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## **The impact of audit independence, professionalism and scope of work on good corporate governance Implementation**

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### **Abstract**

This study aims to determine and analyze the effect of auditor independence, professionalism, and scope of work on Good Corporate Governance implementation at PT Bank Mandiri Tbk Regional Office X. This study's research method is descriptive analysis and multiple linear regression analysis with a total sample of 32 respondents. The results showed that partially and simultaneously, the variables of auditor independence, professionalism, and scope of work had a positive and significant effect on the implementation of Good Corporate Governance at PT Bank Mandiri Regional Office X.



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## **1. Introduction**

At present, the role of internal audit is not limited to the mechanism for financial supervision. The increasing complexity of organizational governance is currently the consequence that the internal audit unit has a wide-reaching role in carrying out its oversight function by emphasizing assessment of corporate systems efficiency, the implementation of SOPs, risk mitigation and applicable compliance regulations. Internal audit play a key role in achieving objective assurance, and aims at adding value, improving operations and ultimately helping the organization to achieve its goals, through a systematic and rigorous approach to risk management, control and governance processes evaluation and improvement.

The concept of good corporate governance is now becoming a mainstream concept (GCG). The GCG's implementation calls for five fundamental principles: transparency, accountability, accountability, independence and equity. GCG is a process and structure used by corporate bodies to improve business success and corporate accountability, while maintaining a focus on stakeholder interests based on statutory regulations and ethical values, in order to achieve long-term shareholder value. For GCG to learn, therefore, companies

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need to develop guidelines on the position, function, responsibility, requirements and code of ethics in order to provide internal auditors with room to perform their duties. The lack of appreciation of companies that do not implement GCG will affect the community (Effendi, 2009).

We conducted this study with a view to studying the role of internal auditors in achieving good corporate governance at PT. Bank Mandiri Makassar. Our preliminary observations at the research site found three points that were very important to study, namely 1) the independence of internal auditors in the performance of audit tasks remains lacking. This can be seen from the conduct of the auditors who prefer management to objective assessment in conducting audits. This can influence the decisions to be taken. 2) Internal audience professional skills are still inadequate. This can be seen from the educational background of auditors who still experience various learning experiences. This affects the ability to conduct audits, particularly those pertaining to financial statements, according to researchers. 3) Each internal auditor does not understand the scope of internal audit work equally. Many improvements remain in the understanding of audit standards, SOPs and the maturity of internal audits.

Hersugondo, (2018) who examined the Internal Audit Function and Application of Good Corporate Governance at Public Indonesian Commercial Banks, found that the implementation of good corporate governance was influenced by the internal audit function. Karagiorgos et al. (2010) confirm the results of Hersugondo's (2018) research, that internal audit plays an essential role in the company in promoting company performance and realizing GCG. Several studies, on the other hand, have found results which contrast with Hersugondo (2018), Karagiorgos et al., (2010). From research (Halim Abdul & Wulandari, 2016) and Cassandra (2017), which found that internal audit and internal control have no significant effect on GCG, different products are shown.

Vanasco stated (1996) that many authors have defined and interpreted independence from the philosophical, sociological, behavioral levels, even from its legal aspects. There have also been many researches related to independence, some of which, from the history of the development of independence (Reiter & Williams, 2001; Vanasco, 1996; Vinten, 1999), testing independence in public accountants and their appearance (Citron, 2000; Falk et al., 1999; Supriyono, 1988; Kumalasari & Joesoef, 2002; Poerhadiyanto & Sawarjuwono, 2002; Muslim, 2019; Muslim et al., 2020), up to criticism of independence (Reiter, 1997).

Stewardship theory and agency theory are two key GCG-related theories (Chinn, 2000; Shaw, 2003). The theory of stewardship is based on philosophical assumptions about human nature: people are inherently trustworthy, able to act responsibly and have integrity with others and honesty. In the fiduciary relationship that shareholders want, this is implied. The theory of stewardship views management as trustworthy to work for the benefit of the public and stakeholders in the best possible way. The agency theory developed by Michael Johnson, meanwhile, sees that business leadership as an agent will act with full awareness of its interests, not as a wise, wise and fair shareholder party. In subsequent developments, the theory of agencies received a broader response because it reflected existing realities more reflectively.

