

The Role of Internal Audit and Credit System in Delivering Company Profits (Case Study at PT Pegadaian (Persero) Sukabumi Branch)

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Abstract

This study aims to determine the role of internal audit and the credit system in delivery corporate profits on PT. Pegadaian (Persero) Branch Sukabumi. The variables used in this study is an internal audit, system of credit, and corporate profits. The method used in this research is descriptive. The scale used is ordinal scale. The population in this study were all employees at PT. Pegadaian (Persero) Branch Sukabumi. The data used are primary data and secondary data. Data were collected and analyzed using validity and reliability test, test the classical assumption of normality test, heteroscedasticity, multicollinearity test, and autocorrelation test, simple linear regression, hypothesis testing using t test and F, and test the coefficient of determination. Validity test results showed that all the questions for the independent variables and the dependent variable is declared invalid. Reliability test results unreliable. The result of the classical assumption of normality test showed that the role of internal audit and the system of crediting of corporate profits distributed normally. The results of hypothesis testing (t-test) showed that $t = 2,187 > t \text{ table} = 2,052$ and $10,803 > t \text{ count} > t \text{ table} 2,052$. The results of the testing of F test shows that $F \text{ count} = 203.867 > F \text{ tables} 3,354$. It can be concluded that the internal audit and the system of crediting contribute significantly to the company's earnings. Results from test determination coefficient obtained by the magnitude of the role of internal audit and the system of credit to the company's profit amounted to 93,8%. While the remaining 6,2% are influenced by other factors.

Keywords: internal audit, system of credit, corporate profits.

Abstrak

Penelitian ini bertujuan untuk mengetahui peranan audit internal dan sistem pemberian kredit terhadap laba perusahaan pada PT. Pegadaian (Persero) Cabang Sukabumi, variabel yang digunakan dalam penelitian ini adalah audit internal, sistem pemberian kredit, dan laba perusahaan. Metode yang digunakan dalam penelitian ini adalah metode deskriptif. Skala yang digunakan adalah skala ordinal. Populasi dalam penelitian ini adalah seluruh karyawan pada PT. Pegadaian (Persero) Cabang Sukabumi. Jenis data yang digunakan adalah data primer dan data sekunder. Data yang berhasil dikumpulkan kemudian dianalisis menggunakan uji validitas dan reliabilitas, uji asumsi klasik yaitu uji normalitas, uji heteroskedastisitas, uji multikolinieritas, dan uji autokorelasi, uji regresi linier sederhana, pengujian hipotesis menggunakan uji t dan uji F, dan uji koefisien determinasi. Hasil uji validitas menunjukkan bahwa semua pertanyaan untuk variabel independen dan variabel dependen dinyatakan valid. Hasil uji reliabilitas reliabel. Hasil uji asumsi klasik yaitu uji normalitas menunjukkan bahwa peranan audit internal dan sistem pemberian kredit terhadap laba perusahaan berdistribusi normal. Hasil dari pengujian hipotesis (t-test) menunjukkan bahwa $t \text{ count} = 2,187 > t \text{ table} = 2,052$ dan $t \text{ count} 10,803 > t \text{ table} 2,052$. Hasil dari pengujian uji F menunjukkan bahwa $F \text{ count} = 203,867 > F \text{ table} 3,354$. Maka dapat diambil kesimpulan, bahwa audit internal dan sistem pemberian kredit berperan secara signifikan terhadap laba perusahaan. Hasil dari uji koefisien determinasi diperoleh besarnya peranan audit internal dan sistem pemberian kredit terhadap laba perusahaan adalah sebesar 93,8%. Sementara sisanya 6,2% dipengaruhi oleh faktor-faktor lain.

Kata Kunci: audit internal, sistem audit dan laba perusahaan

1. Introduction

Background

The development of company is growing rapidly and challenge of globalization, to face the challenge of globalization efforts are required to company for restructuring and improvement needs include increased productivity, efficiency and effectiveness of company achievement. Faced with such problems, various policies and strategies are continuously applied and continuously improved, so one important element is a part of the company in charge of assessing the feasibility and effectiveness of existing

internal controls and assessing the quality of activities undertaken within the company, running well in accordance with the defined leadership of this section is called internal audit. In addition to the high risk, the level of competition between companies that cause the company needs to establish a qualify credit system in credit organizations, which is expected to help overcome difficulties in controlling the funds issue to customers. Tredding system includes the activity of whether or not a credit is feasible. From the phenomenon that occurred at PT. Pegadaian (Persero) Sukabumi Branch is the frequent occurrence of payments made by customers exceeding the

