

Conference Paper

Influence Integrity, Objectivity and Moral Courage by The Effectiveness of Internal Audit Senior Management Support for Variable Moderation

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Abstract

The purpose of this research was to Determine the purpose of Integrity, Objectivity, moral courage on the effectiveness of internal audit and to know senior management support as moderating the effect of integrity on the effectiveness of internal audit, senior management support as the moderating influence of Objectivity on the effectiveness of internal audit and senior management support moral courage as a moderating influence towards the effectiveness of internal audit. The type of research was associative research. The Data used was primary and secondary data. The population of this research was internal auditors at the government bank in western Ilir subdistrict Palembang with 38 respondents. The techniques of data collection was by distributing questionnaires. The Methods of data analysis used in this research was quantitative and qualitative analysis. The results of the research indicated resources Significantly integrity that influenced the effectiveness of internal audit. Objectivity Significantly influenced the effectiveness of internal audit and moral courage that Significantly influenced the effectiveness of internal audit. Senior management support was Able to Strengthen Integrity, Objectivity and moral courage towards the effectiveness of internal audit.

Keywords: integrity, objectivity, moral courage, support, effectiveness

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betri.sirajuddin@gmail.comReceived: 16 September 2019
Accepted: 28 September 2019
Published: 31 October 2019Publishing services provided by
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the responsibility of the ICEMA
Conference Committee.

1. Introduction

In the current era of globalization Increasing number of cases in the field of accounting in recent years that involve the role of public accountants, as the misuse of the financial statements, the audit procedure violations, manipulation of financial statements, and other forms of fraud that involve accounting profession.

Some of the cases are in banking in South Sumatra revealed by the FSA (Financial Services Authorization) one of the bad loans committed by the Bank Sumsel Babel, bad credit is considered commonplace in the banking business. If the banks do not have

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bad credit, you can bet not because pengelolaan super nice but for lending too careful (over Prudent) so many restrictions on lending.

Only credit loan portfolio without risk (zero risk), of course it raises the opinion is relatively small banks and banks function as agents of development becomes unreal. The above conditions, indicating that lending is only a business activity and the emergence of non-performing loans are business risks. On the other hand, bad credit can be an act of corruption, especially if the credit breakdown due to the violation of the provisions on lending to customers. Babel Sumsel Bank also recorded fails to apply the precautionary principle in managing the credit group. So the bad loans to five companies totaling Rp 310.8 billion and lending griya prosperous by four branches of Rp 10.4 billion, potentially uncollectible (www.kontan.co.id).

Contained in the banking case in the city of Palembang which were dictated by the FSA (Financial Services Authorization) one of the fictitious credits committed by the former head of Bank BRI Branch Veteran Palembang Rp 123.8 billion using fictitious credit. This burglary mode by creating a fictitious credit business credit category as many as 42 people, working capital loans of 11 people, 64 people express credit, housing loans and credit 9 multi-use as much as one person. According to Article 18, paragraph 1, letter b of Corruption Act, which is intended for such compensation is the amount of money as much with property derived from corruption. (New.detik.com, July 2013)

Bank became independent in 2016 the occurrence of cases of forgery and embezzlement and fraud committed R Sukanto Branch of Bank Mandiri Bank Mandiri Palembang which was judged to have violated the principle, both the application of the principle of know your customer and prudent banking principles. The bank violated the Regulation of Bank Indonesia (BI) No. 31/10 / PBI / 2001 as well as BI Regulation No. 16 / I / PBI / 2014 on Consumer Protection Service Payment System. Then, Article 49 paragraph 2 letter b of Law No. 7 of 1992 Jo Act No. 10 of 1998 concerning Banking (TRIBUNNEWS.COM, September 2016).

Based on the case of causing doubts over the principles of the internal auditor as the attitude of integrity, objectivity, confidentiality of and competence of internal auditors. For that auditors are required to comply with auditing standards and be have in accordance with the principles that have been established.

1.1. Research purposes

The purpose of this study was to determine the effect of integrity, objectivity and moral courage on the effectiveness of internal audit with the support of senior management as a moderating variable.