Good corporate governance (GCG) is described as corporate governance in general. GCG is also described as a system that regulates and controls a business that generates value for all stakeholders (Monks, 2003). Bank Indonesia Regulation No 55 / POJK.03 / 2016 of 07 December 2016 on the Implementation of Good Corporate Governance for Commercial Banks defines good governance as an open, independent, accountable, accountable, and fair bank management procedure. It is not possible to separate the internal audit function, which is part of corporate governance practice, from Agency Theory. The practice of corporate governance; corporate management must be supervised and controlled to ensure that authority is exercised in full compliance with the rules and regulations in force. This monitoring effort creates agency expenses. When a person (principal) pays someone (agent) to perform a task, the agency charges the cost or risk. Conversely, the agent's interests are not always in line with the interests of the principal (Aryani, 2010). This encourages the agent to take actions in the principal's interests by paying a higher external audit fee to obtain the principal's desired higher audit quality.

Two primary issues are the basis of agency theory. First, the relationship between the owner and the manager often results in an asymmetry of information between the two parties. Second, there is a natural conflict of interest between the owner and the manager (Sawyer, 2003). The agency theory's main principle states that the party that gives the authority (principal), namely the stakeholder, and the party that receives the command (agent), namely the manager, have a working relationship. The Agency's theory expands the model of how the

two parties share risk and information (Hendriksen & Breda, 1992). The risk of transmission for owners will be affected by information asymmetry and conflicts of interest between owners and managers, as communication is one way to reduce uncertainty.

By evaluating the effectiveness of risk management, control, and corporate governance processes, the internal audit division is responsible for overseeing its activities designed to provide added value and improve company operations. It is, therefore, crucial to minimize fraudulent financial statements and provide independent decision-making assurance. On the other hand, external auditors have a major supervisory role in testing financial statements' credibility (Lin & Liu, 2009). Therefore, according to previous research, the relationship between internal auditors and external auditors dramatically affects the strength of corporate governance. Companies with efficient control cause an adequate internal auditor function that dares to pay high audit fees. Thus, the number of external audit fees paid is positively affected by a useful internal audit function. One of the keys to supporting the best acceptable corporate governance practices is the internal audit quality within a business (Prawitt et al., 2009).

Previous studies from Al-Shetwi et al., (2011) have argued that internal audit serves as a major internal control over corporate governance's effectiveness. The internal audit function plays a vital role in creating a sense of security against the fraudulent use of corporate assets and contributing to the presentation of reliable financial statements (Gay & Simnett, 2007). The presence of internal audits is therefore essential in promoting good corporate governance. One measure that checks the quality of a company's corporate governance is to verify whether or not the company has a reliable and competent internal audit team. The organization relies on the internal audit function to help ensure that the process of risk management, the overall scope of control, and the business processes' performance effectiveness are consistent with management expectations. To find problems and be part of the solution and provide suggestions for improvements, the current internal audit function is required. Internal audit is involved and plays an active role in monitoring the activities of the business unit and provides an advisory role in the implementation of the company's operational processes. Therefore, the internal audit portion is limited to being a detector but can be more than a deterrent, which is expected to support and encourage the realization of good governance. Research by Gumilang (2009), Maylina & Raharja (2012) shows the relationship between the influence of internal audit on the implementation of GCG. His research shows that the role of internal audit has had a significant positive impact on GCG implementation.

Research conducted by Omolaye (2017) shows that internal audit's role has a beneficial impact on Nigeria's GCG practice. It has also been found that one of the obstacles to realizing the implementation of good corporate governance in Ghana is a breach committed by internal audit staff, which must be subject to strict sanctions (Owusu Kwabena, 2018). Therefore, the government of Ghana must enforce harsh sanctions on internal audits that do not work through GCG implementation. There is a partial effect of independence on good corporate governance (Sumadyo Dimas, 2013). The results (Pertiwi, Puteri Mentari, 2014) show that internal auditors' independence affects the BULOG West Java Regional Division's implementation of Good Corporate Governance. The results (Ratieh Widhiastuti, Ahmad Nurkhin, Susilowatiati Nurdian, 2019). showed no direct or indirect effect of good corporate governance on financial distress, while financial performance had a substantial negative impact on economic despair. Georgios Kontogeorgis, Georgia (2018). Internal audit is an integral part of corporate governance success. An internal audit function is also found to be a vital tool for management and a company's success. The quality of corporate governance and management can be improved by the internal audit function's profitable operation. Both corporate governance and management can increase the competitiveness of a business.

