

Designing Risk-Based Internal Audit Plan in the Internal Auditor Division (A Case Study in PT. XY)

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Abstract

This study analyzed the design of a risk-based audit plan in the internal audit division (a case study of PT. XY). It is expected that the implementation of a risk-based audit plan in the internal audit division can support the achievement of the strategic plan of PT. XY. This research used a qualitative method with a descriptive design. The data collection technique was carried out by document analysis and interviews with structured questions, while the analysis technique was conducted with data reduction, data display, and concluding. This study concluded that using the risk-based internal audit plan method yielded several advantages, including more measurable auditable areas aligned with company objectives, number of mandays efficiency, and budget efficiency. Therefore, the authors suggest applying risk-based internal audit (RBIA) in the audit planning process for the following years and performing assurance mapping as a critical factor in supporting the audit planning process.

Keywords

internal audit; risk based
internal audit; strategic plan;
qualitative descriptive;
assurance mapping



I. Introduction

PT. XY is one of two state-owned insurance companies appointed by the government as a guarantor for the People's Business Credit and National Economic Recovery Program. PT XY is a group of Holding Indonesia Financial Group (IFG) which is set to become a financial driver of the Indonesian economy, especially in the insurance and guarantee sector. The above conditions explain the critical role of PT. XY is one of the drivers of government programs and its achievement as part of BUMN strategic goals. In this condition, adequate supervision is mandatory as to which the company's management can mitigate the risks in achieving the goals. Economic growth is still an important goal in a country's economy, especially for developing countries like Indonesia (Magdalena and Suhatman, 2020).

PT. XY is required to have good governance by controlling risks that can hinder the company's achievement; therefore, it will positively affect its performance. In POJK No. 73 of 2016 concerning Corporate Governance, the position of internal audit in insurance companies, Effective and efficient internal control involves internal audit and remain subject to the regulations that have been determined. According to Law Number 19 of 2003 concerning State-Owned Enterprises (in Indonesian known as BUMN) as further regulated in Government Regulation of the Republic of Indonesia Number 45 of 2005 in Chapter VI, it is explained that every BUMN, an Internal Audit is formed. As mentioned in paragraph (1), the Internal Supervisory Unit is led by a head responsible to the President Director. Internal auditors are parties who play an essential role in the company's control system. PT.XY must have a reliable internal auditor with the proper audit methodology and process, where the current audit planning is still using the traditional approach. According to the Guidance note on Risk-Based Internal Audit (IIA 2020), the RBIA

process begins with setting goals, understanding business processes, and identifying risks to determine the exact risk appetite. Griffiths (2015) defines RBIA as one of the methodologies that can be used by internal audit to provide opinions and input to management whether the risk being managed is categorized into an acceptable risk.

PT. XY to have a reliable internal audit with an appropriate methodology and process is necessary where the current audit planning uses the traditional approach. This condition prompted the author to raise the title of "Designing a Risk Based Internal Audit Plan in tRisk-Basedl Audit Division (case study of PT. XY)"

Researchers asked the following:

- a. How is the implementation of RBIA in assessing risk in the business line of PT. XY?
- b. How is the implementation of RBIA in supporting the achievement of the strategic plan of PT. XY?
- c. Do the recommendations on the implementation of RBIA support the achievement of the strategic plan of PT. XY?

II. Review of Literature

2.1 Internal Audit

Kontogeorgis (2018) Defined *internal audit* as part of corporate governance. The most important function is to evaluate the effectiveness of corporate governance, and the results will affect the quality of the corporate governance process. The audit function can be the primary support for the company to achieve its goals with effective governance and provide oversight of risks and controls managed by the management (The Institute of Internal Auditors Research Foundation, 2018). In maximizing the internal audit function, the audit planning approach is an essential part of the initial process of an internal audit work cycle, one of which is the Risk-Based Internal Audit approach. Risk itself is an unexpected occurrence in the future (Adler 2018), with Risk Based Internal Audit linking internal audit with the risk management framework within the company (IIA, 2014). According to The Institute of Internal Auditors Research Foundation (2018), "In today's business environment, the internal audit function has become a key support function for management, audit committees, boards of directors, external auditors, and other key stakeholders. When properly designed and implemented, the internal audit function can play a key role in promoting and supporting effective organizational governance."

