THE EFFECT OF INTERNAL CONTROL SYSTEM TOWARDS FINANCIAL PERFORMANCE IN PT. KERETA API INDONESIA

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Abstract
This research is aimed to analyze the influence of internal control on financial performance of PT KAI. This research uses quantitative approach, with multiple linear regression analysis technique. The sampling of the research was done by using purposive sampling technique. Respondents involved in this study were 52 people, consisting of assistant managers and supervisors in PT KAI UPT Balaiyasa Manggarai. The data used is the primary data obtained from the questionnaire.
Testing of the hypothesis shows three acceptable hypotheses and two unacceptable ones. The results showed that the control environment, control activities, as well as information and communication have a significant effect on financial performance. While the risk assessment is influential but not significant to the financial performance, while the monitoring has a significant negative effect on financial performance.

Keywords: Internal control system, financial performance, PT. Kereta Api Indonesia

I. INTRODUCTION

A. Background
The success of eliminating fraud will be based on three processes namely preventive, detective and investigative. The preventive process is the main process in finding against fraud (Tuanakotta, 2014). One of the ways to eliminating fraud is to report fraud. According to Hwangetal (2008), reporting fraud is the best way to prevent and deter fraud. Association of Certified Fraud Examiners (ACFE) indicates that most fraud is detected through complaints. The percentage of financial statement fraud has increased from 2010-2014, with the percentage 4.8%–9.0% (ACFE, 2014).

In Indonesia, there are various cases of fraudulent financial statements, one of which is in the case of PT. Kereta Api Indonesia (PTKAI) in 2005. In July 2006, Hekinus Manao, as a president commissioner of PT KAI revealed to the public that PT KAI detected fraud in the financial statements. It has been suspected that there are manipulations of data in the financial statements of PT KAI in 2005. According to Bachtiar (2012), PT KAI suffered losses, but not in accordance with the financial statements of 2005, which recorded a profit of Rp 6.9 billion. This profit happens because some post are still declared as assets which should have been expressed as cost.

As for the cause of declining financial performance PT KAI can be seen from the indicators: (1) un-fit condition of company’s financial, (2) unimplemented Good Corporate Governance with other contributing factors, (3) unoptimal internal control, (4) unimplemented risk management control as adjusted in Good Corporate Governance. Therefore, it is very important for PT KAI to apply internal control system to achieve a better performance for the company.

A good financial performance will also result in formulating a great planning strategy for the company which eventually resulted in a good working program and it will impact to the profits of the company (Rini and Ongki, 2013:485). Internal control system function as a regulator for the resources that already exist can be used optimally in order to obtain gains maximally as well as designing approach that uses the principle of Cost-Benefit.

The aim of applying internal control system to the company is to avoid any deviation from the procedure, the financial statements produced by the company can be trusted and corporate activities are in line with the law and regulations. While according to Bastian (2009) reveals that the purpose of internal control system is to improve the performance of the organization to protect the organization’s assets and its accounting record, internal control system is used to check the accuracy and reliability of accounting data, improve business efficiency and encourage compliance policies management that has been.

The results of the study (Kapardis, 2002) showed that 76% of companies, whose management is involved in financial statements fraud, have in effective internal controls. The results of this study show how important it is for the auditor to evaluate the company's internal controls and to test further when finding in effective internal control. Based on research (Maryetel, 2014), internal control system consists of the control environment, risk assessment, control activities, information and communication, and monitoring which are very influential on financial performance.
B. Research Problem
1. Does control environment affect the financial performance of PT. KAI?
2. Does risk assessment affect the financial performance of PT. KAI?
3. Does control activities affect the financial performance of PT. KAI?
4. Does information and communication affect the financial performance of PT. KAI?
5. Does monitoring affect the financial performance of PT. KAI?

II. LITERATURE REVIEW AN HYPOTHESIS DEVELOPMENT
A. Literature Review
1. Internal Control
   Internal control system consists of policies and procedures designed to provide reasonable assurance to management that the company is able to reach its goals and objectives (Arens, 2012:290).