Independence is theoretically one of the ethical components that Internal Audit must maintain. Independence means that because the auditor does his job for the public interest, the auditor must be honest, not easily influenced, and not take sides with the interests of anyone. The auditor is obliged to be honest with management, agency and public leaders, and other stakeholders who place their confidence in the auditor's work. Herry (2010) suggests that an auditor's independence is independence from the different activities that are examined or separated. These two characteristics exist when internal auditors can freely and objectively carry out their work. Of course, an auditor will be faced with circumstances that risk his independence when performing his duties. Those circumstances will demonstrate the objectivity of the auditor in terms of independence.

According to researchers, if this is investigated more deeply, independence, freedom, objectivity, honesty,

and obedience are dimensions of the value of universalism. This implies that anyone and any religion will admit this, and therefore this declaration will not produce ambivalence of thought because it is nature. The term trait is used here by researchers because it refers to the theory of Islamic ethics proposed by Haider Naqvivi (1988). The author believes that audit independence-related theoretical deepening is very rarely done in auditing research. In-depth academic studies will lead to a methodology that is always similar to the theoretical construction aspect. Dillard & Yuthas (2002) argue that the context and organizational structure of behavioral and ethical research have been ignored by failing to place powerful contextual forces that affect the ability of an individual to recognize ethical dilemmas, identify influential groups, assess the moral consequences of alternative actions, and direct them to choose activities. The need to include sociological analysis in ethical evaluation is viewed by Fogarty (1995).

To avoid ethical dilemmas, researchers try to emphasize that auditors must be free, and independence is an individual freedom attitude. The word free contains transcendental meaning. This means that free here is interpreted as an attitude of partiality to intangible values. If this is implemented in the audit activity, it is a disclosure of facts that happened. This is reinforced by the opinions of Halim Abdul and Tugimin (2016), Unti Ludigdo (2006), Kencana (2017). If it is related to Good Corporate Governance implementation, the theoretical study above has a scientific correlation. Two grand theories, namely stewardship theory and agency theory (Chinn, 2000; Shaw, 2003), can be used as a basis for assumptions. These two theories are built on philosophical assumptions about human nature, namely that humans are inherently trustworthy, able to act responsibly, have integrity and honesty towards other parties. Supporting research in building the first hypothesis is Omolaye (2017), Kwabena Owusu (2018), Dimas Sumadyo (2013). Pertiwi, Mentari Puteri (2014), Georgios Kontogeorgis (2018), in their research which found that the independence of internal auditors has a positive and significant correlation line with (GCG).

*H1: Auditor Independence has a positive and significant effect on the implementation of Good Corporate Governance.*

Bank Indonesia regulates good corporate governance in commercial banks in the General Explanation of PBI No 8/4 / PBI / 2006. Good Corporate Governance in the banking industry must always be based on five basic principles: transparency, accountability, independence, responsibility, and fairness. According to Fajri (2011), in several BUMNs, there was systemic cooperation in carrying out financial engineering, which was carried out due to weak internal control functions. This shows that the parties exercising internal control from the Board of Commissioners to the Internal Audit are not performing their functions properly (hrcentro.com, 2011). Mardiasmo (2011) states that some of the deviations from BUMN that often occur today related to financial accountability can be reduced or prevented if the Internal Auditor plays a more effective role. For this reason, Internal Auditors must always maintain integrity and continuously improve their professional competence, and are always ready to stay ahead and become professional partners. (bcpk.go.id, 2011).

Professionalism is the credibility of internal auditors, which is one of the keys to company supervision success. With the internal auditors' professionalism, it is hoped that steps can be taken to detect and anticipate any irregularities that may occur. Suggestions and corrective attitudes from internal auditors will be constructive to prevent abnormalities from recurring in the company and become a matter of taking action for employees who commit irregularities. Professionalism is the ability, skill, method of implementation carried out by applicable standards (Arens, 2011).