2.2 Risk

Jorion (2007) defined *risk* as to the volatility of unexpected returns, representing the value of assets, equity, or income. In other conditions, the internal audit function is to carry out an effective evaluation process and provide input to improve the risk management process within the company (IPPF, 2017). Internal audit supports the company by defining the company's vision and goals. Strategy is said to be successful for internal audit if it can identify opportunities, risks, implications of audit resources, and the approach planned by internal audit (Anne Pitt, 2014). IIA (2021) Divides risk into ten risks "cybersecurity, third party, board information, sustainability, disruptive innovation, economic and political volatility organizational governance: data governance: talent management, culture business continuity and crisis management."

2.3 Risk Base Internal Audit

IIA (2014) Defines risk-based internal auditing (RBIA) as a methodology that links internal auditing to an organization's overall risk management framework. Comprehensive risk-based internal audit planning can provide a foresight of the company's risks. A Head of the Internal Audit Unit must communicate and develop risk-based assignments following 2010 standards (Planning and Standards 2010.A1). A controlled stage process is needed (IIA, 2020) as follows:



Source – IIA (2020) *Developing a Risk Based Internal Audit plan*

Figure 1. *The Stages of Risk Based Audit Plan*

With the correct risk-based internal audit process steps, the proper audit object will be obtained based on the risks that are being or will be faced by the company in the future. In this process, one of the critical processes is the Internal Audit's Risk Assessment process, which is a measurement related to the company's maturity in the application of risk management, three program components, and 4 ERM maturity levels with the division of level 1 (Ad-hoc), Level 2 (Defined), Level 3 (Systematic) and 4 (Integrated) (AICPA, 2018).

In economics the understanding of the market is broader than just a meeting place between sellers and buyers to carry out sale and purchase transactions for goods / services (Azhar Affandi *et al*, 2020).

As explained in POJK Number 44/POJK.05/2020 concerning the implementation of Risk Management for Non-Bank Financial Services Institutions, several risks must be reported periodically to regulators, including Strategic Risk, Operational Risk, Insurance Risk, Credit Risk, Market Risk, Liquidity Risk, and Legal Compliance, and Reputational Risk. Sally – Anne Pitt (2014) describes the steps in preparing an annual risk-based audit plan: understanding the organization's business, risks for organizational activities, people, organizational level, audit universe, auditable areas, assurance mapping, and resource allocation.

2.4 Assurance Mapping

Assurance mapping following International Professional Practices Framework (IPPF) 2050 that The chief audit executive should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts. In other words, one of the keys to success in achieving organizational goals is the support of the internal audit function and other functions in assurance. Therefore coordination is needed to provide an overview of specific areas that require attention because they are low in supervision and low in the assurance process.

III. Research Method

This research uses a qualitative descriptive method with a case study approach. Descriptive qualitative methods describe and compare data obtained with generally accepted standards. This study used several cycles, such as choosing the research project, asking questions according to the specified project, and collecting data regarding previous questions. Qualitative research is declared credible if it can provide guarantees in the data collection process and interpret the data accurately; therefore, the results reflect the actual conditions. Research is expected to provide input for solving existing problems. This study used several cycles, such as choosing the research project, asking questions according to the specified project, and collecting data regarding previous questions. Qualitative research is declared credible if it can provide guarantees in the data collection process and interpret the data accurately; therefore, the results reflect the actual conditions.

The researchers used the primary data obtained from interviews related to implementing the RBIA Plan at PT. XY. While the secondary data were obtained from journals, publications, third-party assessment reports, and regulatory regulations. To confirm the data and obtain further information, the researcher interviewed informants consisting of the Chief Audit Executive, the Audit Committee, Group Head of Risk Management, and Division heads who have moved and served more than three divisions. Resource persons are expected to have experience and provide comprehensive answers to interview questions.

Interviews were conducted directly and indirectly. Researchers conducted direct interviews by coming to the office and asking for information from the sources with structured questions. In Wahyuni's book (2019), interviews can be conducted by meeting directly with informants and electronically assisting questions and answers using zoom media or WhatsApp videos with recorded evidence and news of events. The structured interview technique is focused on questions and answers only about related issues. Research with systematic interviews will facilitate data processing, and with structured interviews, the topic focus is clear, and understanding will develop according to the existing topics (Wahyuni, 2019). Some of the criteria for informants are specified in the following information. The details for determining the list of informants are in table 1.

