audit committee. The requirements above also strengthen the independence of auditors by effectively making the audit committee a client for a public company rather than management. Research put forward by Arens, et al. ( 2015: 78) that the audit committee is a number of elected members of the company's board of directors whose responsibilities include helping the auditor remain independent from management. Most audit committees are made up of three to five or sometimes as many as even directors who are not part of the company's management.

According to Hamdani (2016: 92) provides an opinion on the duties of the audit committee, including to ensure that:

1. The financial statements are presented fairly in accordance with generally accepted accounting principles.
2. The company's internal control is carried out properly and correctly.
3. The implementation of internal and external audits is in accordance with applicable auditing standards.
4. The follow-up of audit findings is carried out by management

The composition and requirements of the audit committee have also been regulated in various decrees, including:

1. Decree of the Chairman of BAPEPAM Number: KEP-643 / BL / 2012 dated 7 December 2012 articles 2 and 3 have regulated the composition and requirements for members of the Audit Committee, namely:

#### Section 2

- a. The Audit Committee consists of at least 3 (three) members from Independent Commissioners and Parties from outside the Issuer or Public Company.
- b. The Audit Committee is chaired by an Independent Commissioner.
- c. The Independent Commissioner must meet the following requirements:
  - 1) Not a person who works or has the authority and responsibility to plan, lead, control or supervise the activities of the Issuer or Public Company within the last 6 (six) months.
  - 2) Do not own shares, either directly or indirectly, in the Issuer or Public Company.
  - 3) Has no affiliation with the Issuer or Public Company, members of the Board of Commissioners, members of the Board of Directors, or Major Shareholders of the Issuer or Public Company, and
  - 4) Has no direct or indirect business relationship with the Issuer or Public Company business activities. Audit Committee Membership Requirements. Audit Committee Members.

#### Section 5

The requirements to be appointed as an audit committee are:

- 1) Have high integrity, ability, and sufficient knowledge as well as work experience in the field of supervision/ inspection and other fields deemed necessary so that they can carry out their functions.
- 2) Has no personal interest / relationship that could cause a negative impact and conflict of interest on the State Owned Company concerned, for example:
  - a. Has a blood family relationship and is in the same blood as the third equivalent either according to a straight line or a sideline with the employee or official of the State Owned Company concerned.
  - b. Has a connection with the partner of the State Owned Company concerned.
- 3) Able to communicate effectively

Forum for Corporate Governance in Indonesia (FCGI) Audit Committee Charter is a document that regulates the duties, responsibilities and authorities as well as the structure of the Audit Committee as outlined in writing and endorsed by the Board of Commissioners will constitute a document ( charter) which guarantees the creation of good supervisory conditions in a company, in

addition to the need for a discourse from the company's leadership on the importance of supervision (tone at the top).

## **2.2. Internal Audit**

The Institute of Internal Auditor (IIA) in Kurniawan (2020: 21), states that the definition of Internal Audit is an activity assurance and independent and objective consultations designed to add value and improve the operations of an organization. Internal audit helps the organization to achieve its objectives through an approach to evaluate and improve the effectiveness of risk management, control, and governance processes through an orderly and systematic approach. According to Hery (2017: 238) Internal Audit is an assessment function that is developed on a load basis in organizations to test and evaluate activities as a form of service to the company organization.

Kurniawan (2020: 19) in Lilir Sundayani argues that the Internal Audit function is to provide various services to organizations including performance audits and operational audits that will be able to assist senior management and the board of commissioners in monitoring the performance produced by management and personnel in the organization so that Internal auditors can provide an independent assessment of how well the organization is performing.

The scope of Internal Audit according to Hiro Tugiman in Mulyadi (2017: 29) includes, The scope of internal inspection assesses the effectiveness of the internal control system and evaluates the completeness and effectiveness of the organization's internal control system, as well as the quality of the implementation of the responsibilities given. Internal Checks must:

1. Review reliability (reliability and integrity) of financial and operational information as well as the method used to identify, measure, classify, and report that information. \
2. Review various systems have been established to ensure compliance with various policies, plans, procedures, laws and regulations that can have an important impact on the activities of the organization, and must determine whether the organization has achieved conformity with these things.
3. Review various methods are used to protect assets and if deemed necessary, to verify the existence of the assets.
4. Assess the economical and efficient use of various resources.
5. Review various operations or programs to assess whether the results are consistent with the goals and objectives that have been set and whether the program activities are carried out as planned.

Internal Audit Professional Standards have the following duties:

1. To serve as a reference in preparing education and training programs for internal auditors.
2. Describe the basic principles of what internal audit practice should be.
3. Provide a framework for implementing and developing internal audit activities that provide added value and improve the performance of the organization's operational activities.
4. Encourage the improvement of internal audit practices in the organization.
5. Become a means for service users in understanding the role of the scope and objectives of internal audit.
6. Provide a consistent framework for evaluating the activities and performance of internal audit units and individual internal auditors.