Theoretically, professionalism is the behavior, expertise, or quality of a professional person. Due to the importance of internal audit professionalism, Desy Nur Hakim (2015), in his research, found that professionalism has a positive and significant effect on fraud prevention and detection. Fredy (2014), Internal audit professionalism is one of the keys to internal auditors' success in carrying out their duties. Faris Rachmadias S and Fitriyah (2016), Azizah Nuraeni Budiningsih, Inayah Adisari & Abdulloh Mubarak (2016) in their research found that professionalism has a significant effect on the implementation of GCG in BUMN. Research by Rahayu et al. (2020) found that it is necessary to support the apparatus's professionalism in realizing good governance. Ionica Oncioiu et al. (2020), found that a professional internal audit can only carry out good corporate governance in Romania.

*H2. Internal auditors professional analysis has a positive and significant effect on the implementation of good corporate governance*

Research on the internal audit function has been widely carried out, so research that focuses on independent work scope variables is difficult to find. However, an analysis that raises the audit function issue has been carried out in many countries, including Indonesia, such as Tedi Rustendi (2018). Nurhidayati (2020), Rahayu et al. (2020), Igbal Twafik (2018), Soemantri & H. Ritchie, 2018 in their research using the internal audit function variable, found that the scope of work indicators partially contributed positively to the implementation of GCG in Commercial Bank in Indonesia. Anneke Wangkar et al. (2018) also, in their research analysis of internal audit's role in realizing the implementation of good corporate governance at PT Bank Tabungan Negara, Tbk Manado, found that internal audit played a role in learning the performance of GCG at Bank BTN.

*H3. The scope of work has a positive and significant effect on the implementation of Good Corporate Governance*

## **2 Research Method**

We conducted this research at the office of PT Bank Mandiri Kanwil X Makassar. This study's types of data are divided into two types, namely quantitative data and qualitative data. In this study, we also have two data sources to support our research, namely primary data and secondary data. Primary data is data obtained through direct observation of the object of study by distributing questionnaires to all auditors in the offices of PT. Bank Mandiri Kanwil X, totaling 35 people. We used all of them as research samples in this study. This study carried out several kinds of test stages, namely: data analysis test, research instrument test, classical assumption test, and hypothesis testing.

## **3 Result and Discussion**

### ***Statistical Result***

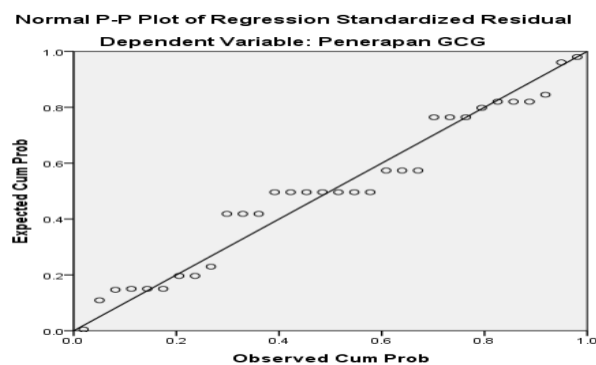
This test is used to measure whether a questionnaire is valid or not. Table 1 shows that all research variables have a calculated r-value greater than the r-table, namely 0.316, so the question items in this study can be said to be valid. Table 2 shows that all the variables have a value Cronbach Alpha is more incredible than the standard value is 0.60 so that the items in question this research can be said to be reliable. A normality test is used to see whether the residual value is normally distributed or not. Based on Figure 1, it can be seen that the data spread around the diagonal line and follows the direction of the line; thus, the regression model fulfills the assumption of normality, so that the graph fulfills the assumption, so the regression model meets the requirements of the normality test. The heteroscedasticity test is used to see whether there is an inequality of variance from one residual to another. Based on Figure 2, it can be seen that there is no heteroscedasticity; this can be indicated by the absence of a clear pattern, as well as the spreading point above and below the number 0 on the Y-axis. This test aims to determine whether the regression model found a correlation between the independent variables or the independent variables. Table 3, it can be said that the regression model meets the multicollinearity test requirements. As seen in the VIF column, the results of the SPSS 24 test are around number 1, and the tolerance column approaches number 1.

