

## Internal Audit of Hospital Services to Achieve the Implementation of Good Corporate Governance



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**ABSTRACT:** Internal Audit is an examination conducted by a company's independent internal audit department, covering financial statements, company accounting records, control systems, and compliance with applicable government regulations to assist the organization in achieving its objectives. This research was conducted at RSUD Gambiran Kediri to assess the role of internal audit in implementing Good Corporate Governance. The research results indicate that medical personnel work professionally and hold competency certificates in their fields, while the hospital has implemented transparency principles. The analysis shows a correlation coefficient value of 0.478, categorized as moderate, and the t-test results demonstrate a comparison with a value of 2.666. Based on the distribution table with degrees of freedom  $n-2$  and a significance level of 5%, the value obtained is 2.064. Thus,  $2.666 \geq 2.064$ , which leads to the conclusion that the null hypothesis is rejected, and the alternative hypothesis is accepted. Therefore, it is concluded that internal audit plays a role in implementing Good Corporate Governance.

**KEYWORDS:** Internal Audit, Good Corporate Governance

### I. INTRODUCTION

The rapid growth of the business and economic world forces business players to employ all available strategies to remain competitive. The challenges they face are increasingly diverse, from the emergence of competitor companies to the prevalence of corruption, collusion, and nepotism, which can endanger company assets. Increased company activity has made it difficult for management, as the responsible party, to effectively supervise and control each activity. To prevent this, management can conduct continuous inspections through internal audits of each department. Internal audits are conducted on financial reports, accounting records, and compliance with both internal and governmental regulations. The purpose of internal audit is to help each department fulfil its responsibilities effectively and efficiently, providing objective information and valuable recommendations to management in support of risk management, control effectiveness, and Good Corporate Governance.

Good Corporate Governance is a system that guides how an organization is managed and controlled. Good Corporate Governance governs the relationships between the Board of Commissioners, the Board of Directors, and company management to ensure balanced organizational management. Good Corporate Governance is a well-structured system designed to enhance organizational value and accommodate various stakeholders, such as creditors, suppliers, business associations, consumers, employees, government, and the general public. The principles of Good Corporate Governance include accountability, responsibility, transparency, fairness, and independence.

Implementing Good Corporate Governance is a standard that all organizations must meet. Good Corporate Governance requires transparency in reporting the company's financial condition to protect the interests of investors, creditors, and stakeholders. The role of internal audit in achieving Good Corporate Governance is crucial, as internal audit functions to monitor compliance with company policies, oversee and secure assets, and review corporate performance through financial and operational audits. Internal audit also acts as a consultant, ensuring Good Corporate Governance by reviewing corporate governance rules at least once a year. The implementation of internal audit can provide support for commissioners, the audit committee, the board of directors, and senior management in establishing a foundation for developing corporate governance at RSUD Gambiran Kediri, which is a Regional Public Service Agency (BLUD) under Kediri Mayor's Decree No. 891 of 2009.

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## II. THEORETICAL FRAMEWORK

### A. Internal Audit

#### 1. Definition of Internal Audit

According to Sawyer (2009:8), Internal Audit is an independent consulting and assurance activity within an organization that is guided by a value-adding philosophy to improve organizational operations. This audit helps organizations achieve their goals by applying a systematic and disciplined approach to evaluate and enhance the effectiveness of risk management processes, control adequacy, and organizational governance.

Tugiman (2006:11) defines Internal Audit as an independent assessment function within an organization to examine and evaluate its activities.

Agoes (2004:221) describes Internal Audit as an audit conducted by a company's internal audit department that evaluates financial reports, accounting records, and compliance with top management policies.

#### 2. Purpose and Function of Internal Audit

According to Hery (2010:93), the purpose of internal audit is to assist management in fulfilling responsibilities effectively by providing objective analysis, assessments, advice, and comments on the activities or issues being reviewed. Internal audit staff are expected to provide the organization with analysis, evaluation, recommendations, consultation, and information regarding the activities reviewed. Internal Audit supports management in oversight and control functions, as management cannot supervise every stage of company operations independently or ensure that policies set by top management are properly implemented.

According to Sawyer (2009:32), the functions of internal audit are as follows:

- a) Monitoring activities that cannot be supervised by top management.
- b) Identifying and minimizing risks. Internal auditors broaden the perception of risk management and enhance efforts to assure management that all organizational risks are appropriately addressed.
- c) Validating reports to senior management.
- d) Assisting management in technical areas.

#### 3. Scope of Internal Audit

According to Tugiman (2006:99), the scope of internal audit includes the following tasks:

- a) Reviewing the reliability and integrity of financial and operational information and the methods used to identify, measure, classify, and report this information.
- b) Reviewing implemented systems to ensure compliance with policies, plans, procedures, laws, and regulations that significantly impact organizational activities, and determining if the organization has achieved adherence to these standards.
- c) Reviewing measures to protect assets and, where necessary, verifying their existence.
- d) Evaluating the economy and efficiency of resource usage.
- e) Reviewing operations or programs to assess if outcomes align with predetermined goals and objectives and if program activities are conducted as planned.

#### 4. Internal Audit Program

According to Mulyadi (2002:104), an audit program is a list of audit procedures for specific audit elements, while audit procedures are detailed instructions on the type of audit evidence needed at certain times during an audit. The benefits of preparing an audit program include:

- a) Establishing responsibility for each examination procedure.
- b) Organized work allocation to ensure all units are thoroughly examined.
- c) Achieving precise and time-efficient examination implementation.
- d) Highlighting the most crucial procedures for each examination.
- e) Serving as an ongoing examination guide.
- f) Facilitating management's evaluation of the examination process.
- g) Ensuring compliance with accepted examination standards and general accounting principles.
- h) Ensuring that internal auditors consider the reasons for each procedure conducted.