### **2.3. Good Corporate Governance**

Forum for Corporate Governance in Indonesia (FCGI) argues that understanding Good Corporate Governance in its first publication using a definition Cadbury Committee, is a set of rules governing the relationship between shareholders, management or company management, creditors, government, employees and other internal and external stakeholders relating to their rights and obligations, or in other words a system that regulates and controls the company. Besides, FCGI explain that the purpose of Good Corporate Governance is to create added value for all interested parties.

According to Arief Effendi (2016: 7), according to Article 4 of the Regulation of the Minister of BUMN No. PER-01/MBU/2011 dated 1 August 2011 concerning the Implementation of Good Corporate Governance in BUMN, the application of the GCG principles aims to:

1. Optimizing BUMN values so that the company has strong competitiveness, both nationally and internationally, so that it is able to maintain its existence and live sustainably to achieve the goals and objectives of the BUMN.
2. Encouraging the professional efficient and effective management of BUMN while empowering functions and increasing the independence of the Persero Organ / Rerum Organ.
3. Encourage the State Organ / Perum Organs to make decisions and carry out actions based on high moral values and compliance with laws and regulations as well as awareness of the existence of BUMN social responsibility towards stakeholders as well as environmental sustainability around BUMN.
4. Increase the contribution of BUMN in the national economy.
5. Increasing a conducive climate for the development of national investment.

Regulation of the State Minister for State-Owned Enterprises Number: PER-01 / MBU / 2011 dated 01 August 2011 concerning the Implementation of Good Corporate in BUMN, stated that the principles good corporate governance are as follows :

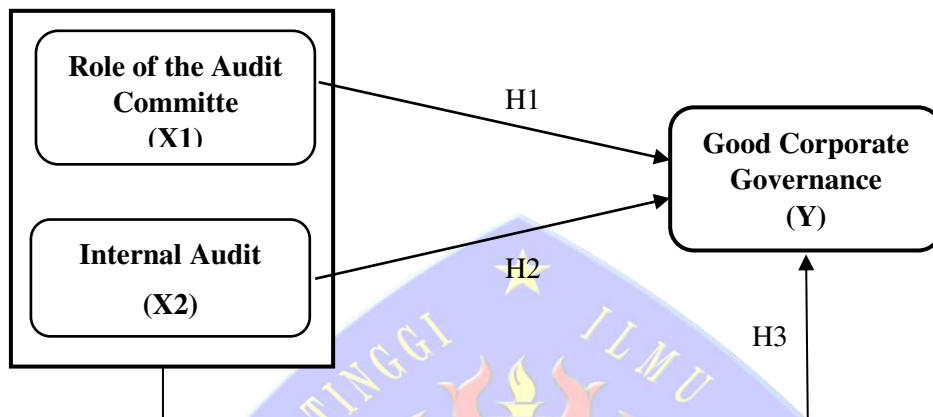
1. Transparency  
Openness in carrying out the decision-making process and openness in disclosing material and relevant information about the company.
2. Accountability  
Clarity of the functions, implementation and accountability of the Organs so that company management is carried out effectively.
3. Responsibility  
Conformity in company management with laws and regulations and sound corporate principles
4. Independence  
A condition where the company is managed in a professional manner without conflict of interest and influence / pressure from any party that is not in accordance with the laws and regulations and sound corporate principles
5. Fairness  
Justice and equality in fulfilling the rights of Stakeholders arising based on agreements and statutory regulations.

### **III. RESEARCH METHODS**

This research strategy uses quantitative methods with a descriptive research approach. According to Sugiyono (2017: 8) the notion of quantitative is a research method based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, data analysis is quantitative or statistical, with the aim of testing the hypothesis that has been applied. The descriptive approach is to knowing the existence of independent variables,

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either in one or more variables (independent or independent variables) without making comparisons of the variables themselves and looking for relationships with other variables (Sugiyono, 2017:35). By using descriptive research methods, it can be seen the nature and deeper relationship between two variables by observing certain aspects more specifically to obtain data that is in accordance with the existing problems with the research objectives, where the data is processed, analyzed and processed more. continue on the basis of the theories that have been studied so that the data can be drawn a conclusion, is there an influence on the role of the audit committee and internal audit on the implementation Good Corporate Governance so that it can answer and describe problems or questions about this research. The following is the conceptual framework in this study:



**Picture 1.** Research conceptual framework

Information :

H1 = Partial Effect of Independent Variables on Dependent Variables

H2 = Partial Effect of Independent Variables on Dependent Variables

H3 = The simultaneous effect of independent variables on dependent variables

The target population in this study are all parties related to the practice of the Audit Committee and Internal Audit Good Corporate Governance such as audit committee, internal supervisory unit, company secretary and financial staff at PT. Pindad (Persero) in 2020, amounting to 136 people. The sampling technique in this study using techniques convenience sampling which means that the sampling unit is withdrawn which is easy to contact, not troublesome, easy to measure, and is cooperative (Sugiyono, 2017: 116). Method convenience sampling used because researchers have the freedom to quickly select samples from population elements whose data are easily obtained by researchers and in order to facilitate research, researchers determine that only those related to the practice of the Audit Committee and Internal Audit are related to Good Corporate Governance at PT. Pindad (Persero) and the characteristics and characteristics used in this study were 100 people.