2. Methods and Equipment

The data used in this research is associative, data used are primary data and secondary data. Population and sample in this research Ilir subdistrict were 38 respondents. The data collection technique is using interview and questionnaire. The analysis of the independent variables with the dependent variable and the classical linear regression analysis and the MRA (Moderate Regression Analysis) by the following equation:

2.1. Test Multiple Regression Analysis

The equation I = $Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$

2.2. Test Moderated Regression Analysis (MRA)

Equation II = $Y = a + b_1 + b_3 X_1 b_2 X_4 X_1 + X_3 + e$

Equation III = $Y = a + b_1 + X_2 + b_2 X_4 b_3 X_2 X_4 + e$

equation IV = $Y = a + b_1 X_3 + b_2 X_4 + b_3 X_3 X_4 + e$

Information:

Y = Effectiveness of Internal Audit

X1 = Integrity

X2 = Objectivity

X3 = Moral Courage

X4 = Senior Management Support

X1X4 = Interactions between Integrity and Senior Management Support

X2X4 = Interactions between Objectivity and Support Senior management

X3X4 = Interaction between Moral Courage and Senior Management Support

a = Constant

B1b2b3 = regression coefficient of variable X

3. Results

Integrity variable (x1), Validity Results showed that the lowest value ie 0.334 r hitung can be as follows: objectivity variable (x2) The validity of the results shows that the lowest value is 0.402 r hitung can be as follows: moral courage variable (x3) The validity of the results shows that the lowest value ie 0.599 r count can be 0.3202 r table, senior management support variables (x4) The validity of the results showed that the lowest value ie 0.710 r hitung can be 0.3202 r tabel, internal audit effectiveness variable (y) The validity of the results showed that the lowest value on the item that is calculated is 0.626 eighth the question is therefore the table above variables declared invalid 0.3202 r table

3.1. Classic assumption test

Results of testing the classical assumption in this study indicate that normality test, multicollinearity, heteroscedasticity test and test autokorelasi have qualified. So the regression model worthy to wear.

3.2. Hypothesis testing

3.2.1. F test (simultaneous)

F test conducted to determine whether the effect of independent variables integrity, objectivity and moral courage on the effectiveness of internal audit simultaneously / together.

TABLE 1: Results of Test F.

ANOVA ^a						
Model		Sum of Squares	Df	mean Square	F	Sig.
1	Regression	2,124	3	.708	37,223	.000a
	residual	.647	34	.019		
	Total	2,771	37			

a. Predictors: (Constant), Moral Courage, Objectivity, Integrity

Source: Data Processing results, 2019

Hypothesis test results in Table 1 show that the known value of F is equal to 37.223, while F_{table} for real level (α) of 5% and the numerator (k = 3), so k-1 = 2 and denominator

$df = nk-1 = (38- 3-1) = 34$ amounted to 2,883 in other words $F_{count} > F_{table} (37.223 > 2.883)$, so that it can be concluded that the integrity, objectivity and moral courage, affect the effectiveness of the internal audit together. From the test results F also that the significance (Sig) which appear amounted to 0,000, which would mean $Sig F (0,000) < \alpha 0.05$, it suggests that there is a strong significance occurred on independent variables on the dependent variable. integrity (X1), objectivity (X2), moral courage (X3), significantly influence the effectiveness of the internal audit (Y).

TABLE 2: Test of determination.

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.876 ^a	.767	.746	.13793	1,676
a. Predictors: (Constant), Moral Courage, Objectivity, Integrity					
b. Dependent Variable: Effectiveness of Internal Audit					
Source: Data Processing results, 2019					

Obtained value of R Square (R²) of 0.767 or 76.7%. This result means that 76.7% of variable effectiveness is influenced by the integrity of the internal audit (X1), objectivity (X2), moral courage (X3), while the remaining 23.3% (100% -76.7%) influenced by other factors not included in this study, such as experience, level of gender, audit situations, ethics and other factors are thought to influence the effectiveness of the internal audit.

3.3. T test (Partial)

T test was conducted to determine whether the independent variables influence the perception of the auditee, competence and objectivity of the effectiveness of internal audit partially

Hypothesis test results show that the known tcount for integrity variable (X1) of 3.755 while the ttable with real rates (α) of 5% (0.05) and $df = nk-1 = 34$ is 2,032 so it can be concluded that Ha2a received and H02a rejected. and X1 significant value of 0.001 for t value sig $< 0,05 = 0.001 < 0.05$, significant positive and significant effect then the conclusion integrity significantly affect the effectiveness of the internal audit.

Hypothesis test results show that the known tcount for objectivity variable (X2) of 3.362 while the ttable with real rates (α) of 5% (0.05) and $df = nk-1 = 34$ is 2,032 so it can be concluded that Ha2b received and H02b rejected. and X1 significance value of 0.002 for t value sig $< 0,05 = 0.002 < 0.05$, significant positive and significant effect

TABLE 3: Results of t test.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	3.302	.058		57.143	.000		
Integrity	.393	.105	.455	3.755	.001	.467	2.140
Objectivity	.229	.068	.333	3.362	.002	.701	1.426
Moral courage	.228	.092	.266	2.474	.018	.593	1.685

a. Dependent Variable: Effectiveness of Internal Audit
 Source: Data Processing results, 2019

then the conclusion of objectivity significantly affect the effectiveness of the internal audit.

