

The Role of Internal Auditor in Public Sector

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Abstract: In controlling a country where the public accounting profession, the various company and forms of legal entities occur and burgeon. The government needs a substantial fund to lead the country. Therefore the use of funds which distributed effectively and efficiently to the public sector must be supervised by a qualified auditor in order to create accountable financial statement and prevent the opportunities to misuse the budget in government area. Therefore, the regional inspectorate has the authorities to oversee the running of the government in order to improve accountability and transparency in financial management in each area. The accountability itself can be materialized by the internal auditor. The purposes of this study are designed to find out whether the internal auditor of local governments understands and carries out their role adequately or not. The results of this study are expected to provide new insight into the public sector as well as the inspectorate in maximizing the role of its internal auditor.

Keywords: Literature Review, Local Government, Internal Auditors

In the government sector, there are three main aspects that support the creation of good governance, namely monitoring, control and inspection. The government audit is expected to support the successful implementation of the state administration and public finance management in an orderly manner, obey the laws and regulations, efficient, economical, effective, and transparent. Therefore, an audit is important to know how your actual role of the audit to the absence of irregularities in carrying out duties as audit

Examination (audit) is an activity undertaken by the party that has the independence and professional competence to examine whether the results of the government's performance in accordance with established standards (Mardiasmo, 2005). In the central or local government, there are external and internal audit. External audit carried out by the financial oversight agencies (BPK) while the internal audit conducted by BPKP and Inspectorate.

Currently a lot of problems in Indonesian government audit occur to the public such as weakness in the internal control system and non-compliance with the laws or regulations. Overview of the semester examination results (IHPS) one year in 2016 issued by the financial oversight agencies (BPK) indicates that there are findings which includes 15 568 cases, including 7,661 internal control system weaknesses and problems of non-compliance with the provisions of 7907 legislation (BPK IHPS, 2016). In line with this situation, the role of internal auditors questioned.

Auditor Internal

In conducting an audit, there are the differences between public and private sector. The difference caused by the differences in institutional and legal background, where the public sector audit has procedures, different responsibilities and a broader role than the private sector audit (Wilopo, 2001).

Public sector auditing not only examine and assess the fairness of the financial statements of the government, but also the apparatus of government in assessing compliance with laws and regulations. In addition, public sector auditors also inspect and assess the performance which include: saving (economical), efficient and effectiveness of all jobs, services, or programs conducted by the government (SPKN, 2007).

According to Boynton et al (2003), the function of internal auditor is to implement an internal audit function carrying out an independent assessment of an organization to examine and evaluate the activities of organizations. Internal audits of government should be able to reveal all of its findings ranging from corruption, offense against the law or violations of standard operating procedures, acts that can lead to a loss financially, or non-financial reporting resulting impact on audit quality.

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Internal audits of government should be able to reveal all of its findings ranging from corruption, offense against the law or violations of standard operating procedures, acts that can lead to a loss financially, or non-financial reporting resulting impact on audit quality. So that, the government's internal auditor holds a very important role in the creation of accountability and transparency of local finances.

Furthermore Badjuri and Trihapsari (2004) says that accountability and transparency is intended to ensure that the financial management of the government which have been done by the government officials running well. Good public financial management should be supported by public sector audit quality, hence the need for the auditor understands of the roles as an audit.

In Indonesia the limited number of studies that assess or investigate the role of government audit and the number of studies related to the audit quality using a quantitative approach. Several previous studies examining the audit quality related more emphasis on audit quality attributes such as on research conducted by Samelson et al., (2006) shows the results no relationship between independence and involvement with the audit team leader audit quality perceived. Husam et al (2013), entitled *Factors affecting the quality of auditing: the Case of Jordanian Commercial Bank* where one of the researches uses the independence to see the quality of the audit as well as more research uses attributes to assess the quality of the audit. But there is a study that examines how the role of the internal auditor of government in minimizing fraud committed by Nur Jong et al (2015) in the Journal of Accounting Multiparadigma such research aimed at understanding the role of internal auditors of local government in an effort to minimize fraud. Research method used is ethnomethodology environment Songlura district government. In these studies found that internal auditors of local government is "Doctor" fraud. Nevertheless, "Doctor" fraud has not been able to carry out its role to the fullest, because of the lack of competence of the internal auditors, and the lack of commitment from top management and related elements in local government. Other findings indicate that the informant simply "fade" the mandatory nature of the assignment given

In the study described their shift in the role of internal auditor originally a controlling financial transactions, has now been increased role as a consultant. To support the achievement of one of the goals their internal auditors within the scope of local government is to minimize *fraud*, it needs sharpening the role of internal auditors in preventing and detecting *fraud*, so that it expects the central and local governments provide sufficient space for auditors carry out its role and function optimally. Thus achieving the goal can be accomplished local governments accountable.

Internal Auditor government is more focused on providing error correction of the recording and coaching members of the unit that is part of government auditing. In the context

of this study, the internal auditors sufficiently understand their role not only as an examiner, but also as a controller. Auditor as controller has a higher purpose than just examiner, if an auditor role as controller, and then he must supervise properly what is done by the government in the area, and how they carry out their activities. If there are things that are distorted, the internal auditor has the obligation reprimanded and directed that the implementation of the activities run accordingly. In short internal auditor's role is to ensure that all the processes that exist within government to achieve development goals have been implemented in an accountable. It is important for internal auditors to understand well the role that they run as internal auditor of local government.

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