

Implementation of Internal Control In Achieving Good Governance at Stellar Powerhouse Branch Jember

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Abstract: Implementation of internal control to achieve good governance has a very important role. It is not limited to large corporations even small business operators must also implement internal controls to achieve good corporate governance. Failure to implement internal controls can lead to deviations and the possibility of fraudulent activities, which could ultimately lead to the company's bankruptcy. By implementing these internal controls, it is expected that the company can assess its strengths and weaknesses. Furthermore, the company is also expected to identify threats and opportunities within its operations, which can be valuable for future business processes. This research employs a qualitative research method with a descriptive approach, focusing on Stellar Powerhouse in Jember Regency as the research subject. The results of this study aim to elucidate the internal controls that Stellar Powerhouse has implemented in its pursuit of effective corporate governance.

Keywords: Governance, Internal Auditing, Internal Control

INTRODUCTION

Internal auditing plays a crucial role in assisting organizations in achieving their objectives by implementing a systematic and timely approach to evaluate and enhance the effectiveness of risk management processes, control adequacy, and organizational management. Auditors need to conduct regular assessments of internal controls to ensure effective coordination among corporate control functions, enabling each function to operate efficiently and effectively. Internal auditing is a critical component of corporate governance in both the public and private sectors. According to Sukrisno Agoes [1] internal auditing is an audit conducted by the internal audit department of a company, encompassing compliance with the company's financial statements and accounting records, required corporate governance standards, and adherence to government regulations and applicable professional organization rules. From these expert definitions, it can be concluded that internal auditing is a systematic process for obtaining and evaluating evidence or information to meet predefined criteria and reporting it to relevant parties.

As a company continues to grow, the scope of control becomes broader and more complex, making internal controls essential for organizations. They help management direct and ensure the success of organizational activities while addressing weaknesses, limitations, and reducing the potential for fraud and errors. According to Mulyadi [2] internal control includes organizational structure, policies, and procedures coordinated to safeguard organizational assets, ensure the accuracy and reliability of accounting information, promote efficiency, and enforce compliance with management

principles. The benefits of effective internal controls include enhancing financial reliability and integrity, improving operational efficiency, and protecting assets while reducing the risk of fraud.

According to Effendi [3] governance serves as the internal control system of a company, with its primary goal being managing significant risks to achieve business objectives by safeguarding company assets and increasing shareholder value in the long term. Effective corporate governance entails following measures of disclosure and transparency to provide regulators, shareholders, and the public with timely and accurate information about financial, operational, and other aspects of the company. In general terms, governance represents a systematic effort within a process to attain organizational objectives through management principles that encompass planning, execution, control, and evaluation.

Stellar Powerhouse is a sports-oriented company established in 2015, with numerous branches in various small and large cities, including international locations. The Jember branch of Stellar Powerhouse was formed in 2020 during the Covid-19 pandemic. Each branch offers different equipment and gear, influenced by the interests of the local community. The management of cash expenditures for equipment purchases, supplies, and maintenance is handled by different accountants. However, pricing for the offered packages is standardized. Stellar's core value is promoting and preserving calisthenics throughout Indonesia. Additionally, Stellar prioritizes member satisfaction through its business strategies, including tailored programs for individuals with specific body types, fat loss, strength training, and more. Stellar distinguishes itself by offering affordable membership rates compared to its competitors while maintaining high-quality methods established and standardized by Stellar itself. With effective strategic planning, Stellar has successfully attracted a substantial number of members in approximately three years. One researcher has asserted that companies with sound corporate governance and internal control implementation can influence changes in a company's value growth. Higher company value fosters investor confidence, underscoring the significance of implementing internal controls in achieving good governance.

The research problem statement of this study is to investigate the implementation of internal control at Stellar Powerhouse in Jember Regency and to examine the implementation of good governance at Stellar Powerhouse in Jember Regency. Therefore, the objectives of this research are to analyze the implementation of internal control at Stellar Powerhouse in Jember Regency and to analyze the implementation of good governance at Stellar Powerhouse in Jember Regency.

METHOD

The type of research in this study is qualitative. According to Moleong [4], qualitative research aims to understand phenomena by holistically describing what is experienced by research subjects in words and language, in a specific natural context, utilizing scientific methods. By using this qualitative approach, the author needs to go through several stages such as data collection techniques and conducting interviews with relevant informants regarding Internal Control and GCG (Good Corporate Governance).