Table 1. The List of Informants

No	Status	Description
1.	The Head of Internal Audit Unit	The highest status in Internal audit
2.	Audit Committee (Independent Commissioner as chairman of the Audit Committee or the members)	Partners for internal audit in reporting to the Board of Commissioners
3.	Risk Monitoring Committee	Partners for Risk Management Division

No	Status	Description
4.	Senior management (Division Head)	Head of Business Management Division or other division head who has held the division head position at least 3 times or more.

Source: Data processed by researchers

This research utilized official documents at PT. XY such as the company operational standards, Work Plan and Budget (WP&B) and Corporate LongTerm Plan (CLTP), audit documents (such as Audit Planning, Audit Working Papers, and Audit Reports), and Risk Management Division Reports.

IV. Results and Discussion

4.1 Audit Plan Prepared by the Internal Audit Unit

The audit planning of PT. XY has been done using a work unit approach by considering the risk factors of each work unit and a scoring layer consisting of 6 risk factors for head offices and nine risk factors for branch offices. The following process is to calculate the audit universe score. After obtaining the score for each work unit based on the scoring layer, the final score is calculated by multiplying according to the weight of each risk factor for all work units consisting of 23 head office work units (divisions) and for class 1 branch offices as many as five branches, class 2 branches as many as eight branches, 29 branches for class 3 and 18 for class 4 for a total of 60 branches.

After scoring, the auditable areas were determined for six audit divisions, 5 class 1 branches, seven regional offices, 8 class 2 branches, 6 class 3 branches, and 3 class 4 branches so that a total of 35 work units were audited. The following summarizes the results with the audit planning approach by the internal audit of PT. XY, which is compiled by the Internal Audit Unit. The details for the mandays audit calculation summary are in table 2.

Table 2. Mandays audit Calculation Summary

No	Description	Work Unit	Day	People	Audit Day
A	Routine Audit				
1	Head Office Audit	6			750
2	Class I Branch Audit	5			445
3	Regional Office Audit	7			140
4	Class II Branch Audit	8			312
5	Class III Branch Audit	6			180
6	Class IV Branch Audit	3			60
	Number of HP Routine Audit	35			1,887
B	Audit with a Specific Purpose (ASP)				
	Number of support activity days ASP				420
C	Non-Routine Audit				
Total internal audit support activity days			439	85	1,470
Total support activity days required					3,777
Total available for annual work plan			214	14	2,996
Shortage/Excess					-781
Additional energy needed					-3.65
Rounding					-4

Source: Internal Audit Unit 2021

The analysis of the calculation of the audit sample of 35 work units based on the work unit approach, there is a shortage of 781 days. The Internal Audit Unit assumes 214 working days a year. There is a shortage of personal audits of 4 auditors. Travel based on position and class, including daily money and hotel, the costs needed for the audit process can be calculated. Daily and hotel fees for 26 work units total IDR 817,800,000. Details of audit Plan details are in table 3.

Table 3. Travel Expenses

Branch	Daily Fee	Hotel	Total	Auditable areas	Total Cost
Class 1 Branch Audit	24,300,000	52,000,000	76,300,000	3	228,900,000
Class 2 Branch Audit	11,250,000	25,800,000	37,050,000	8	296,400,000
Class 3 Branch Audit	8,250,000	19,200,000	27,450,000	6	164,700,000
Class 4 Branch Audit	1,500,000	3,600,000	5,100,000	3	15,300,000
Regional Office Audit	6,750,000	12,000,000	18,750,000	6	112,500,000
	52,050,000	112,600,000	164,650,000	26	817,800,000

Source: The Researchers' Analysis

4.2 The Audit Plan Prepared by the Researchers

a. Audit Universe

The Corporate Long Term Plan for 2020-2024, 2020 Work Plan and Budget, the realization of Work Plan and Budget September 2020, Key Performance Indicators of Branch Performance as of September 2020, and Annual Audit Work Program 2021 and other relevant documents. From the results of the 2021 Annual Audit Work Program analysis, the researchers developed an RBIA audit plan by re-analyzing the risk data approach from top risks data, recalculating work units, and inputting from management and audit committees to obtain a more comprehensive risk picture. The following three methods are used to obtain relevant risks according to the company's conditions.