**Table 1. Validity Test Results**

Variable	Item	r-count	r-table	Info
Auditor Independence	1	0,592	0,349	Valid
	2	0,852		
	3	0,402		
	4	0,816		
	5	0,667		
	6	1,000		
Professionalism	1	0,807	0,349	Valid
	2	0,693		
	3	0,618		
	4	0,570		
	5	0,450		
	6	0,716		
	7	0,402		
Scope of work	1	0,852	0,349	Valid
	2	0,530		
	3	0,523		
	4	0,825		
	5	0,498		
	6	0,595		
Implementation of GCG	1	0,586	0,349	Valid
	2	0,749		
	3	0,691		
	4	0,538		
	5	0,600		
	6	0,616		

**Table 2. Reliability Test Results**

Variable	Cronbach Alpha	Info
Auditor Independence	0,896	Reliable
Professionalism	0,850	Reliable
Scope of work	0,865	Reliable
Implementation of GCG	0,839	Reliable

**Figure 1. Normality Test**



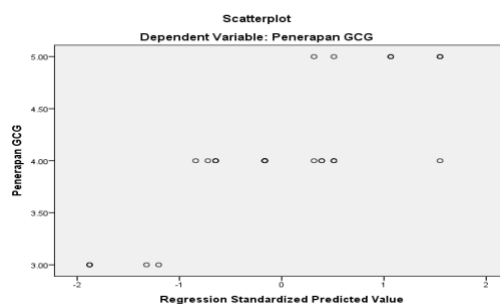


Figure 2. Heterocedasticity test

Table 3. Multicollinearity Test

Model		Correlations			Collinearity Statistics	
		Zero-order	Partial	Part	Tolerance	VIF
1	Auditor Independence	.692	.363	.207	.574	1.742
	Professionalism	.759	.474	.285	.518	1.932
	Scope of work	.735	.383	.220	.499	2.004

Table 4. Results of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.283	.457		.621	.540
	Auditor Independence	.261	.127	.273	2.060	.049
	Professionalism	.367	.129	.397	2.845	.008
	Scope of work	.302	.138	.311	2.191	.037

Dependent Variable: Implementation of GCG

Table 4 shows that the constant value is  $b_0 = 0.283$ , the coefficient of the auditor independence variable (X1) is 0.261, the Professionalism variable (X2) is 0.367, and the Scope of Work (X3) is 0.302 so that the regression equation can be seen as follows:

$$Y = 0,283 + 0,261 X_1 + 0,367 X_2 + 0,302 X_3$$

The constant value, namely  $b_0 = 0.283$ , means that, if the auditor independence variable (X1) the professionalism variable (X2) and the scope of work (X3) do not change, then the implementation of Good Corporate Governance (GCG) is 0.283 or 28.3%. The coefficient of the Auditor Independence variable (X1) is 0.261, this means that if the auditor's independence is increased by 1 unit or unit it will increase the implementation of Good Corporate Governance (GCG at PT. Bank Mandiri Tbk, Wil X is 26.1 with the assumption of variables X2 and X3 is constant. The coefficient of professionalism variable (X2) is 0.367, this means that if the internal auditor has professionalism that can be improved, it will increase the implementation of GCG by 36.7 assuming variables X1 and X3 are constant. X3) of 0.302, this means that if the Scope of Work is done properly or is increased by 1 unit or unit, it will increase GCG implementation by 30.2 assuming the X1 and X2 variables are constant. The value of the multiple correlation coefficient (R) is 0.847, this shows that the magnitude of the relationship between the independent variables X1, X2, and X3 with the dependent variable (Y) is the implementation of GCG of 0.847. This means that the influence of the independent variable on the dependent variable is 84.7%. The value of the coefficient of determination (R<sup>2</sup>) is 0.718, this shows that the magnitude of the influence of the independent variable (X) on the implementation of GCG at PT. Bank Mandiri Tbk amounted to 0.718 or (71.8) and the remaining 0.282 or 28.2 influenced by other factors or variables not included in this research model.

