CHAPTER V

CONCLUSIONS AND IMPLICATIONS

A. **Conclusion**

Based on the description in the results and discussion chapter, it can be drawn a conclusion that the implementation of the internal control system at BPRs in Central Java using the five component coso assessment method has been carried out quite well. Nevertheless, there are a number of components that need improvement.

1. Control Environment

The component of control environment runs quite well, as the statistical t test with the criteria for the sig value < 0.05 or $t_{statistics} > t_{table}$ where $0.032 < 0.05$ and $2.18 > 1.98729$. This means that the control environment has a significant influence on the effectiveness of internal control in BPRs in Central Java. The BPR in Central Java already has an organizational structure along with the division of tasks, functions and responsibilities for each employee, the Board of Commissioners as well as the internal auditor committee.

The audit committee is always responsible for overseeing financial reporting, compliance with existing laws and regulations. The commissioner or audit committee

of every BPR in Central Java know well the potencies of each employee, so that the employee is assigned the appropriate duties and responsibilities.

Every BPR in Central Java has successfully implemented standards and policies that must be adhered to every BPR employee in order to increase the effectiveness of internal control.

2. Risk Assessment

The Risk Assessment carried out by BPR in Central Java in order to improve the effectiveness of internal control has been carried out quite well. This is based on the results of the statistical T test with the criteria for the sig value < 0.05 or $t_{statistics} > t_{table}$ where $0.021 < 0.05$ and $2.349 > 1.98729$. Thus, risk assessment has a significant influence on the effectiveness of internal control. The audit committee has the responsibility for estimating or predicting risks that may occur in the future.

The audit committee always oversees management activities, such as in making financial reports, making policies for the company, and in the performance of each employee.

3. Control Activities

Control activities carried out in improving the internal control system need improvement. This is based on

the results of the statistical T test with the criteria of sig < 0.05 or $t_{statistics}$ > t_{table} where $0.585 > 0.05$ and $0.548 < 1.98729$. Meant, control activity has no significant influence on the effectiveness of internal control.

The audit committee at each BPR has not carried out all recording and classification of each transaction and all company activities have been authorized by the authorized department. Not all documents used for transactions are numbered in print order to facilitate control of the distribution of financing. Physical supervision of important company assets and records, as well as independent checks on implementation are also adequate because of the clarity of the implementation of existing duties and responsibilities.

4. Information and communication

Information and communication conducted at BPRs in Central Java has not been carried out effectively, as the internal audit committee still reports the financial records that are not timely. There are also some BPRs that have not recorded financial reports by computer. Consequently, they are still doing wrong in classifying accounts in recording financial statements.

5. Monitoring

On average, monitoring at BPRs in Central Java has been carried out well, but it needs improvement for the future. Generally, the BPRs in Central Java have periodically supervised the performance of their employees.

B. **Implications**

Based on the results that have been identified, the research can provide implications as the following:

1. **Theoretical Implications**

   a. The results of this study may strengthen previous research regarding the effectiveness of implementing the company's internal control structure by coso.

   b. Research results may contribute to the development of literature and research in accounting, especially auditing.

   c. This research is expected to be a reference and conceptual contribution for researchers and other academics of this kind, especially at the Faculty of Economics and Business, Jenderal Soedirman University.

2. **Practical Implications**

   a. For researchers

The reults of this study may extend researchers' knowledge about the COSO framework for internal auditors, and internal control structures. In addition, it can hone the ability to analyze in terms of problem solving. In turn, this may be useful in the future.

b. For company management

The results of this study can be used as references or additional information about the importance of the five components of the COSO framework for internal auditors. This attitude serves to assess the effectiveness of the internal control structures of BPRs in Central Java.

3. Implicators Implication

a. For policy makers

The results of this study are expected to be a consideration for the Financial Services Authority in supervising BPRs so that they are more effective within the BPR itself.

C. **Research Limitations**

1. This study explains the influence of the independent variable coso component on the dependent variable on the effectiveness of internal auditors' internal control by 39.5%

while the remaining 60.5% is explained by other variables not examined in this research model. In future studies, other variables related to the effectiveness of internal control can be added.

2. This study uses an online-based questionnaire collection method by sending a link via google form and distributing it directly. However, there are deficiencies in distributing directly and online. This causes only respondents who have duties and functions that play a role in accordance with the profession in the BPR. So, there are respondents who do not respond after being sent the google form. In further research, it is expected to use the questionnaire distribution method directly and meet people who have tasks and functions according to what the study looking for.