   Another definition by Tuan akkota (2013:352), internal control is a processes, policies, and procedures designed by management to ensure reliable financial reporting and financial reporting in accordance with the applicable accounting frame work.

2. Control Environment
   The control environment is a collection of diverse factors effect on creating,strengthening, or reduce affectivity of policies and procedures. In other words, control environment set the overall tone of the organization and influences the control of employees’ consciousness.

   A good environment is the foundation for all the components of internal control,establishing discipline and controlling structure.

3. Risk Assessment
   Risk assessment is the process of identifying, analyzing, organizing and managing the risks that affect the company's objectives relating to activities in which the organization involved. Risk assessment is a process of risk identification and risk analysis that hast do with the achievement of objectives.

4. Control Activities
   Policies and procedures established to ensure that management directive sare run Further more minimizing risk sare established and implemented to ensure the achievement of objectives effectively. Control activitie staking place throughout the organization, at all level sand in all functions.

5. Information and Communication
   The information required should be identified, recorded and communicated in a formand time frame which allows all parties involved to carry out its responsibilities

6. Monitoring
   Internal control systems need to be monitored,which is a process to assess the quality of system performance at all times. It is run through ongoing monitoring activities, separate evaluations or a combination of both. This monitoring is done on an ongoing basis in line with business activity.

7. Financial Performance
   Financial performance is work achievement that has been achieved by the company in a given period and stated in the financial statements of the company (Munawir, 1998). According to the Indonesia Institute of Accountants (IAI, 1996), the company's performance can be measured by analyzing and evaluating financial statements. Information about financial position and financial performance in the past often used as a basis for predicting the current position and performance in the future and other things that immediately attract the attention of users such as the pay mentof dividends determined, wages, the movement price of securities attention wearer such asthe payment of dividends, wages, the movement price of securities and the company's ability to meet its commitments as they do.

B. The Formulation of Research Model and Hypothesis Development
1. Hypothesis Development
   a. Control Environment
      Control environment for the purpose of financial performance that is about the behavior of the overall management and employees about the importance of control. One of the factors that affect the control environment is a philosophy and operating style of management that may affect the financial performance. Based on the description, proposed research hypothesis as follows:

      H1: Control environment have positive effecton the financial performance of PT KAI.

   b. Risk Assessment
      The risk assessment for the purpose of financial performance is the identification, analysis, and management of risks. Management should be able to assess the risks that may occur in the future and should be able to carry out the actions necessary to control these risks.Based on the description, proposed research hypothesis as follows:

      H2 :The risk assessment have positive effect on the financial performance of PT KAI.

   c. Control Activities
      Control activities for the purpose of financial performance created to convince all parties that the
company's goals can be achieved and included the prevention of fraud. Control procedures may include:
1. Separation of responsibility for operations related
2. Operational, storage, assets, and accounting
3. Evidence and security measures Based on the description, proposed research hypotheses as follows:

H3: Control activities have positive effect on the financial performance of PT KAI.

d. Information and Communication

Information and communication for the purpose of financial performance that is information regarding the control environment, risk assessment, control, and surveillance procedures required management to direct operations and meet compliance regulations applicable to maximize financial performance effectively and efficiently. Based on the description, proposed research hypothesis as follows:

H4: Information and communication have positive effect on the financial performance of PT KAI.

e. Monitoring

The purpose of monitoring financial performance is to find weaknesses mainly resulting lack of effectiveness of financial performance in order to improve internal controls. Supervision is done by monitoring the behavior of employees and a warning signal from the accounting system. In large companies, the independent internal auditor is the person responsible for over seeing the internal control system.

Based on the description, proposed research hypothesis as follows:

H5: Monitoring have positive effect on the financial performance of PT KAI.

2. Research Model

III. RESEARCH METHODS AND DATA ANALYSIS TECHNIQUE

A. Research Methods

1. Type of Research

The type of this research is quantitative research. This research will demonstrate the influence of the internal control system on financial performance at PT KAI.