Data collection techniques in this study were carried out through questionnaires containing questions related to internal control and GCG for informants who met the criteria. According to Sugiyono, observation is a data collection technique that has specific characteristics when compared to other techniques Sugiyono [5]. From the explanation above, it can be concluded that observation is the activity of directly collecting data in the field with the intention of obtaining the necessary

information to complement this research. Furthermore, this research uses descriptive analysis techniques, which involve analyzing data by describing existing data without altering existing conclusions or in a general manner. The purpose of descriptive analysis is to present data from observations clearly. The descriptive analysis used in this study aims to explain whether the internal control currently implemented by Stellar Powerhouse conforms to COSO standards and whether internal control at Stellar Powerhouse has an impact on the implementation of good corporate governance.

Table 1. Problem Solving Framework

VARIABLE	SUB VARIABLES	INDICATORS
Application <i>Internal Control Stellar Powerhouse</i>	Measure Level Risk	Determine Purpose that relevant to Vision and Mission
		Identify and Analyze the presence of risks
		Measure Level Risk Cheating
	Room Range Activities Control	Development control against technology
		Divide existing tasks
	Control Environment Structure	Organizational structure, employee authority, and employee responsibilities
		Integrity and Ethical Values
	Communication and Information	Internal and External Information Sources
		Using Relevant Information
	Action Monitoring Activities	Evaluate existing deficiencies Periodic evaluation
Achievement <i>Good Corporate Governance (GCG)</i>	Transparency	Using Relevant Information
	Accountability	The performance of the company must be reasonable and <i>real</i>
	Accountability	Based on applicable laws and codes of ethics
	Independence	Role and plan Must run according to the rules
	Fairness	Treatment that Reasonable or equivalent

RESULTS AND DISCUSSION

Based on the interviews conducted with Stellar Powerhouse, it can be outlined that Stellar Powerhouse has implemented internal controls quite effectively, thus achieving good corporate governance. This can be substantiated through the responses to the questionnaire regarding internal control and corporate governance.

Implementation of Internal Control at Stellar Powerhouse Jember Regency:

a. Internal Control Environment (Organizational Structure, Employee Authority, and Employee Responsibilities)

The division of responsibilities within Stellar Powerhouse aligns with the company's organizational structure. Additionally, the organizational structure effectively identifies each employee or coach. Stellar Powerhouse's organizational structure also aligns with defined authorities, ensuring that employees understand their respective roles and responsibilities. Management has allocated tasks and roles to employees, minimizing the likelihood of overlap.

b. Internal Control Environment (Integrity and Ethics)

Integrity and ethics are crucial for Stellar Powerhouse. Establishing behavioral standards and ethics among employees is vital to support the implementation of GCG (Good Corporate Governance) by the company. This approach maximizes the company's long-term value. Stellar Powerhouse also conducts performance evaluations on a monthly basis to measure employee performance. This evaluation helps the company assess the success of its employees in serving clients. The information regarding the company's value has been conveyed transparently.

c. Internal Control Environment (Accountability)

In terms of accountability within the control environment, Stellar Powerhouse ensures that the majority of employees understand their respective roles and responsibilities. This is achieved through routine evaluations conducted at the beginning of each month. Monthly meetings address client feedback, how employees or coaches conduct client training, issues with the Stellar application, and more. And it same with [6]

d. Risk Assessment (Objectives)

The company's objectives are aligned with targeting processes to match its vision and mission. Stellar Powerhouse's internal audit is responsible for risk assessment in collaboration with risk management.

e. Risk Assessment (Risk Identification and Analysis)

Stellar Powerhouse takes measures to identify and analyze potential risks to corporate governance. This proactive approach helps anticipate serious risks that could hinder the company's vision and mission achievement. Stellar Powerhouse conducts these actions to ensure the company's targets are met.

f. Risk Assessment (Detecting Potential Fraud)

In assessing fraud risks, Stellar Powerhouse has established standard operating procedures and corporate governance to protect against and mitigate fraud. Continuous and ongoing evaluations of the company's departments are conducted.

g. Control Activities (Effective Task Allocation)