1. Risk Register from the Risk Management Division

Companies have a management reporting system using a risk management system (SIMR). PT. XY has rules about risk level categories. Based on the risk map of PT XY in semester 1 of 2020, there were 101 risks in the low category (27.3%), 114 risks in the medium-low category (30.8%), 83 risks in the medium-high category (22.4%), 47 risks in high category (12.7%) and 25 risks in very high category (6.8%). The risk assessment output was presented in a report to help the Board of Directors/Management have accurate and accountable risks information. Through the assessment, 15 top risks were determined for the 1st semester of 2020 report, with six risks taken based on the following criteria; risks that were still high after mitigation, risks that had a significant impact on company operations, and input from the audit committee on the selection of risks that were included in the audit object.

2. Work Unit

The audit universe based on work units covered all branch offices and divisions in the head office. Determination of Auditable Areas using a weighting with a scoring layer based on risk factors found four risk factors at the head office and five at branch offices. The details for Risk Factor Comparison are in table 4.

Table 4. Risk Factor Comparison

RISK FACTORS	
Internal Auditor	researcher
HEAD OFFICE	
Score of Audit Findings from the last audit	Last audit period
Risk register	Length of time the leader has served
Last audit period	Realization of the 3rd WP&B 2020
Length of time the leader has served	Fulfillment of human resources
2018 KPI Achievements	
Completeness of resources	
BRANCH OFFICES	
Score of Audit Findings from the last audit	Last audit period
Financial Performance Score up to Oct 2020	Length of time the leader has served
SPIP score from last audit	Premium achievement (against 2020 Target)
MR score from last audit	Net Income (against 2020 Target)
Risk register	Claim (against 2020 Target)
Last audit period	
Guarantee ceiling (KUR & Non KUR)	
Accounts receivable (collection ratio)	
Length of time the leader has served	

Source: The Researchers' Analysis

Table 4 Risk factors such as SPIP score, risk management score, risk awareness, guarantee ceiling, loan, and receivable ceiling do not describe risks that significantly affect the company's strategic objectives. Researchers perform risk updates for branch offices, namely the achievement of premiums, net income, and achievement of claims. These factors are branch office KPIs determined by PT. XY and these risk factors significantly affect the achievement of the target of PT. XY as a whole because the branch office is the company's profit center. While the division uses the Quarter 3 2020 achievement report

The scoring layer determined the comparison of risk factors. This condition describes the level of achievement of work unit targets, both divisions and branch offices, based on predetermined risk factors. Layers are defined with ranges 1, 3, and 5 to make it easier to calculate differences. The number of scoring layers will affect the final score after being multiplied by the weight of each risk factor. Details of determining the scoring layer are in table 5.

Table 5. Risk Factors, Weights and Scoring Layers by the Researchers

Risk Factors		Weight	Scoring Layer		
			1	3	5
<u>Head Office</u>					
1.	Last audit period	25	< 6 months	6 months s.d < 12 months	>= 12 months
2.	Length of time the leader has served	15	< 15 months	15 months s.d < 30 months	>= 30 months
3.	Realization of the WP&B 2020	40	>70%	50% up to 70%	< 50%
4	Fulfillment of human resources	20	> 80%	70% up to 80%	< 70%
<u>Branch Offices</u>					

Risk Factors		Weight	Scoring Layer		
			1	3	5
1.	Last audit period	25	< 6 months	6 months s.d < 12 months	>= 12 months
2.	Length of time the leader has served	15	< 15 months	15 months up to < 30 months	>= 30 months
3.	Premium achievement (against 2020 Target)	20	> 70%	50% s.d 70%	< 50%
4.	Net Income (against 2020 Target)	20	> 70%	50% s.d 70%	< 50%
5.	Claim (against 2020Target)	20	<30%	30% s/d %50%	>50%

Source: The Researchers' Analysis

3. Management and Audit Committee advice

The results of interviews with the Commissioners, Audit Committee, and Senior Management (Head of Divisions), obtained several inputs regarding the risks faced by the company today and potential risks in the future with a focus on the company's current business. The focus of the audit area is on the Management of State Equity Participation (PMN) because of PT. XY is one of the recipients of State Equity Participation to guarantee MSMEs, especially the People's Business Credit and National Economic Recovery program. Managing the company's reserves, the Financial Services Authority is currently relaxing the restructuring of the banking credit program until March 31, 2023. The impact on the company's strategy in strengthening reserves to anticipate the end of the restructuring relaxation period, and another focus is the development of IT in the integration of the operational system of PT. XY and this is in line with the company's goal of IT transformation.