2. Object of Research

The object of this study is about internal control system by using components of the control environment, risk assessment, control activities, information and communication and monitoring. The location of this research at PT KAI UPT Balayasa Manggarai in Jakarta.

3. Type and Source of Data

Data that used in this study is primary data and secondary data. The primary data used is in the form of questionnaires at middle management of PT KAI. Secondary data used is in the form of financial statements that have been published on the website of PT KAI. The other sources are also used to support the research such as books, previous studies, and articles from the internet.

4. Population, Sample and Sample Selection Technique

The population in this research is PT KAI UPT Balayasa Manggarai. In this place have six departments namely logistics, human resource and information technology, procurement of goods and services, planning, production, and quality control. The sampling technique in this research by using purposive sampling technique.

Data collection technique with the distribution of questionnaires. The questionnaire contains a number of questions aim date obtaining information on the problems studied. The questionnaire was distributed to the middle management staff of PT KAI.

5. Operational Definition Variable

a. Dependent Variable

The dependent variable (Y) in this research is financial performance. The financial performance is a performance that has been achieved by the company in a given period and stated in the financial statements of the company (Munawir, 1998).

b. Independent Variable

The independent variable (X) in this research is internal control system. Indicators of the internal control system according to Mulyadi (2001: 183), the internal control system includes the organization, methods, and coordinated measures to guard the wealth of the organization, check the accuracy and
reliability of accounting data, drive efficiency and encourage compliance with management policies.

B. Analysis Techniques

1. Validity Test

Validity test used to measure whether valid or not of questionnaires. A questionnaire considered valid if the questions in the questionnaire were able to reveal something that will be measured by the questionnaire (Ghozali, 2011:52). The validity test of this research using product moment correlation coefficient, with the formula:

\[
\sqrt{\frac{\sum (\sum \sum \sum)}{\sum (\sum \sum \sum)}}
\]

Information:

\( r_{xy} = \) Coefficient of correlation between variables X and Y

\( N = \) Number of respondents

\( \Sigma XY = \) Total product score of X and Y

\( \Sigma X = \) Total score X

\( \Sigma Y = \) Total score Y

\( (\Sigma x)^2 = \) Quadratic total scoreX (\( \Sigma Y \))^2

The correlation coefficient is then compared with r table- when the correlation between the score of items with a total score of less than 0.30 (obtained from the calculation of the interpolation calculation of table values of \( r \) Product Moment) then the item in question in the instrument is declared invalid. The items considered valid if it is greater than 0.3 by comparing it with \( r \) table. If \( r \) count > \( r \) table then valid.

2. Reliability Test

Reliability test is a tool to measure a questionaire which is an indicator of the variables or constructs (Ghozali, 2011:54). In this study, a questionnaire measuring reliability through statistical tests Cronbach Alpha (\( \alpha \)) with SPSS. A variable can be said to be reliable if the value of Cronbach Alpha > 0.60 on the test results. A questionnaire said to be reliable or reliable if someone answers the constant question is consistent or stable over time.

3. Descriptive Statistics

Data analysis techniques used in this research is using the quantitative descriptive method. Descriptive statistics provide the description of a data seen from mean, standard deviation, maximum and minimum (Ghozali, 2016:19).

4. Classic Assumption Test

The analytical method used in this research is multiple linear regression. Multilinear regression aims to obtain a comprehensive representation of the relationship between independent variables and the dependent variable.

IV. RESULT AND DISCUSSION

A. General Description of Company


B. Results of Data Analysis

1. Validity Test

a. Financial Performance

From the table 1, it is known that the value of \( t \) statistic is ranged from 0.565 to 0.826. Meant, all items in the instrument of research financial performance variable are greater than the value of \( t \) table of 0.273. Thus it can be said that all items of the study instrument are valid.

b. Control Environment

From the table 2, it is known that the value of \( t \) statistic is ranged from 0.613 to 0.817 Meant, all items in the research instrument environment control variables are greater than the value of \( t \) table of 0.273. Thus, it can be said that all items of the study instrument are valid.