The technique used in this research is to use a questionnaire given to the respondents, namely 136 in the form of part of the audit committee, internal supervisory unit, company secretary and financial staff who work at PT. Pindad (Persero).

The questionnaire will consist of two parts. The first part will contain general information relating to the situation of the respondent which includes the respondent's bio. And the second part will contain questions related to the research topic, namely the Role of the Audit Committee, and Internal Audit Good Corporate Governance. Questionnaires spread through google form which is spread by message whatsapp. Data processing using SPSS version 25 software.

The data analysis technique used is multiple linear regression to determine whether the independent variables have an effect on the dependent variable, the measurement of all these variables is ordinal scale or scale likert. This analysis is carried out to process and discuss the data that has been obtained and to test the hypothesis.

### **3.1. Data Analysis Methods**

#### **1. Descriptive Statistical Test**

According to Ghozali (2018: 19) Descriptive Statistics are statistics that provide an overview or description of data seen from the average value, standard deviation, maximum, minimum, sum, rang, kurtosis, and skewness (slope distribution). Descriptive statistics describe data into information that is clearer and easier to understand. Descriptive statistics in this study explain gender, education level, age, and position in the company.

#### **2. Data Quality Test**

##### **2.1. Validity test**

Validity shows how real a test measures what it wants to measure. Validity relates to the accuracy or accuracy of a measuring instrument to do its job in assessing whether the measuring instrument correctly measures what should be measured. Measurements are said to be valid if they measure the objective clearly and correctly. The validity test in this study uses the corrected item total correlation using a computer program SPSS version 25 For Windows with decision-making criteria as stated by Ghozali (2018: 53), a research instrument is said to be valid if it meets the following criteria:

- 1) If  $r_{count} > r_{table}$ , then it is declared valid.
- 2) If  $r_{count} < r_{table}$ , it is declared invalid.

##### **2.2. Reliability Test**

After testing the validity of the questionnaire, the questionnaire is tested for reliability. Reliability test is a tool for measuring a questionnaire which is an indicator of a variable or contract. A questionnaire can be said to be reliable or reliable if someone's answer to a question or statement is consistent over time (Ghozali, 2018: 47). To test the reliability of the instrument is done by the method Cronbach's Alpha. Cronbach's Alpha is the benchmark or benchmark used to interpret the correlation between the scales made with all available variable scales. If the coefficient Cronbach's Alpha  $\geq 0.7$  (Ghozali, 2018: 48). With the role variable of the audit committee, internal audit and implementation Good Corporate Governance. Performed using a computer program SPSS version 25 For Windows. After obtaining the correct calculation results, it is then adjusted to the applicable rules to determine the height and level of the measuring instrument.

#### **3. Classic Assumption Test**

##### **3.1. Normality test**

According to Ghozali (2018: 154), the normality test is carried out to test whether in a regression model, an independent variable and a dependent variable or both have a normal or abnormal distribution. The basis for decision making in the normality test according to Ghozali (2018: 110) is as follows:

- a. If the data spreads around the diagonal line and follows the direction of the diagonal line or the histogram graph shows a normal distribution pattern, then the regression model fulfills the assumption of normality and
- b. If the data spreads far from the diagonal and / or does not follow the direction of the diagonal line or the histogram graph does not show a normal distribution pattern, the regression model does not meet the assumption of normality.

Testing of the normality of regression in this study also used the Normal Probability Plot (PP Plot) test. The Normal Probability plot is to compare the cumulative distribution of normal distribution. If the residual comes from a normal distribution, then the data distribution values on the Normal PP Plot of Regression Standardized Residual graph will be located around the diagonal line or not spread



far from the diagonal line. A good regression model is data that is normally distributed or close to normal. (Ghozali: 2018: 156).

### **3.2. Multicollinearity Test**

Multicollinearity testing aims to determine whether the regression model found a correlation between independent variables or independent variables. (Ghozali, 2018: 103). To find out whether there is multicollinearity in the regression model, it can be seen from the tolerance value and the variance inflation factor (VIF) value. Tolerance value measures the variability of the selected independent variable which cannot be explained by other independent variables. So a low tolerance value is the same as a high VIF value, because  $VIF = 1 / \text{tolerance}$ , and indicates high collinearity. The cut off value used is for tolerance values less than 0.10 or equal to the VIF value  $> 10$  (Ghozali, 2018: 108).

### **3.3. Heteroscedasticity Test**

This test aims to test whether a regression model discomfort variants from the residuals in one observation to another. If the variants are different, it is called heteroscedasticity. One way to determine whether there is heteroscedasticity in a multiple linear regression model is by looking at the scatterplot graph or from the predictive value of the dependent variable (SRESID) and residual (ZPRED). If there is no certain pattern and does not spread above or below the number 0 (zero) on the Y axis, it can be concluded that heteroscedasticity does not occur. A good research model is one that does not have heteroscedasticity (Ghozali, 2018: 138).