As indicated in the interviews, Stellar Powerhouse effectively allocates tasks. The company assigns tasks based on employees' abilities and expertise. Employees like coaches are responsible for training customers. Training schedules are arranged in accordance with agreements between coaches and customers, streamlining training activities. Other task allocations are

also defined based on individual responsibilities, minimizing communication errors among employees. This clear task allocation aims to facilitate employee responsibilities and achieve common goals.

h. Control Activities (Technology Control Enhancement)

Control activities related to technology are crucial for Stellar Powerhouse, given the increasing cases of misuse of advanced technology. Stellar Powerhouse has its "Stellar Pass" application, which manages training schedules, displays schedules, and facilitates transactions with merchant partners. Technology control is maintained through evaluations of the system and standard operating procedures within the "Stellar Pass" application. This control ensures accessibility to Stellar's data by relevant parties.

i. Information and Communication (Internal and External Information)

Effective information and communication are vital to prevent communication errors and ensure adequate information dissemination. Stellar Powerhouse maintains good communication and provides adequate information to various stakeholders. This is achieved through coordination meetings among Stellar's divisions. Information shared includes both internal and external data. Internal information supports Stellar's internal operations, such as planning and training activities. External information benefits external parties like customers and other sports enthusiasts, providing comprehensive information to facilitate various activities. Effective communication streamlines Stellar's goal achievement, and transparent information dissemination supports customer satisfaction and other stakeholders.

j. Monitoring Activities (Regular Evaluations)

Regular evaluations are crucial for running Stellar Powerhouse's business activities, as they are related to the company's goal achievement. Stellar Powerhouse conducts routine evaluations every month to provide the best service and minimize recurring errors. Periodic evaluations aim to address issues promptly and exploit business development opportunities.

k. Monitoring Activities (Evaluating Existing Shortcomings)

Evaluating existing shortcomings is essential. Stellar Powerhouse conducts such evaluations when issues arise, identifying and assessing these problems to find the best solutions. Additionally, the company provides a facility for customers to report concerns, facilitating problem resolution and enhancing customer satisfaction.

Implementation of Good Corporate Governance at Stellar Powerhouse Jember Regency:

a. Transparency (Relevant Information) Stellar Powerhouse in Jember Regency adheres to the principles of good corporate governance. The information provided is relevant to the company's objectives, as evidenced by interviews and research visits to Stellar Powerhouse. Open communication of assignment results and the establishment of a monitoring system for information are essential components of maintaining relevance.

b. Accountability (Transparent and Reasonable Company Performance)

Auditors within Stellar Powerhouse effectively organize systems to monitor their operational activities. Auditors are also responsible for identifying and reporting on company performance. These activities align with established corporate principles for conducting audits. Stellar Powerhouse has analyzed company performance transparently and reasonably.

c. Responsibility (Based on Laws and Codes of Ethics)

The company conducts evaluations of its performance to maximize adherence to ethical standards and applicable laws.

d. Independence (Organ Functions Follow Regulations)

Stellar Powerhouse demonstrates independence in implementing good corporate governance. The company's functions and tasks adhere to established regulations. Stellar Powerhouse's internal audit team provides financial reports on various activities.

e. Fairness (Fair and Equal Treatment)

Independence is integral to achieving fairness. Stellar Powerhouse adheres to fairness by meeting the rights arising from agreements and regulations. The internal auditor communicates with management before making changes and improvements to the company's systems, ensuring fair treatment.

CONCLUSION

Stellar Powerhouse in Jember Regency has effectively implemented internal controls, leading to the achievement of sound corporate governance practices. This assertion is substantiated by various internal control measures undertaken by Stellar itself. These internal control activities encompass several aspects, such as identifying potential fraud, ensuring proper task allocation, and maintaining control over technology, among others. These measures demonstrate Stellar Powerhouse's commitment to effective internal control practices. Furthermore, attaining good corporate governance also necessitates adhering to sound governance principles. Transparency in information dissemination has been carried out in a manner consistent with the company's objectives. Additionally, the role of auditors in conducting performance evaluations is of paramount importance. This aims to obtain comprehensive results and adhere to the company's principles in conducting audits. Moreover, the company conducts periodic performance evaluations in line with ethical standards and prevailing laws, further enhancing its ability to uphold these standards.

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