c. Risk Assessment

From the table 3, it is known that the value of \( t \) statistic is ranged from 0.482 to 0.702. Meant, all items in the research instrument risk assessment variable are greater than the value of \( t \) table of 0.273. Thus, it can be said that all items of the study instrument are valid.

d. Control activities

From the table 4, it is known that the value of \( t \) statistic is ranged from 0.806 to 0.870 Meant, all items in the research instrument variable control activity are greater than the value of \( t \) table of 0.273. Thus, it can be said that all items of the study instrument are valid.

e. Information and communication

From the table 5, it is known that the value of \( t \) statistic is ranged from 0.635to0.757. Meant, all items in the instrument research variable of information and communication are greater than the value of \( t \) table of 0.273. Thus, it can be said that all items of the study instrument are valid.

f. Monitoring

From the table 6, it is known that the value of \( t \) statistic is ranged from 0.820to0.909. Meant, all items in the research instrument monitoring
variables are greater than the value of $t_{table}$ is 0.273. Thus, it can be said that all items of the study instrument are valid.

2. Reliability Test
Based on the above 7, it obtains Cronbach alpha value of financial performance variable is 0.783. Control environment is equal to 0.773, risk assessment equals to 0.752, controlactivity is 0.829, information and communication equals to 0.771, and monitoring equal to 0.831. All of the alpha values are greater than 0.60 and greater than the value of $t_{table}$ 0.293. So, all instruments of research variables are declared reliable and worthy to use in research.

3. Classic Assumption Test
   a. Normality Test
   The normality test uses Kolmogorov Smirnov. From the test results using the help of SPSS, it obtains Kolmogorov Smirnov value of 0.728 and Asymp value. Sig.(2- tailed) of 0.664, which are greater than alpha 0.05. Based on the test results, it can be stated the distribution of data is spread normally.
   b. Multicollinearity Test
   Table 8 shows that there is no independent variable that has Tolerance valueless than 0.1 which means there is no correlation between independent variables. The calculation of Variance Inflation Factor (VIF) value indicates that all independent variables have VIF value less than 10. So, it can be concluded that the proposed regression model does not occur multicollinearity problem.
   c. Heteroscedasticity Test
   The scatter plot image above shows data that the data do not form a particular pattern, as well as the points which spread out above and below the zero on the Y-pivot. So, it can best ated that there is no heteroscedasticity symptom in the regression model.

4. Multiple Linear Regression Analysis
Based on table 9, it can be seen that there is influence of internal control system including the control environment, risk assessment, control activities, information and communication, and monitoring of financial performance, as shown by R Square value of 0.950. Meant, financial performance is influenced by the control environment, Risk assessment, control activities, information and communication and monitoring of 95%, and the rest of 5% is influenced by other variables not examined. This R value of 0.977 shows that the relationship between control environment, risk assessment, control activities, information and communication and monitoring with variable financial performance is very strong.

