

Effect of Internal Control Weaknesses and Audit Opinion to the Findings of State Losses

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Abstract : The aim of this research is to examine the effect of internal control weaknesses and audit opinion on the state's loss findings of audit compliance to the regulation in public sector. The samples of this research consisted of 175 local government financial statements in the area of Central Java Province at 2009 until 2013. Area sampling design was used to select the financial statements. This study using quantitative descriptive statistical analysis and regression was run for data analysis and hypothesis examination. Result of this study indicated that internal control weaknesses and audit opinion contributes a positive influence which is significant to the state's loss findings of audit compliance to the regulation. The internal control weaknesses that affect the state's loss finding are weakness control system of accounting and reporting with the value of the critical ratio 0.010 p 2.613 ; weakness budget execution control system with critical ratio value of 3.421 p 0.001 and weaknesses internal control structure with critical ratio value of 2.246 p 0.026 . While the audit opinion with a critical ratio value of 4.401 p 0.000. The implications of this research so that policy makers at the local government should give more attention to the implementation and improvement of internal control system.

Keywords : audit compliance findings, state's loss, audit opinion, internal control, local government

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