b. Risk Maturity Level

Based on the measurement of risk management at PT. XY, conducted by the PPM Management Institute in 2018, aims to provide an overview of the application of risk management and introduce three dimensions in the risk management process. The maturity level of risk management implementation at PT. XY is in the range of $3.5 < X < 4.5$ in the managed category. The researcher concludes that the level of knowledge about risk and the application of risk has been carried out well by PT. XY, therefore The results of risk measurement by risk management are used as an element to develop a risk-based internal audit plan at PT. XY.

c. Assurance Mapping

Assurance mapping is conducted to improve governance, risk management, and control processes. The Internal Audit Unit requires collaboration and support both internally and externally from the Assurance provider to achieve success. Another success that the Internal Audit Unit must achieve is the efficiency in coordinating assurance to ensure proper coverage and minimize duplication of the assurance process following the Institute of Internal Auditors (IIA) standards in standard number 2050. Of the recorded risks, there are nine risks which, according to the researcher, have been sufficiently assured by lines 1, 2, or 4 so that the Internal Audit Unit (line 3) can reduce the risk as an audit object. This reduction positively impacts the Internal Audit Unit due to reduced auditable areas, mandays, and budgets in the audit process. Some risks were not included in the auditable areas because other parties have had sufficient assurance. If it is assumed by calculating the number of auditors and audit days, reducing auditable areas due to the implementation of Assurance mapping is 381 days assuming no official travel costs. The

reduction in audit mandays can be used to allocate other activities of the Internal Audit Unit. The details for determining the Resources Saving are in table 6.

Table 6. Resources Saving

No	Risk	Audit Team			Head of Division		Head of Internal Audit Unit as Supervisor
		Auditor	Day	Day in Total	Team Leader	Supervisor	
1	Financial Reporting						
	Fairness and correctness of financial statements	5	10	50	3		1
	Securities management	5	10	50	2		1
2	Human Resources						
	HR rules are not updated	2	10	20	1	1	
	Training settings not running	2	10	20	1	1	
	Unstructured career path	2	10	20	1	1	
3	Operational						
	Investment	4	10	40	1		1
	Claim	4	10	40	1		1
	Commission	4	10	40	1		1
4	Technology						
	Data Security	4	20	80	1		1
SubTotal				360	12	3	6
Total							381

Source: The Researchers' Analysis

d. Auditable Areas

Researchers consider several approaches to risk-based audit analysis. The focus of the 2021 audit was taken in the specified auditable areas. If there is a double inspection area in the analysis as in the risk approach by MR with a work unit approach or a business process approach according to informants' input in this study, simplification is carried out by taking one of the existing approaches. Of the 15 top risks, six were taken based on potential risks that are still ongoing in 2021 and the audit committee's input. For branch offices, all class 1 branch offices were taken with consideration of the size of the business portfolio and other branch classes based on weight with provisions entering the High category or other categories if the high category does not exist and taking other auditable areas based on input from the head of division, commissioners independent and audit committee. The details for Auditable Areas are in table 7.

Table 7. Auditable Areas

No	Auditable area	Division in charge/Work Unit
1	There are differences in data during the construction of the Core System, especially in the data migration process.	IT Division
2	The potential for credit insurance claims increases for both KUR (People's Business Credit) and non-KUR	Claim Division
3	Unavailability of backup Reinsurance so that risk retention (own risk) becomes 100%	Reinsurance Division
4	The company's unpreparedness in implementing PP No. 20 of 2020 regarding State-Owned Enterprise insurance holdings	Subrogation Division

No	Auditable area	Division in charge/Work Unit
5	he potential for project coverage/guarantee claims (KBG, Suretyship, and asked) using imported materials and labor from countries exposed to the COVID-19 pandemic has increased.	Claim
6	Increased Outstanding Non-KUR claim settlement during the COVID-19 pandemic	Claim
7	Class I Branch Offices (BO) : a. BO 1 b. BO 5 c. BO 16 d. BO 17 e. BO 26 f. BO 38 Branch offices according to weight : a. BO 18 b. BO 27 c. BO19 d. BO 20 e. BO 21 f. BO 22	Branch Offices
8	Regional Offices : a. XX b. XX	
9	Division : a. Division 1 b. Division 2 c. Division 3 d. Division 4 e. Division 5 f. Division 6	Respective Division
10	Input : a. Managing State Equity Participation b. Managing Reserve c. Financial Report Process d. Business Agreement	a. Investment Division b. Actuary Division c. Accounting Division d. PRJ Division

Source: The Researchers' Analysis

e. Resource Allocation

Considering the criteria described previously, the researchers propose auditable areas for the 2021 audit year, as stated in table 8.