1. Discussion
   a. The first hypothesis stating that the control environment has a positive effect on financial performance of PT. KAI, is accepted
   The results of analysis using regression model show that the first hypothesis accepted because the control environment has an effect on the financial performance in PT KAI. This result indicates that the control environment is a determinant of high financial performance in PT. KAI. Positive influence implies that the higher the control environment in the internal control system undertaken by the company will be in the higher the financial performance.
   The control environment governs the all of the organization aspects and affects awareness of employee control. A good control environment is the foundation for all the components of internal control, building discipline and control structures. With the high control environment in PT.KAI as shown in the description of the control environment variables, it has an impact on the high financial performance in PT. KAI. This indicates that the control environment in the internal control system in PT. KAI has been able to build employee awareness for discipline and mutual control.
   b. The second hypothesis stating that the risk assessment has positive effect on the financial performance of PT.KAI, is rejected.
   The results of analysis using regression model show that the second hypothesis rejected because the risk assessment does not affect the financial performance in PT. KAI. This result indicates that risk assessment is not a determinant of high or low financial performance in PT. KAI. This is shown that as many as 13 people (25%) of respondents do not know the internal control system in the company and one respondent who answered the risk assessment on the low category. Risk assessment does not affect the financial performance of the company. This fact is understandable because according to the Committees of Sponsoring Organizations of the Treadway Commission (COSO), risk assessment is the process of identifying, analyzing, managing and managing risks that affect corporate goals related to the various activities in which Organizations are involved. The purpose of the company will run well if the internal control system in the company goes well.
   c. The third hypothesis stating that the control activities have positive effect on the financial performance of PT.KAI, is accepted
   The result of analysis using regression model show that the third hypothesis accepted because the control activities affect the financial
performance in PT.KAI. This result indicates that control activities are the determinants of high or low financial performance in PT. KAI. The positive influence of control activities, means that the higher the control activities performed in the company, the higher the financial performance in PT.KAI. Control activities are policies and procedures that companies make to help ensure that management guidance is exercised. Control activities also aim to minimize the risks, which are established and implemented to help ensure the achievement of objectives effectively. Control activities take place through out the organization, all levels and on all functions. So, the control activities that run well and in accordance with the control program that has been set will impact on company problems, so that it will performance including impact on the financial performance of company.

d. The fourth hypothesis stating that the information and communication have positive effect on the financial performance of PT.KAI, is accepted

The result of analysis using regression model show that the fourth hypothesis accepted because the information and communication affect the financial performance in PT. KAI. This result indicates that information and communication are the determinants of higher low financial performance in PT.KAI. The positive effects of information and communication can be interpreted that the higher the information and communication done in the company in the internal control system will be the higher the financial performance in PT.KAI.

Information and communications within the internal control system shall be identifiable, recorded and communicated in the form and the time frame allowing all parties concerned to carry out their responsibilities. The existing information system will produce reports containing information on business, financial and information related to compliance, be enabling users to run and control the business. Thus, the information and communication is the main factor of the company's activities including financial performance.

e. The fifth hypothesis stating that the monitoring has a positive effect on financial performance of PT.KAI, is rejected

The result of analysis using regression model show that the fifth hypothesis is rejected because the monitoring had a negative effect on financial performance in PT.KAI. This result indicates that monitoring is a key determinant of high or low financial performance in PT. KAI. That one respondent answered the monitoring statement in the low category and 34% of respondents in the medium category. The negative influence of monitoring on financial performance, means that the lower the monitoring activity conducted in the company makes the financial performance in PT.KAI will decrease further.

The monitoring activity in the internal control system is a necessity, because the process for assessing the quality of system performances is done over time. It is run through ongoing monitoring activities, separate evaluations or a combination of the two. This monitoring is conducted in a sustainable manner in accordance with business activities. Extreme or very strict monitoring gives birth to very high standards and great detail that makes performance work effectively.

Even small mistakes cannot be tolerated of accompany and immediately judged to be unfeasible, so it is reasonable if they can add to the assessment of matters related to financial performance, such as the data contained in the financial statements.

V. CONCLUSION AND IMPLICATION

A. Conclusion

Based on the results of research that have been described in the previous chapter, it can be drawn some conclusions as follows:

1. Control environment has positive effects on the financial performance of PT. KAI.
2. Risk assessment has no effect on the financial performance of PT. KAI.
3. Control activities has positive effects on the financial performance of PT. KAI.
4. Information and communication has positive effects on financial performance of PT. KAI.
5. Monitoring has no effect on the financial performance of PT. KAI.

B. Limitations

This research has been cultivated and carried out in accordance with scientific procedures, but it still has limitations:

1. Data collection in this research is by distributing questionnaires, and sometimes, the respondents produce a biased answer.
2. The existence of research limitation using questionnaire is takingalongtime.

C. Suggestion

1. The further research related to data collection is better using interview method.
2. The number of population used in this research is only of one company. The subsequent research is expected to increase the number of samples, so the results will be more closely to the actual conditions.