## **4. Hypothesis Testing**

### **4.1. Multiple Linear Regression Test**

Multiple linear regression analysis is a linear relationship between two or more independent variables (X) and the dependent variable (Y). This analysis is to predict the value of the dependent variable if the value of the independent variable has increased or decreased and to determine the direction of the relationship, between the independent variable and the dependent variable whether each independent variable has a positive or negative relationship. Multiple linear regression analysis is used to measure the strength of the relationship between two or more variables, it also shows the direction of the relationship between the dependent and independent variables (Ghozali, 2018: 96). The equations that can be formulated based on the developed hypothesis are as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Information :

- Y = Independent Variable (Application Good Corporate Governance)
- $\alpha$  = Constant
- $\beta_1$  = Audit Committee Role Regression Coefficient
- $\beta_2$  = Internal Audit Regression Coefficient
- X1 = Audit Committee Role Variable
- X2 = Internal Audit Variable
- e = Standard error

### **4.2. Determination Coefficient Test ( Adjusted R<sup>2</sup> )**

According to Ghozali (2018: 95) The coefficient of determination (R<sup>2</sup>) is a coefficient that shows the percentage effect of all independent variables on the dependent variable in explain the dependent variable. The coefficient of determination is between zero and one. R<sup>2</sup> value Small means that the dependent variables' ability to explain the dependent variables is very limited. A value close

to one means that the independent variables provide almost all the information needed to predict the dependent variable

#### **4.3. Partial Regression Coefficient Test (t test)**

The Partial Regression Coefficient Test or commonly called the t test is used to determine the effect of the independent variable on the dependent variable individually (partially). The t test can be done by comparing the t count with the t table (Ghozali, 2018: 78). At a significant level of 5% with the testing criteria used as follows:

- a. If  $t_{count} < t_{table}$  and  $p\text{-value} > 0.05$  then  $H_0$  is accepted and  $H_1$  is rejected, which means that one of the independent variables (independent) does not significantly affect the dependent variable.
- b. If  $t_{count} > t_{table}$  and  $p\text{-value} < 0.05$  then  $H_1$  is accepted and  $H_0$  is rejected, which means that one of the independent variables affects the dependent variable significantly.

#### **4.4. Regression Coefficient Test Simultaneously (Test f)**

Simultaneous Regression Coefficient Test or commonly called the f test is used to test the ability of all independent variables together in explaining the dependent variable. According to Ghozali (2018: 79) testing can be done by comparing the value of  $F_{count}$  with  $F_{table}$  at a significant level of  $< 0.05$  with the following testing criteria:

- a. If  $F_{count} > F_{table}$  and the p-value F-statistic  $< 0.05$  then  $H_0$  is rejected and  $H_1$  is accepted, which means that the independent variables jointly affect the dependent variables.
- b. If  $F_{count} < F_{table}$  and p-value F-statistic  $> 0.05$  then  $H_1$  is rejected and  $H_0$  is accepted, which means that the independent variables together do not affect the dependent variables

## **IV. RESEARCH RESULT**

### **1. Data Quality Test Results**

#### **1.1 Validity Test Results**

Validity testing is done to test whether the questionnaire used to measure the variables used in the study can actually measure these variables appropriately. The questionnaire is declared valid (valid) if the statement in the questionnaire is able to reveal something that will be measured in the questionnaire. Validity testing in this study was carried out by comparing the value of r count of the answer value of each respondent for each statement with r table to degree of freedom (  $df = n-2$ ), in this case n is the number of samples in the study, namely (n) = 100, then the amount of df can be calculated as  $100-2 = 98$ . With  $df = 98$  and  $\alpha = 0.05$  (significance), then r table = 0.1966 (looking at r table at  $df = 98$  with a two-tailed test). If the value of r count greater than r table (  $r_{count} > r_{table}$ ) and positive, then each statement or indicator is declared valid. The results of the validity test of this study can be seen in the table

4.1. As follows :

**Table 4.1**  
**Results of Testing the Validity of the Role of the Audit Committee Variable (X<sub>1</sub>)**

No.	Pernyataan	Nilai r <sub>hitung</sub>	Nilai r <sub>tabel</sub>	Keputusan
1	PKA1	0,683	0,1966	Valid
2	PKA2	0,651	0,1966	Valid
3	PKA3	0,669	0,1966	Valid
4	PKA4	0,678	0,1966	Valid
5	PKA5	0,661	0,1966	Valid
6	PKA6	0,677	0,1966	Valid
7	PKA7	0,746	0,1966	Valid
8	PKA8	0,685	0,1966	Valid
9	PKA9	0,635	0,1966	Valid
10	PKA10	0,535	0,1966	Valid
11	PKA11	0,534	0,1966	Valid
12	PKA12	0,648	0,1966	Valid
13	PKA13	0,633	0,1966	Valid
14	PKA14	0,506	0,1966	Valid

Based on table 4.1 obtained from the results of SPSS version 25 data processing, it shows that the role variable of the audit committee which consists of seventeen statement items is known that all statement items for the role variable of the audit committee are valid because they have a value. r count which is greater than r table. So it can be concluded that the statement for the role variable of the audit committee in this study is a valid item. The results of the validity test on the Internal Audit variable can be seen in table 4.2. As follows:

**Table 4.2**  
**Results of Testing the Validity of Internal Audit Variables (X<sub>2</sub>)**

No.	Pernyataan	Nilai r <sub>hitung</sub>	Nilai r <sub>tabel</sub>	Keputusan
1	PAI1	0,662	0,1966	Valid
2	PAI2	0,705	0,1966	Valid
3	PAI3	0,443	0,1966	Valid
4	PAI4	0,790	0,1966	Valid
5	PAI5	0,713	0,1966	Valid
6	PAI6	0,706	0,1966	Valid
7	PAI7	0,628	0,1966	Valid
8	PAI8	0,590	0,1966	Valid
9	PAI9	0,640	0,1966	Valid
10	PAI10	0,668	0,1966	Valid
11	PAI11	0,787	0,1966	Valid
12	PAI12	0,716	0,1966	Valid
13	PAI13	0,677	0,1966	Valid
14	PAI14	0,562	0,1966	Valid
15	PAI15	0,674	0,1966	Valid

Based on table 4.2 obtained from the results of data processing SPSS version 25, it shows that the internal audit variable consisting of fifteen statement items is known that all statement items for the internal audit variable are valid because they have a value of r count that greater than r table. So it can be concluded that the statements for internal audit variables in this study are valid items.

The results of the validity test on the application variable Good Corporate Governance can be seen in table 4.3. As follows:

**Table 4.3**  
**Results of Testing the Validity of Application Variables Good Corporate Governance (Y)**

No.	Pernyataan	Nilai $r_{hitung}$	Nilai $r_{tabel}$	Keputusan
1	PGCG1	0,371	0,1966	Valid
2	PGCG2	0,805	0,1966	Valid
3	PGCG3	0,747	0,1966	Valid
4	PGCG4	0,730	0,1966	Valid
5	PGCG5	0,759	0,1966	Valid
6	PGCG6	0,800	0,1966	Valid
7	PGCG7	0,426	0,1966	Valid
8	PGCG8	0,796	0,1966	Valid
9	PGCG9	0,679	0,1966	Valid
10	PGCG10	0,719	0,1966	Valid

Based on table 4.3 obtained from the results of data processing SPSS version 25 shows that the application variable Good Corporate Governance which consists of ten statement items known that all statement items are for the Application variable Good Corporate Governance is valid because it has a value of  $r$  count which is greater than  $r$  table. So it can be concluded that the statement for the Application variable Good Corporate Governance in this study is a valid item.

### 1.2. Reliability Test Results

The Reliable means consistent or stable. After all the questions are declared valid, the next test is the reliability test to determine the extent of the consistency of the research instrument. As for the way of making decisions, namely if the value Cronbach Alpha > 0.7. Based on the results of data processing, the reliability test results are obtained in table 4.4. As follows :

**Table 4.4**  
**Reliability Testing Results**

Variabel	Cronbach's Alpha	Keterangan
Peran Komite Audit	0,923	Reliabel
Audit Internal	0,930	Reliabel
Penerapan <i>Good Corporate Governance</i>	0,910	Reliabel

Based on table 4.4 obtained from the results of SPSS version 25 data processing, it shows that the role of the audit committee is 0.923. For internal audit of 0.930 and for implementation good corporate governance amounting to 0.910. Thus it can be concluded that all research instruments can be said to be reliable because they have Cronbach's alpha > 0.7. This shows that each statement item used as a research instrument is able to obtain consistent data, which means that if the statement is submitted again, an answer that is relatively the same as the previous answer will be obtained.

## 2. Classical Assumption Test Results

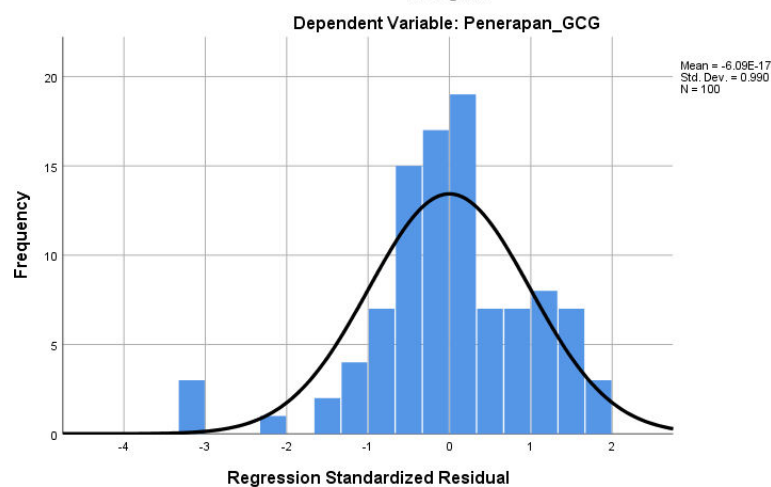
### 2.1. Normality test

The normality test aims to test whether the residual variable in the regression model has a normal distribution. As stated by Ghozali, 2018 the purpose of the normality test is to find out whether in the regression model, confounding or residual variables have a normal contribution or not. Good data is data that is normal in its distribution. This study uses histogram graph analysis and PP Plot to detect whether the residuals are normally distributed or not.