Table 8. Mandays Calculation

No	Auditable areas	Branch Class	Work Unit Risk Category	Audit Team			Head of Division		Head of Internal Audit Unit as Supervisor
				Auditor	Day	Day in Total	Team Leader	Supervisor	
1	There are differences in data during the construction of the Core System, especially in the data migration process		High	3	30	90	10		2

No	Auditable areas	Branch Class	Work Unit Risk Category	Audit Team			Head of Division		Head of Internal Audit Unit as Supervisor
				Auditor	Day	Day in Total	Team Leader	Supervisor	
2	The potential for credit insurance claims increases for both KUR (People's Business Credit) and non KUR		High	3	10	30	3		2
3	Unavailability of back up Reinsurance so that risk retention (own risk) becomes 100%		High	3	20	60	5		2
4	The company's unpreparedness in implementing PP No. 20 of 2020 regarding State Owned Enterprise insurance holdings		High	3	10	30	3		2
5	The potential for project coverage/guarantee claims (KBG, Suretyship and asked) using imported materials and labor from countries exposed to the COVID-19 pandemic has increased		High	3	10	30	3		2
6	Increased Outstanding Non-KUR claim settlement during the COVID-19 pandemic		High	3	10	30	3		2
Risk Issue MR Audit						270	27	0	12
	Class 1 Branch Offices and Regional Offices								
7	BO A	1	High	4	15	60	5		2
8	BO B	1	Medium	4	15	60	5		2
9	BO C	1	Medium	4	15	60	5		2
10	BO D	1	Medium	4	15	60	5		2
11	BO E	1	Medium	4	15	60	5		2
Regional Offices									
12	Regional Office A	1	Non Score	3	10	30	5		2
13	Regional Office B	1	Non Score	3	10	30	5		2
Branch Offices according to weight :									
14	BO F	3	High	4	10	40		3	

No	Auditable areas	Branch Class	Work Unit Risk Category	Audit Team			Head of Division		Head of Internal Audit Unit as Supervisor
				Auditor	Day	Day in Total	Team Leader	Supervisor	
15	BO G	4	High	2	10	20		3	
16	BO H	4	High	2	10	20		3	
17	BO I	3	High	4	10	40		3	
18	BO J	2	Medium	4	10	40		3	
19	BO K	2	Medium	4	10	40		3	
Audit Branch						560	35	18	14
	Division :								
20	General Bureau			4	15	60	3		2
21	HR Division			4	15	60	3		2
22	Retail & Network Division			4	15	60	3		2
23	SOE Marketing Division			4	15	60	3		2
24	Claim Division			4	15	60	3		2
25	Reinsurance Division			4	15	60	3		2
Total Audit Division						360	18	0	12
26	State Equity Participation Management			3	10	30	3		2
27	Reserve Management			3	10	30	3		2
28	Financial Report Process			4	10	40	3		2
29	Business Agreement			3	10	30	3		2
30	IT Supporting and ACS Development			4	10	40	3		2
Input management						170	15	0	10
TOTAL AUDIT PLAN						1360	95	18	48
Non Audit Activities									
	ADDT /Fraud Investigation			3	30	90	20		5
	Regular Reporting			5	70	350	40		10
	RBIA Methodology			5	105	525	70		30
	Update Audit Program			5	20	100	30		10
	Special assignment (Board of Directors, Audit Committee)			5	50	250	40		10
	Certification and education			14	15	210	30		15
	External Assurance Assistance (KAP, BPK, BPK dan OJK)			5	50	250	30		10
						1775	260	0	90
Total						3,135	355	18	138
Total audit days in 2021									3,646

Source: The Researchers' Analysis

Table 8, it is concluded that the number of days needed in a year with the RBIA approach is 3,646 days with coverage of 30 auditable areas. Availability of Audit days with 17 auditors, including the chief audit, including the Chief audit executive, is 3720 days.

Therefore, there is an audit excess of 74 days. Daily and hotel fees for 11 work units total IDR 354,300,000. Travel expenses if PT. XY applies RBIA as follows in table 9.