Hypothesis test results show that the known tcount for moral courage variable (X3) amounted to 2,474 while the ttablel with real rates (α) of 5% (0.05) and $df = nk-1 = 34$ is 2,032 so it can be concluded that Ha2c received and H02c rejected. as well as significant value X3 for 0,018 because t value sig $<0,05 = 0.018 <0.05$, significant positive and significant effect then the conclusion moral courage to significantly affect the effectiveness of the internal audit.

3.4. Test In Moderation

TABLE 4: Test Results Moderated Regression Analysis (MRA) Interactions the integrity of senior management support.

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.250	.068		47.692	.000
Integrity	-.524	.085	-.607	-6.126	.000
senior management support	.250	.066	.377	3.808	.001

a. Dependent Variable: Effectiveness of Internal Audit

TABLE 5: Test Results Moderated Regression Analysis (MRA) Interactions the integrity of senior management support.

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.308	.074		44.464	.000
	Integrity	-.592	.092	-.686	-6.429	.000
	senior management support	-.072	.122	-.108	-.588	.560
	Interactions Integrity with senior management support	.322	.186	.276	1.728	.093

a. Dependent Variable: Effectiveness of Internal Audit

TABLE 6: Test Results Moderated Regression Analysis (MRA) objectivity interaction with senior management support.

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.927	.036		80.366	.000
	objectivity	-.304	.078	-.442	-3.891	.000
	senior management support	.329	.075	.496	4.368	.000

a. Dependent Variable: Effectiveness of Internal Audit

TABLE 7: Test Results Moderated Regression Analysis (MRA) objectivity interaction with senior management support.

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.944	.039		75.855	.000
	Objectivity	-.363	.092	-.527	-3.961	.000
	senior management support	-.320	.075	-.483	-4.256	.000
	Interactions Objektivitas with Dukungan Manajemen Senior	.193	.160	.145	1.208	.235

a. Dependent Variable: Effectiveness of Internal Audit

TABLE 8: Test Results Moderated Regression Analysis (MRA) moral courage interaction with senior management support.

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.981	.046		64.958	.000
	moral courage	-.367	.101	-.428	-3.639	.001
	senior management support	.326	.078	.491	4.171	.000

a. Dependent Variable: Effectiveness of Internal Audit

TABLE 9: Test Results Moderated Regression Analysis (MRA) Interaction moral courage with the support of senior management.

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.001	.049		61.570	.000
	moral courage	-.413	.108	-.482	-3.829	.001
	senior management support	-.292	.083	-.440	-3.520	.001
	Interaction moral courage with senior management support	.212	.182	.131	1.163	.253

a. Dependent Variable: Effectiveness of Internal Audit

4. Discussion

Based on the interaction of integrity with the support of the senior management of the tables 4 and 5 show that the support of senior management equation moderator for variable integrity of the effectiveness of internal audit, as in Table 4 show that the support of senior management to moderate the integrity of the effectiveness of internal audit visits from a significant level of $0.001 < 0, 05$. While in table 5 shows that senior management does not moderate dukungam integrity of the effectiveness of internal audit is seen from a significant level of $0, 093 > 0.05$.

Objectivity interaction with senior management support from tables 6 and 7 shows that the support of senior management equation varibael moderator for objectivity on the effectiveness of internal audit, as in Table 6 shows that senior management support moderate the objectivity of the effectiveness of internal audit visits from a significant

level of $0.000 < 0.05$, While in table 7 show that senior management does not moderate dukungam objectivity of the effectiveness of internal audit is seen from the significant level of $0.235 > 0.05$.

Moral courage interaction with senior management support tables 8 and 9 shows that senior management support for variable equations moderator moral courage on the effectiveness of internal audit. because in table 8 show that senior management support to moderate the moral courage of the effectiveness of internal audit visits from a significant level of $0.000 < 0.05$. While in table 9 show that senior management does not moderate dukungam moral courage on the effectiveness of internal audit is seen from the significant level of $0.253 > 0.05$.

5. Conclusion

Based on the formulation of the problem, objectives, basic theories, hypotheses, test results, data analysis and discussion, it can be concluded that it can be concluded that the integrity, objectivity and moral courage significantly influence the effectiveness of the internal audit. Integrity significantly affect the effectiveness of the internal audit. Objectivity significantly affect the effectiveness of the internal audit and the moral courage to significantly affect the effectiveness of the internal audit. Senior management support to strengthen the integrity, objectivity and moral courage on the effectiveness of internal audit.

Acknowledgement

The authors would like to thank their colleagues for their contributions and support for this research. They also thanked all reviewers who provided valuable input in this study

Conflict of Interest

The authors have no conflict of interest to declare.

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