a. Histogram Graph Analysis

The data is said to be normal if the shape of the graph is not skewed / skewed left or right, indicating that the variables are normally distributed. Conversely, if the shape of the graph is skewed / skewed to the left or right, it indicates that the variable is not normally distributed. Based on the results of data processing, the normality test results obtained by analyzing the histogram graph in Picture 2 are as follows:

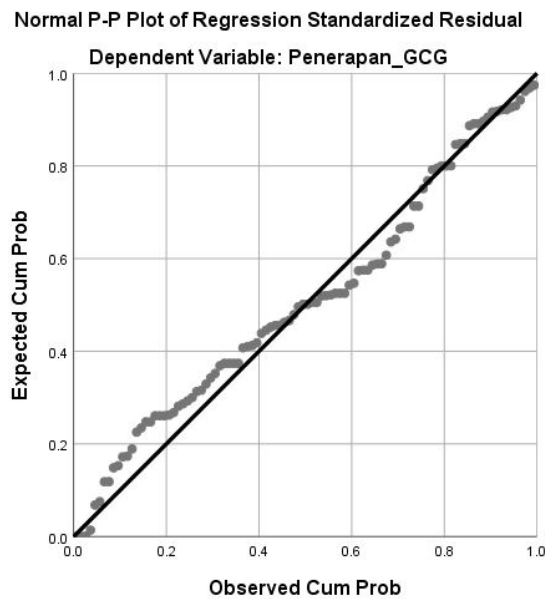
**Picture 2**  
**Graph of Normality Testing with Histogram**



Based on Figure 2, which is obtained from the results of SPSS version 25 data processing, it shows that the histogram graph shows a normal distribution pattern, this is indicated by the distribution of the data that does not deviate from the right or left and the curve is perfectly curved. So that the data distribution is declared normal.

- b. PP Plot Normal PP Plot Graph Analysis of Standardized Residual Regression is decision making through graph analysis by looking at the distribution of points around the diagonal line and following the direction of the diagonal line, so the regression model can be said to meet the assumption of normality. Conversely, if it does not spread around the diagonal line, then the data is not normally distributed. Based on the results of data processing, the normality test results obtained with the PP Plot graph analysis in Picture 3 are as follows:

**Picture 3**  
**Graph of Normality Testing with PP Plot**



Based on Picture 3, obtained from the results of SPSS version 25 data processing, it shows that the data is seen spreading around the diagonal line and following the direction of the diagonal line. Then the model in this study has met the assumption of normality. So that the data distribution is declared normal.

## 2.2. Multicollinearity Test

Multicollinearity test aims to test whether the regression model found a correlation between the independent variables (independent). A good regression model should not have a correlation between the independent variables. To test the presence or absence of multicollinearity in the regression model, it can be seen through the value Variance Factor (VIF) and tolerance. Is VIF <10 and value tolerance value above 0.10. Based on the results of data processing, the results of the multicollinearity test between variables in table 4.5 are obtained. As follows:

**Table 4.5**  
**Multicollinearity Test Results**

Variabel	Tolerance	VIF	Keputusan
Peran Komite Audit	0,525	1,904	Tidak terjadi multikolinearitas
Audit Internal	0,525	1,904	Tidak terjadi multikolinearitas

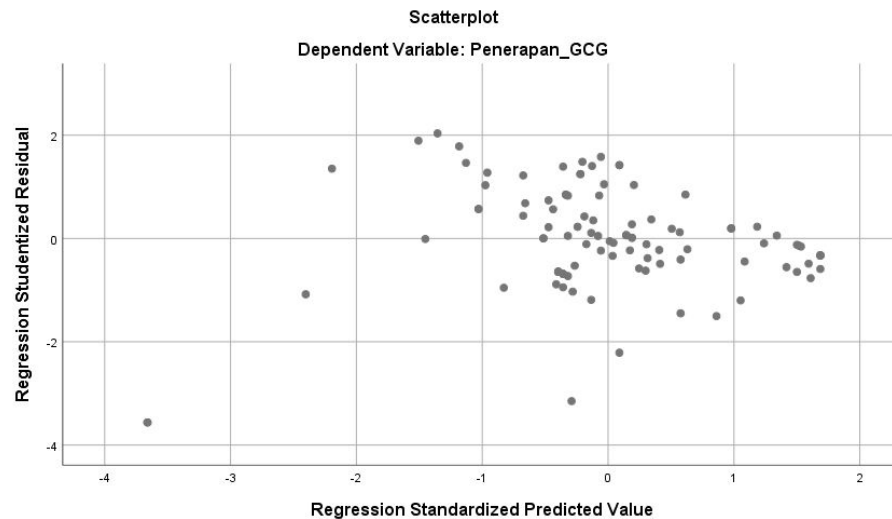
Based on table 4.5 obtained from the results of SPSS version 25 data processing, it shows that each independent variable has a VIF value less than 10 and the tolerance value shows a number > 0.10. So it can be concluded that between each independent variable there are no symptoms and there is no multicollinearity problem in the regression model.