Table 1. Profit Development PT. Pegadaian (Persero) Branch Sukabumi 2012-2015 Period

Year	Net Profit
2012	474,922,284
2013	692,375,801
2014	589,900,775
2015	758,628,432

Source: PT. Pegadaian (Persero) Branch Sukabumi period 2012-2015

time limit specified so that the occurrence of bad loans, this will affect the company profit. Here is the growth of the period 2012-2015 at PT. Pegadaian (Persero) Sukabumi Branch.

From the table 1 shows that in 2012 until the year 2015 where the company profits have increased and decreased from year to year, corporate profits in 2014 decreased this is due to the level of the value of bad loans increased. To overcome this, in the implementation of internal audit auditors always provide advice and recommendations to the company in overcoming the value of bad debts that will impact on corporate profits. Research by Astuti (2007) entitled *Internal Audit Function In Efforts to Suppress Possible Bad Credit Loss on Some Rural Banks in Bandung Raya* namely PT. BPR Sinar Mas Pelita, PT. BPR Arthaguna Mandiri And PT. BPR Sagittarius Development, the research results show the correlation coefficient of 0.742 which means a strong relationship between internal audit and pressing low debts, while the internal audit function to suppress low debts by 55% the rest is influenced by other factors, and based on testing the hypothesis obtained t arithmetic equal to 6,059 bigger than t table equal to 2,042. Raditya (2013) entitled *The Effect of Internal Audit Against Credit Granting at Bank Danamon*, the results showed a correlation of 0.859, the magnitude of Internal Audit Effect on Credit Provision at Bank Danamon of 73.78% and the remaining 26.22% influenced by other factors not examined by the author.

Dhelia, et al. (2015) entitled *Analysis of Internal Control System in Granting Micro Credit at PT. Bank Rakyat Indonesia (Persero), Tbk Unit Banyuasri*, the results of this study indicate that the internal control system at PT. Bank Rakyat Indonesia (Persero), Tbk Banyuasri Unit is quite good. There is already a separation of duties and responsibilities in its organizational structure, a good authorization and record-keeping system, and sound practices in performing the functions of each organizational unit, at BRI Unit Banyuasri each granting of credit must be based on a written application letter signed by the applicant

Research Question

1. Does the role of internal audit affect the earnings of the company at PT. Pegadaian (Persero) Sukabumi Branch?
2. How the system of lending to company profits at PT. Pegadaian (Persero) Sukabumi Branch?
3. Is the role of internal audit having positive influence for crediting system to the company profit at PT. Pegadaian (Persero) Sukabumi Branch?

2. Literature Review and Theoretical Framework

Internal Audit

The Internal Audit according to Agoes (2012: 13) internal audit is: examination conducted by the internal audit of the company, the financial statements and accounting records of the company as well as bond to the policy of top management that has been determined and compliance with government regulations and the provisions of the professional and applicable.

According to Hery (2010:76) Internal audits should be conducted expertly and with professional accuracy. The professional capability shall be owned by each internal auditor, in each examination, the internal audit leader shall assign persons who collectively or in whole possess the knowledge and abilities of various disciplines, such as accounting, economics, statistical finance, electronic data processing, taxation, and the law, which is necessary to carry out an appropriate and appropriate examination.

Crediting System

According to Accounting Guidance Guidelines for Indonesian Banking Accountants (PAPI) 2008 in Irham Fahmi (2014: 3) "Credit is the provision of money or claims that can be equalized, based on the agreement or borrowing and borrowing agreement between the bank and other parties requiring the borrower, to repay the debt after a certain time of period with the amount of interest, reward or profit sharing."

According to the Banking Act Number 10 of 1998 the definition of credit is "Provision of money or equivalent claims, based on a loan agreement or agreement between the bank and another party requiring the borrower to repay the debt after a certain time of period with interest."

Cashmere (2013: 85) defines the crediting system as: the provision of money or equivalent claims, on the basis of an agreement or agreement between the bank and another party requiring the party financed to refund the money or the bill after a certain period of time in return or profit sharing.

Company Profit

According to Harnanto (2010: 444) defines the profit is: the difference of income above the costs within a certain period (period). profit is often used as a basis for taxation, dividend policy, investment guidance as well as decision making and predictive elements.