The F test (Simultaneous Test) to find out how the independent variable (free) consisting of auditor independence (X1) Professionalism (X2) and Scope of Work (X3) simultaneously (together) affect the implementation of GCG

**Table 5. Simultaneous Test**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.135	3	3.045	23.792	.000 <sup>b</sup>
	Residual	3.584	28	.128		
	Total	12.719	31			

The study results examining the effect of auditor independence on the implementation of Good Corporate Governance (GCG) obtained the value of  $t \text{ count} = 2.060 > t \text{ table} = 1.701$  with a significance level of 0.04, smaller than the significant level  $\alpha = 0.05$ . These results indicate that statistically, calculation auditor independence affects Good Corporate Governance (GCG); thus, the first hypothesis is proven (H1 is accepted). Results studies that examine the effect of professionalism of the GCG obtained  $t \text{ count} = 2,845 > t \text{ table} = 1,701$  with a significance level of 0.008, smaller when compared to the level of  $\alpha = 0.05$ . These results indicate that statistically, professionalism has a positive and significant effect on the implementation of GCG. Thus the second hypothesis is proven (H2 is accepted). The research results that tested the Scope of Work's impact on the Implementation of GCG obtained the value of  $t \text{ count} = 2.191 > t\text{-table} = 1.701$  with a significance level of 0.037, smaller than the level of  $\alpha = 0.05$ . These results indicate that statistically, the work scope has a positive and significant effect on the implementation of GCG. Thus the third hypothesis is proven (H3 is accepted).

## Discussion

### *Auditor Independence on implementation of Good Corporate Governance*

This means that the more independent the Internal Auditor is, it will create good corporate governance or realize the implementation of GCG. Substantially, independence is seen in the context of formality; it means that it is limited to procedural accountability. Independence must be explored because auditors are human beings, while independence is a universal trait. This means that anyone in this world is asked about the understanding of independence. The answer will be ambivalent or ambivalent. This study's results are consistent with research conducted by Kusuma (2017), using the same indicators as this study wherein this study independence can have a positive and significant effect in moderating independent variables on audit quality. Kwabena Owusu (2018), who researched in Ghana, also found that in realizing the implementation of GCG, the internal audience must adopt an attitude of consistency and independence in finding financial statements. According Kusuma (2017), the auditor's low level and high independence dramatically affect the quality of the audit produced after the audit work is carried out. The higher the level of independence an auditor has, the higher the resulting audit quality. Other variables can also influence the effect of auditor independence in moderating audit quality. In this finding, if it is related to the implementation of GCG, this study's independence dimension is very relevant to the dimensions of good corporate governance. This study's results can justify the auditing theory that independent auditors relating to objectivity increase the reliability of financial statements and determine the fairness of the financial statements' information. Independence is a person's attitude to act honestly, impartially, and report findings only based on available evidence; the auditor is assumed to have independence, both mentally and physically, to carry out audit tasks to provide an objective opinion (opinion) audit conclusions. 2015). This is intended so that the results of the examination are independent and impartial, or controlled. This finding is in line with the findings of Dimas Sumadyo (2013). Puteri (2014), Yuniar (2017), as well as the conclusions from Kontogeorgis (2018), found that independence will have an effect on the quality of audits and create company performance in the eyes of the public.



### *Internal auditors professional on implementation of good corporate governance*

This finding explains that some BUMN deviations that often occur today related to financial accountability can be reduced or prevented if the Internal Auditor plays a more influential role. This study's results are by the behavioral theory that the auditor's independence is seen from the mental attitude he has in planning, conducting examinations, and expressing an opinion on the audited financial statements. This study's results support the research of Choirul Anwar et al. (2020); auditor professionalism has similarities in substance with auditor independence, namely an attitude where auditors cannot be influenced by other parties who have personal interests. Hoesada (2020) also argues that auditors must not take sides with anyone and can face any pressure from clients so that auditors must have a high professional spirit. The implication of this finding is related to the function and position of internal audit. This study's results are by SA 320, which states that the determination of materiality requires the auditors' professional judgment. The components of the auditor's professionalism considerations consist of a dedication to the profession, social obligations, independence, belief in the work, and relationships with colleagues. Based on this study's results, this finding implies that professionalism is related to two critical aspects, namely structural aspects and attitude aspects. The description of a professional person, according to Hall (1969) in Kalbers and Fogarty (1995), is reflected in five things, namely: relationship with fellow professions (community affiliation), the need for autonomy (autonomy demand), belief in one's own rules or discipline self-regulation, dedication to the work (commitment).