## 2.3. Heteroscedasticity Test

This heteroscedasticity test states that the residual variation / difference around the regression line is constant for each combination of the values of the independent variables. If in graph regression scatterplots of residuals does not form a certain pattern (wavy, flared later narrowing,

linear or quadratic pattern), then in the regression the assumption of heteroscedasticity does not occur. Based on the results of data processing, the results of the heteroscedasticity test are obtained in Picture 4. As follows:

**Picture 4**  
**Chart Scatterplot Heteroscedasticity Testing**



Based on Figure 4 obtained from the results of SPSS version 25 data processing, it shows that the dots spread randomly both above and below and do not form a certain pattern, so the assumption of no heteroscedasticity is fulfilled. So that the regression model is feasible.

**3. Data Analysis Test Results**  
**3.1. Multiple Linear Regression Test**

To analyze the effect of the role of the audit committee and internal audit on implementation good corporate governance, Then the researcher used the regression analysis technique with the help of the SPSS version 25 computer program. Based on data processing, multiple regression results were obtained in table 4.6 as follows:

**Table 4.6**  
**Multiple Linear Regression Analysis Test Results**

Model		Coefficients <sup>a</sup>	
		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	8.236	3.359
	Peran_Komite_Audit	.162	.058
	Peran_Audit_Internal	.390	.069

**a. Dependent Variable: Penerapan\_GCG**

Based on table 4.6 obtained from the results of data processing SPSS version 25 shows a regression line equation as follows:

**Application Good Corporate Governance = 8,236 + 0.162 Role of Audit Committee + 0.390 Audit Internal + e**

Based on the above equation, it can be interpreted as follows:

1. A constant value of 8,236 states that in the absence of an independent variable (Role of the audit committee and internal audit), the dependent variable (Application good corporate governance) the result is 8,236.
2. Regression coefficient on variable X 1 amounting to 0.162 states that if the other independent variables have a fixed value (constant) then each value The role of the audit committee increases by one unit, it will result in the application value good corporate governance increased by 0.162 or it can be said that the influence of the role of the audit committee on implementation good corporate governance is positive.
3. The regression coefficient on variable X2 is 0.390, which states that if other independent variables have a fixed value (constant) then each internal audit value increases by one unit, it will result in the application value. good corporate governance an increase of 0.390 or it can be said that the effect of internal audit on implementation good corporate governance is positive.

### 3.2. Determination Coefficient Test ( Adjusted R <sup>2</sup>)

The coefficient of determination is used to determine how much the role of the audit committee and the internal audit committee contributes to the implementation good corporate governance at PT. Pindad (Persero). The coefficient of determination (R <sup>2</sup>) shows the proportion or percentage of total variation in variable Y that can be explained by the independent variable X 1 and X 2. The coefficient of determination is between zero and one. If the coefficient of determination is large (close to 1), it can be said that the independent variable can provide almost all the information needed to predict the dependent variable. The coefficient of determination test results influence the role of the audit committee and internal audit on implementation good corporate governance presented in table 4.7. Below this :

**Table 4.7**  
**The Result of Determination Coefficient Test (R <sup>2</sup>)**

<b>Model Summary<sup>b</sup></b>			
Model	R	R Square	Adjusted R Square
1	.739 <sup>a</sup>	.546	.537

a. Predictors: (Constant), Peran\_Audit\_Internal, Peran\_Komite\_Audit

b. Dependent Variable: Penerapan\_GCG

Sumber : Data output SPSS yang diolah, 2020

Based on table 4.7 above shows that the value Adjusted R <sup>2</sup> amounting to 0.537 or 53.7%. It can be interpreted that the influence of the role of the audit committee and internal audit on implementation good corporate governance amounting to 0.537 or in other words 53.7% variation in the value of the application variable good corporate governance can be described by the variable X 1 and X 2. While the rest is 46.3% is the contribution or influence of other variables not examined in this research model.

### 3.3. Test the Partial Regression Coefficient (t statistical test)

This is to determine the level of significance of the influence of the role of the audit committee and internal audit on implementation good corporate governance either simultaneously or partially, a statistical test will be carried out on the regression line equation. With a significant level of 0.05, here are the results of the t test for this study:



**Table 4.8**  
**Statistical Testing Results t**

Model		Coefficients <sup>a</sup>	
		t	Sig.
1	(Constant)	2.452	.016
	Peran_Komite_Audit	2.769	.007
	Peran_Audit_Internal	5.659	.000

a. Dependent Variable: Penerapan\_GCG

Based on table 4.8 above shows that the number of respondents is 100 ( $n = 100$ ), the independent variable is 2 ( $k = 2$ ) with Degree Of Freedom ( $df = nk - 1$  or  $100 - 2 - 1 = 97$ ) so with  $df = 97$  and a significant level of 0.05 ( $\alpha = 5\%$ ), then T table = 1,98472 (attachment 1). Based on the test results listed in the table above using regression analysis multiple linear, the following results are obtained:

1. The role of the audit committee shows the value of t count amounted to 2.769, which means greater than the value of t table which is 1.98472 or ( $t \text{ count} > t \text{ table}$ ). The significance value in the table above is equal to 0.007 which means less than 0.05. So it can be concluded that the role of the audit committee has a positive effect on implementation good corporate governance.
2. Internal Audit shows the value of t count amounted to 5,659 which means greater than the value of t table which is 1.98472 or ( $t \text{ count} > t \text{ table}$ ). The significance value in the table above is equal to 0.000, which means it is smaller than 0.05. So it can be concluded that Internal Audit has a positive effect on implementation good corporate governance.