D. Implication

1. Given the importance of the company's internal control system, PT Kereta Api Indonesia is
expected to improve the company's internal control system. Improving the monitoring of corporate assets such as cash, and inventory on a regular basis. This can reduce the possibility of errors in calculations and prevent from fraud (unethical behavior).

2. PT Kereta Api Indonesia is expected to identify, analyze, manage, and manage risk to deal with various risks from both external and internal sources. Provide an overview about accountability and transparency of local government financial management, so the public can assess the policies and performance of local governments as well as efforts to realize good public governance.

3. Theoretically, this research consistent with internal control system theory except for risk assessment, effect and monitoring effect on financial performance. The necessary information should be able to be identified, recorded, and communicated in the form and time span that allow all relevant parties to carry out their responsibilities. To be able to do this, PT KAI uses SAP (System Application and Product in data processing) which is a software which helps the company to plan and perform various daily activities. Given the importance of information and communication, it is very important for the internal control system expected companies/ others to imitate PT KAI related to it.

REFERENCE


Maryetal. (2014). Effects of Internal Control Systems on Financial Performance of Sugarcane out grower companies in Kenya. IOSR Journal of Business and Management (IOSR-JBM)e-ISSN:

ISSN : 2579-969X
APPENDIX

Table 1. Result of Validity Test of Variable of Financial Performance

<table>
<thead>
<tr>
<th>Item</th>
<th>R statistic</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>2</td>
<td>0.826 &gt;Rtable (0.273)</td>
<td>Valid</td>
</tr>
<tr>
<td>3</td>
<td>0.782 &gt;Rtable (0.273)</td>
<td>Valid</td>
</tr>
<tr>
<td>4</td>
<td>0.744 &gt;Rtable (0.273)</td>
<td>Valid</td>
</tr>
<tr>
<td>5</td>
<td>0.565 &gt;Rtable (0.273)</td>
<td>Valid</td>
</tr>
<tr>
<td>6</td>
<td>0.686 &gt;Rtable (0.273)</td>
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Source: primary data, processed 2017

Table 2. Result of Validity Test of Variable of Control Environment

<table>
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<th>Item</th>
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<th>Information</th>
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<tbody>
<tr>
<td>1</td>
<td>0.613 &gt;Rtable (0.273)</td>
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<tr>
<td>2</td>
<td>0.817 &gt;Rtable (0.273)</td>
<td>Valid</td>
</tr>
<tr>
<td>3</td>
<td>0.732 &gt;Rtable (0.273)</td>
<td>Valid</td>
</tr>
<tr>
<td>4</td>
<td>0.692 &gt;Rtable (0.273)</td>
<td>Valid</td>
</tr>
<tr>
<td>5</td>
<td>0.633 &gt;Rtable (0.273)</td>
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<tr>
<td>6</td>
<td>0.779 &gt;Rtable (0.273)</td>
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<tr>
<td>7</td>
<td>0.710 &gt;Rtable (0.273)</td>
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<td>8</td>
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</tr>
<tr>
<td>9</td>
<td>0.764 &gt;Rtable (0.273)</td>
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<tr>
<td>10</td>
<td>0.764 &gt;Rtable (0.273)</td>
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Source: primary data, processed 2017
Table 3. Result of Validity Test of Variable of Risk Assessment

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<th>Item</th>
<th>R statistic</th>
<th>Information</th>
</tr>
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<tr>
<td>2</td>
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</tr>
<tr>
<td>3</td>
<td>0.651 &gt; Rtable (0.273)</td>
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</tr>
<tr>
<td>4</td>
<td>0.482 &gt; Rtable (0.273)</td>
<td>Valid</td>
</tr>
<tr>
<td>5</td>
<td>0.702 &gt; Rtable (0.273)</td>
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</tr>
<tr>
<td>6</td>
<td>0.682 &gt; Rtable (0.273)</td>
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<td>7</td>
<td>0.622 &gt; Rtable (0.273)</td>
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*Source: primary data, processed 2017*