According to Harahap (2010: 259) Profit or loss is often used as a measure to assess company performance or as the basis of other assessment measures, such as earnings per share. The elements that form the part of profit-making are revenues and costs. By classifying the elements of income and expenses, different earnings measures can be gained, among others: gross profit, operating profit, profit before tax, and net profit. Measurement of profit is not only important for determining company prestrations but also important as information for profit sharing and investment policy determination. Profit can be classified into several types, namely:

1. Gross profit is the positive difference between sales minus sales returns and sales discounts.
2. Operating profit (operation) is gross profit less cost of goods sold and cost for business.
3. Net profit before tax is profit earned after operating profit reduced by interest cost.
4. Net profit is the amount of profit earned after the withholding tax

Research Hypotheses

The internal audit and management of the crediting system, the risks that will occur can be avoided. For that the company can perform its activities in achieving its main goal is to obtain profits as much as possible. Especially in overcoming the crediting risks that result in bad credit, with the role of internal audit and adequate crediting system it will minimize the risk of loss resulting in bankruptcy of the company. Thus, the research hypothesis proposed as follows:

H₀: Internal audits and crediting systems do not contribute to company earnings.

H₁: Internal audits and crediting systems play a role in company profits.

3. Research Method

Data processing will be done by multiple regression tesIn this study uses descriptive method. Descriptive research is a study conducted to determine the value of independent variables, either one variable or more (independent) without making a comparison, or linking with other variables. With this research will be built a theory that can serve to explain, predict, and control a symptom. In this research, there are three variables that are independent or independent variable (X1 and X2) that is the variable that becomes the predictor and dependent variable or not free (Y) is the estimated value variable. The variables in this study are: Independent variables (X) used in this study are internal audit (variable X1) and crediting system (variable X2). Dependent variable (Y) used in this research is company profit. The population in this study are employees in the internal audit, credit analysis, administration, marketing, and collection at PT. Pegadaian (Persero) Sukabumi Branch with a sample of thirty employees.

The test of the research instrument is using questionnaire, the number of questionnaire questionnaire given

is 41 questionnaires, each questionnaire for X1 (Internal Audit) as many as 15 questions, X2 (Credit Awarding) as many as 16 questions, and Y (Profit Company) as many as 10 questions.

To qualify the validity that is If Rcount <Rtable, then the statement is declared invalid, and if Rcount> Rtable, then the statement declared valid. Terms reliability is the value of Cronbach’s Alpha> Rtable then the item questionnaires declared reliable or consistent, otherwise if the value of Cronbach’s Alpha <Rtable then the items questionnaire otherwise unreliable. Then the data tested normal.

Testing research hypothesis using multiple linear regression model with equation as follows:

$$Y = a + b_1X_1 + b_2X_2$$

Information:

Y = Company Profit

a = Constant number

b₁ = Internal Audit Coefficient

X₁ = Internal Audit

b₂ = Coefficient of Credit System

X₂ = Credit Granting

System Testing hypothesis research using t test is partial test, F test, and coefficient of determination.

4. Result and Discussion

This study does the Pretest using SPSS 23 software where all the statements are in accordance with the criteria and can be said to be valid and reliable.

Multiple linear models are used to assess how the direction of the relationship of the Internal Audit as independent variables (X1 and X2) with the Company’s Profit as the dependent variable (Y).

$$Y = 0,902 + 0,128X_1 + 0,495X_2$$

In the regression equation X₁ and X₂ to Y can be explained that if there is no variable Internal Audit and Credit System then the variable value Company Profit will rise by 0.902 while the regression coefficient for Internal Audit variable of 0.128 and variable Credit System of 0.495 is positive, this indicates that every increase of Internal Audit and Credit System will increase the Company Profit value by 0.902. This means that there is a positive influence between the Role of Internal Audit and Credit System to Profit. Coefficient of determination used to know how big influence of independent variable to dependent variable. The coefficient of determination is the square of the correlation coefficient which states the percentage of change Y. Simply the coefficient of determination is calculated by squaring the correlation coefficient (R²), the value of R² ranges between 0 and 1 (0 <R² <1).