In Arens & Loebbecke's (1996) view, a professional is a responsibility to behave that is more than just fulfilling the duties assigned to it and more than just fulfilling society's laws and regulations. As professionals, auditors must acknowledge their responsibility to the community, clients, and their professional colleagues, including to behave respectfully, even though this means personal sacrifice. The concept of modern professionalism in doing a job has been put forward by Hall (1968), which is then adopted many times in every research in auditing. The findings in this study are also by the conclusions of Arianti et al. (2014), which states that an auditor's professionalism will produce quality work because professionalism means that the auditor has used the ability to carry out the audit optimally and carry out work ethically tall one. Devoting oneself to a profession is a commitment that is formed voluntarily in a person.

This result is due to Bank Mandiri's position as a result of the merger of several state-owned banks that have considerable corporate resources and have repeatedly experienced internal problems. The implementation of GCG is one of the keys to a company's success in growing and being profitable in the long term and winning the global business competition, especially for companies that have developed and become available companies. GCG is a system of how an organization is managed and controlled, including its internal control. The governance system, among others, regulates the decision-making mechanism at the top level of the organization. Corporate governance regulates the relationship between the Board of Commissioners, the Board of Directors, and company management to balance organizational leadership. GCG is a sound system and structure for managing the company to increase shareholder value and accommodate various parties interested in the company.

### *The scope of work on implementation of Good Corporate Governance*

This study's findings can justify the theoretical statement that the job scope variable is exceptionally influential on the implementation of good corporate governance. The internal audit scope can affect the principles of responsibility, transparency, and accountability. The focus of responsibility wants the conformity of company operations with applicable laws and regulations. The principle of openness wants reliable disclosure of information about the company, and the direction of accountability wants management to carry out its responsibilities towards the company by applicable regulations. These findings support Eva Yulia et al. (2018), which state that the function of information in financial statements will not benefit if the presentation and delivery of financial information are not reliable and not on time. Every financial report on an entity contains financial information used for decision-making (Sawir, 2013). Reliability and timeliness are the availability of information for decision-makers when needed before the story loses its power to influence decisions. Financial reporting is information in the financial statements free from misleading notions and

material errors, presenting every fact honestly, and verified (Rudianto, 2013). Information may be relevant, but if its nature or presentation is unreliable, then the use of that information can potentially be misleading. This finding is also in line with Yuliani's research (2015) that shows the quality of human resources, information technology, and appropriate internal control as explanatory variables for financial reporting reliability.

This study explains that to improve their performance, banks are required to carry out their business activities based on the principles of GCG. This is aimed at protecting the interests of stakeholders and increasing compliance with prevailing laws and regulations and ethical values generally accepted in the banking industry. Internal auditors are one of the elements needed to make adequate internal control effective. This function is a function of the staff who gets delegation from management to oversee all existing rules in the organization. Internal Audit staff is intended to conduct assessments and audits independently and provide objective information in the form of suggestions that are useful for management in supporting risk management, control effectiveness, and the governance process. For the Internal Auditor's duties to run effectively, it is necessary to confirm and have clarity on the scope of their duties. A clear scope of work for the Internal Auditor will help management achieve organizational goals.

#### 4 Conclusion

This study indicates that auditor independence has a positive and significant effect on the implementation of GCG. Based on the respondents' answers, the independence in reporting shows a low score, especially about the Audit Results report's independence. It is recommended that the reporting of audit results be free from individual efforts to influence the examination judgment on the contents of the examination report and the disclosure of facts or findings. This study's results indicate that the professionalism of auditors has a positive and significant effect on the implementation of GCG. These results illustrate that the professionalism of internal auditors is the key to success in running a company. Therefore, it is recommended that the applicable audit standards must guide all audit work carried out. In this case, the Internal Audit Charter applies to PT. Bank Mandiri Tbk. The scope of work has a positive and significant effect on the implementation of GCG. This shows that if the rules always guide the internal auditors in carrying out their duties, code of ethics, and Company policies, it will realize the implementation of GCG. The work scope related to the item reports recommended weaknesses found, and all company activities are part of the content of audit work. This needs attention. It is recommended that the auditors make recommendations to compile them by management weaknesses, to make improvements in the future.

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