Table 4. Result of Validity Test of Variable of Control Activities

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<tr>
<td>2</td>
<td>0.866 &gt; Rtable (0.273)</td>
<td>Valid</td>
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<tr>
<td>3</td>
<td>0.870 &gt; Rtable (0.273)</td>
<td>Valid</td>
</tr>
<tr>
<td>4</td>
<td>0.806 &gt; Rtable (0.273)</td>
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*Source: primary data, processed 2017*

Table 5. Result of Validity Test of Variable of Information and Communication

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<th>R statistic</th>
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<td>2</td>
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<tr>
<td>3</td>
<td>0.654 &gt; Rtable (0.273)</td>
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</tr>
<tr>
<td>4</td>
<td>0.712 &gt; Rtable(0.273)</td>
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*Source: primary data, processed 2017*

Table 6. Result of Validity Test of Variable of Monitoring

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<td>2</td>
<td>0.820 &gt; Rtable (0.273)</td>
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<tr>
<td>3</td>
<td>0.909 &gt; Rtable (0.273)</td>
<td>Valid</td>
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<tr>
<td>4</td>
<td>0.854 &gt; Rtable (0.273)</td>
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*Source: primary data, processed 2017*

Table 7. The Result of Reliability Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Alpha value</th>
<th>Information</th>
</tr>
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<tbody>
<tr>
<td>Financial performance</td>
<td>0.783 &gt; CronbachAlpha(0.6)</td>
<td>Reliable</td>
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<tr>
<td>Control environment</td>
<td>0.773 &gt; CronbachAlpha(0.6)</td>
<td>Reliable</td>
</tr>
<tr>
<td>Risk assessment</td>
<td>0.752 &gt; CronbachAlpha(0.6)</td>
<td>Reliable</td>
</tr>
<tr>
<td>Control activities</td>
<td>0.829 &gt; CronbachAlpha(0.6)</td>
<td>Reliable</td>
</tr>
<tr>
<td>Information and communication</td>
<td>0.771 &gt; CronbachAlpha(0.6)</td>
<td>Reliable</td>
</tr>
<tr>
<td>Monitoring</td>
<td>0.831 &gt; CronbachAlpha(0.6)</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

*Source: primary data, processed 2017*
Table 8. The Result of Multicolinearity Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Tolerance</th>
<th>VIF</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control environment</td>
<td>0.120</td>
<td>8.308</td>
<td>no multicollinearity</td>
</tr>
<tr>
<td>Risk assessment</td>
<td>0.388</td>
<td>2.575</td>
<td>no multicollinearity</td>
</tr>
<tr>
<td>Control activity</td>
<td>0.101</td>
<td>9.882</td>
<td>no multicollinearity</td>
</tr>
<tr>
<td>Information and communication</td>
<td>0.844</td>
<td>1.185</td>
<td>no multicollinearity</td>
</tr>
<tr>
<td>Monitoring</td>
<td>0.146</td>
<td>6.836</td>
<td>no multicollinearity</td>
</tr>
</tbody>
</table>

*Source: primary data, processed 2017*

Table 9. The Result of Regression Analysis

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>Beta</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.482</td>
<td>0.242</td>
<td>0.810</td>
</tr>
<tr>
<td>Control environment (X1)</td>
<td>0.440</td>
<td>8.130</td>
<td>0.000*</td>
</tr>
<tr>
<td>Risk assessment (X2)</td>
<td>0.002</td>
<td>0.040</td>
<td>0.968</td>
</tr>
<tr>
<td>Control activities (X3)</td>
<td>0.408</td>
<td>3.979</td>
<td>0.000*</td>
</tr>
<tr>
<td>Information and communication (X4)</td>
<td>0.179</td>
<td>3.438</td>
<td>0.001*</td>
</tr>
<tr>
<td>Monitoring (X5)</td>
<td>-0.147</td>
<td>-2.091</td>
<td>0.042*</td>
</tr>
</tbody>
</table>

N = 52

F = 195.150, Probability: 0.000*

*Sig < 0.05, R² = 0.950

*Source: primary data, processed 2017*