Based on the table 2 shows the level of correlation coefficient (R) of 0.968. Then the coefficient of determination (R Square) is equal to 0.968 x 0.968 = 0.938

Table 1. Multiple Linear Regression Test Results
Coefficients^a

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
				Beta		
1	(Constant)	,902	2,509		,360	,722
	audit internal	,128	,059	,168	2,187	,038
	Credit system	,495	,046	,831	10,803	,000

a. Dependent Variable: Company profits

Source: Primary data using SPSS 23 for windows

Table 2. Coefficient Determination Test Results

Model Summary ^b				
Model	R	R Square	Adjusted R	Std. Error of the
			Square	Estimate
1	,968 ^a	,938	,933	,764

x 100%. Means the ability of the independent variables in explaining the variance of the dependent variable is 93.8%. In other words, the relationship of Internal Audit and Credit System to Corporate Profit is 93,8%. So it can be concluded that the Internal Audit and Credit System contributes 93.8% of the Company Profit, while the remaining 6.2% is influenced by other factors outside this study.

T test is done to find out whether in the regression model of independent variables partially significant effect on the dependent variable. The statistical t test for Internal Audit variable produces tcount 2,187> Ttable 2.052 and significance value 0,038 meaning less than 0,05, for credit system variable yield tcount 10,803> Ttable 2,052 and significance value 0,000 meaning less than 0,05 so it can be concluded that variable Company Profit is influenced by variable Internal Audit and Credit Granting System with positive and significant direction. It means Internal Audit variable tcount 2,187> ttable 2.052 and Credit Rating System variable tcount 10.803> ttable 2.052 indicates that H0 is rejected and H1 accepted.

F test aims to examine the effect of simultaneously independent variables on the dependent variable. Test

F statistic for Internal Audit and Credit Grant variable that F value count 203,867 bigger than F table 3,354 with signification number = 0,000 < α = 0,05, hence from that according to testing criterion when F count> F table refusal H0 and H1 are accepted with another significant meaning. Based on this it is seen that the internal audit and crediting system together provide a significant effect on corporate profits.

5. Conclusion and Suggestion

Conclusion

Based on the results of research using SPSS 23 for Windows, it has been showed how the relationship between the three variables. In this case the internal audit and crediting system as an independent variable with the company’s profit as a dependent variable. Based on simple linear regression test known that the value of constant equal to 0,128 and 0,495. Furthermore, by testing the t test on the variables used in this study, note that the internal audit and crediting system has a t value of 2.187 and 10.803 or t table (using TINV in Microsoft Excel) has a value of 2.052. Then with the value of t arithmetic 2.187> t table 2.052 and the value of t arithmetic 10.803> t table 2.052. Furthermore, by testing the F test to the variables

Table 3. T-Test Results
Coefficients^a

Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Coefficients		
				Beta		
1	(Constant)	,902	2,509		,360	,722
	Audit Internal (X1)	,128	,059	,168	2,187	,038
	Credit Sytem (X2)	,495	,046	,831	10,803	,000

a. Dependent Variable: Corporate Profit

Source: Primary data using SPSS 23 for windows

Table 4. F-Test Results
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	238,225	2	119,112	203,867	,000 ^b
	Residual	15,775	27	,584		
	Total	254,000	29			

a. Dependent Variable: Corporate Profit

b. Predictors: (Constant), Internal Audit, Lending System

Source: Primary data using SPSS 23 for windows

used in this study note that F arithmetic of 203,867 is greater than F table 3.354 (using FINV in Microsoft Excel), so it can be concluded that internal audit and crediting system provides a role to the company profit on PT. Pegadaian (Persero) Sukabumi Branch. Based on the determination coefficient test, the amount of internal audit role and crediting system is 93,8%. While the rest of 6.2% influenced by other factors that are not examined.

Suggestions

This research is still far from perfect and is still has limitations and need improvement. Therefore, here are some suggestions than can be given to PT. Pegadaian (Persero) Sukabumi Branch and for further research:

1. The company should always pay attention to the quality of internal audit in credit activities of PT. Pegadaian (Persero) Branch Sukabumi can be increased, considering credit is a business activity that contains many risks.
2. Authors suggesting to employees who handle lending at PT. Pegadaian (Persero) Branch Sukabumi for more enhanced knowledge about credit through training and supervised by higher level officer.
3. For further study, researcher suggesting to verify credit system at PT. Pegadaian (Persero) Branch Sukabumi can be further improved in the future, it aims to reduce the risk of lending that will impact on company profits.

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