### 3.4. Regression Coefficient Test Simultaneously / Simultaneously (Test Statistic f)

In each regression model that has been made, the action that must be taken after that is to simultaneously perform significant testing to determine whether there is an effect of all independent variables on the dependent variable. If the results of the f test are significant, then all independent variables have a simultaneous effect on the dependent variable according to the SPSS calculation can be seen in table 4.9 which is a summary of the ANOVA output as follows:

**Table 4.9**  
**Statistical Testing Results f**

Model		ANOVA <sup>a</sup>	
		F	Sig.
1	Regression	58.366	.000 <sup>b</sup>
	Residual		
	Total		

a. Dependent Variable: Penerapan\_GCG

b. Predictors: (Constant), Peran\_Audit\_Internal, Peran\_Komite\_Audit

Sumber : Data output SPSS yang diolah, 2020

Based on table 4.9 above, it shows that the number of respondents is 100 ( $n = 100$ ), the research variables are ( $k = 3$ ), with a significant level of 0.05, then the F table can be determined using the degree of denominator ( $df1 = k - 1$ ) and numerator degree ( $df2 = nk$ ). Then it is obtained  $df1 = 2$  and  $df2 = 97$ , then the value of F table = 3.09 (attachment 2). Based on table 4.9 shows that the

value of the *f* test is 0,000 which means smaller than 5% (0.05) and *f* value count > *f* table namely 58.366 > 3.09, it can be concluded that the role of the audit committee and internal audit simultaneously influence implementation good corporate governance.

## **V. CONCLUSIONS AND SUGGESTIONS**

This study aims to determine the effect of the audit committee and internal audit on implementation Good Corporate Governance. Research respondents totaled 100 employees who work at PT. Pindad (Persero). Based on the data that has been collected, testing of the problem formulation using multiple linear regression models, and the results of the research that has been done, it can be concluded that the following matters:

1. The role of the audit committee has an effect on implementation Good Corporate Governance. This matter shows that the more effective and the more the audit committee plays a role, the implementation Good Corporate Governance in the company the better. Internal audit has an effect on implementation Good Corporate Governance. This suggests that increasing the performance of internal auditors can improve implementation Good Corporate Governance within the company.
2. The role of the audit committee and internal audit simultaneously / jointly affects the implementation Good Corporate Governance. This shows that the more effective the role of the audit committee and internal audit in the company, the implementation Good Corporate Governance will improve and be good.

From the above conclusions, the research proposes the following suggestions:

1. For companies PT. Pindad (Persero)
  - a. The audit committee at PT. Pindad is expected to be able to understand about problems and things that have the potential to contain risks by analyzing and identifying them thoroughly, so that risks can be predicted by evaluating risks.
  - b. Internal audit at PT. It is hoped that Pindad will be able to have a better planning for each inspection, so that the implementation of activities can run well and more effectively in carrying out the internal audit function to improve the company's capabilities and apply the principles Good Corporate Governance.
2. For Further Research
  - a. The next researcher is expected to be able to reexamine how it is applied Good Corporate Governance influenced by the role of the audit committee and internal audit, then it can become a reference for further research, so it is hoped that research can be carried out on other companies, especially those included in State-Owned Enterprises.
  - b. The next researcher is advised to replace or add independent variables to see the effect of other factors on implementation Good Corporate Governance, as Enterprise Risk Management (ERM), auditor professional ethics, and effectiveness of internal control.

### **Research Limitations and Further Research Development**

Based on the analysis and discussion that has been done, this study has limitations that can be taken into consideration for future researchers in order to get better results. The limitations and development of this research are as follows:

1. There are limitations regarding the number of respondents because the questionnaires distributed with the questionnaires that have returned are not as expected by the researcher.
2. This study only focuses on two independent variables, namely the role of the audit committee and internal audit. It is expected that further researchers can add other independent variables or add variables such as Enterprise Risk Management (ERM), auditor professional ethics, and effectiveness of internal control.

3. Researchers had difficulty distributing and collecting questionnaires because they were in the Covid-19 pandemic which made employees carry out WFH ( Work From Home).
4. This study focused on respondents at PT. Pindad (Persero). In the future, it is expected to select respondents from other BUMN Enterprise.
5. This study uses a data collection method through a questionnaire so that the data obtained is based on the respondents' perceptions, so further research can be complemented by conducting deeper observations.



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## ***INFLUENCE OF THE ROLE OF THE AUDIT AND INTERNAL AUDIT COMMITTEE***

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