Table 9. Travel Expenses

Branch	Daily Fee	Hotel	Total	Auditabl e areas	Total Cost
Class 1 Branch Audit	17,400,000	41,000,000	58,400,000	3	175,200,000
Class 2 Branch Audit	8,625,000	19,800,000	28,425,000	2	56,850,000
Class 3 Branch Audit	8,625,000	19,800,000	28,425,000	2	56,850,000
Class 4 Branch Audit	5,400,000	13,800,000	19,200,000	2	38,400,000
Kanwil	5,550,000	7,950,000	13,500,000	2	27,000,000
	45,600,00	102,350,000	147,950,000	11	354,300,000

V. Conclusion

Some of the good impacts of determining the audit object based on Risk-based internal audit with three approaches in obtaining risk records as audit objects include.

a. Impact of Risk-based internal audit on the audit object

1. The risk description is more comprehensive because it is not only based on the work unit in the planning by Internal Audit.
2. There is the additional risk as an audit object from the risk management division's risk assessment.
3. Changes in risk factors for assessing work units are more realistic and easy to measure, and the impact of risk factors directly affects company achievement.
4. Input from senior management and the audit committee as partners in supervision on the board of commissioners makes the risk assessment taken as an audit object wider

b. The impact obtained if Internal audit PT. XY can apply Assurance Mapping.

Internal audit PT. XY can see the risk map and Assurance's position on risk as consideration for determining the audit object in the audit planning process and saving resources because there is a reduction in the audit object.

c. The impact of saving resource allocation if internal audit PT. XY can implement a risk-based internal audit plan.

The risk-based internal audit plan approach combined with assurance mapping will change risk factors and reduce the audit area from 35 audit areas to 30 audit areas. Savings details are as follows:

1. Human Resources and Audit assignments

There is an excess of 74 days with a total calculation of mandays 3,646 days and 3,720 days availability according to table 8 below.

2. Budget

Comparison of official travel costs between the calculations of internal auditors and researchers is as follows. With a risk-based audit approach, the analysis results provide savings in the operational audit assignment budget from the original Rp. 817,800,000 to Rp. 354.300.000,- resulting in an operational audit assignment budget efficiency of Rp. 463.500.000- approximately 56.5% of audit budget for 2021.

Recommendation

The researcher concludes that the use of audit planning using the RBIA method provides optimal benefits compared to the work unit approach prepared by the previous internal audit. Therefore, it is recommended to prepare audit plans for the following years.

Limitation of the Study

- a. Determination of management and audit committee input on risk is still carried out by structured interviews through personal responses, not yet through the focus group discussion (FGD) process.
- b. The scope of the annual audit planning at PT. XY, other conditions outside this research are not included in the scope of the study.
- c. Research has not included the role of Internal Audit Holding (PT. Indonesia Financial Group)
- d. This study uses the latest 2018 risk maturity level assessment

Suggestion

- a. Suggestions for the Internal Audit
 1. Can use the results of the researcher's RBIA audit planning as a reference for preparing the annual plan.
 2. Carry out risk updating by regularly conducting discussions on Internal audit, risk management, and management.
 3. Carry out risk updating by regularly conducting internal audit, risk management, and management discussions
 4. Determine risk factors that are adjusted to the goals of the company
 5. Develop an audit system based on PT. XY to facilitate the management and analysis of the data needed for planning and the audit process.
 6. Pandemic conditions of covid 19 internal audit can make alternative plans and procedures.
 7. Internal Audit with IT assistance develops a process for periodic monitoring of work units in business processes, especially at branch offices, by creating a dashboard to pull reports from all branch offices simultaneously.
- b. Suggestions for the Divison Risk Management
 1. Updating procedures and management of Loss Event Data according to insurance industry practices.
 2. Improving the delivery of mitigation measures to measurable, such as mentioning completion targets, responsible Person in Charge (PIC).
 3. Carry out socialization and awareness to increase risk culture, several ways in socialization and awareness such as related to policies, risk guidelines, training, and conducting surveys to all employees of PT. XY randomly.
- c. Suggestions for the Academics

Further research is the application of RBIA for companies that have carried out assurance mapping. Therefore, different results will be obtained from companies that have not completed the assurance mapping process. Further research is the application of RBIA in different maturity levels in each company.

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