#### 5. Internal Audit Work Steps

According to Tugiman (2006:53), the internal audit process involves the following steps:

- a) Internal Audit Planning
- b) Testing and Evaluating Internal Audit Information
- c) Reporting Audit Findings
- d) Follow-up on Audit Findings

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### B. Understanding Good Corporate Governance

According to the Decree of the Minister of State/Head of the Investment Coordinating Board for State-Owned Enterprises No. 23/M-PM.PBUMN/2000 on the development of Good Corporate Governance practices in State-Owned Enterprises (Persero), "Good Corporate Governance is a set of corporate principles that must be applied in managing a company solely to safeguard the company's interests in achieving its objectives."

According to FCGI (Forum for Corporate Governance in Indonesia), corporate governance is defined as "a set of regulations governing the relationships between shareholders, management (operators) of the company, creditors, government, employees, and other internal and external stakeholders regarding their rights and responsibilities, or in other words, a system that controls the company. The purpose of corporate governance is to create added value for all stakeholders."

#### 1) Principles of Good Corporate Governance

The principles of Good Corporate Governance, as stated in the Minister of State-Owned Enterprises' Regulation No. KEP-117/M-MBU/2002, include:

##### a) Transparency

Transparency refers to the openness of information, both in decision-making and in disclosing material and relevant information about the company.

##### b) Accountability

Accountability involves clarifying the functions, structure, systems, and responsibilities of company organs so that company management is effectively implemented. Effective supervision, based on a balance of power among shareholders, commissioners, directors, and auditors, helps achieve accountability.

##### c) Responsibility

Corporate responsibility is the alignment and compliance of company management with sound corporate principles and applicable laws. These regulations include issues related to taxation, labour relations, environmental protection, occupational health and safety, wage standards, and fair competition.

##### d) Independence

Independence refers to managing the company professionally, without conflicts of interest or undue influence or pressure from any parties that would violate applicable laws and sound corporate principles.

##### e) Fairness

Fairness involves the equitable treatment of all stakeholders, based on agreements and applicable laws and regulations.

#### 2) Functions of Good Corporate Governance

According to FCGI (Forum for Corporate Governance in Indonesia, 2011), the main functions of Good Corporate Governance are:

a) Oversight – Ensuring that Good Corporate Governance implementation receives primary attention and, in cases of failure, clear accountability is established.

b) Enforcement – Upholding the principles of Good Corporate Governance.

c) Advisory – Implementing Good Corporate Governance based on careful consideration, primarily involving independent external parties.

d) Assurance – Evaluating and testing the implementation of Good Corporate Governance based on predetermined criteria.

e) Monitoring – Ensuring that Good Corporate Governance is monitored by relevant parties directly or indirectly involved in the company's operations.

### C. Role of Internal Audit in the Implementation of Good Corporate Governance

The implementation of Good Corporate Governance is a standard that every organization must fulfil. Good Corporate Governance requires transparency in reporting the company's financial status to protect the interests of investors, creditors, and related parties. The internal audit profession states that an effective internal audit function can improve corporate governance processes, risk management, and management control.

According to the Consortium of Indonesian Professional Internal Audit Organizations (KOPAI, 2004:20), an effective internal audit function can enhance corporate governance processes, risk management, and control. Internal Audit provides support to commissioners, the audit committee, the board of directors, and senior management in laying a foundation for corporate governance development.

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## III. RESEARCH METHODOLOGY

### A. Data Collection Techniques

Data collection techniques include interviews with the hospital and internal audit team, documenting data related to organizational structure, organizational profile, internal audit implementation procedures, and distributing questionnaires to hospital staff and patients.

### B. Data Analysis Techniques

Data analysis involves determining respondent scores and describing responses for each variable.

**Table 1 Weighted Scores Based on Likert Scale**

Question	Answer	Weighted Value
Strongly Agree	SA	5
Agree	AA	4
Doubtful	DD	3
Disagree	DA	2
Strongly Disagree	SD	1

(Source: Sugiyono, 2004:108)

**Table 2 Ideal Score Criteria**

Interval	Degree of Association
0% - 25%	Ineffective
26% - 50%	Less Effective
51% - 75%	Moderately Effective
76% - 100%	Very Effective

(Source: Champion in Afdal, 2011:41)

### C. Validity and Reliability Tests

The validity of the research instruments is tested using the Spearman Correlation. Each item in the questionnaire is correlated with the total score of all items. Items with positive and high correlation with the criteria, typically over 0.3, are considered valid. If the correlation between an item and the total score is less than 0.3, that item is considered invalid and replaced with another sample from the population. The calculation formula for the Spearman Correlation is as follows:

$$\rho = 1 - \frac{6\sum di^2}{n(n^2 - 1)}$$

Explanation:

: Spearman Rank Correlation Coefficient

di : Difference between variable X and Y data

n: Number of respondents or subjects

Reliability is tested using Cronbach's alpha coefficient, which is commonly used to assess internal consistency, particularly in Likert scale formats.

Calculation Formula for Cronbach's Alpha:

$$r_i = \frac{k}{k - 1} \left( 1 - \left( \frac{\sum S_1}{S_1^2} \right) \right)$$

Explanation:

$r_i$ : Internal reliability of the entire instrument

K: Number of items

$\sum S_1$ : Variance of each item

$S_1^2$ : Total variance

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### D. Hypothesis Testing

Hypothesis analysis is conducted to draw conclusions regarding the acceptance or rejection of the hypothesis set by the researcher, which is, "Internal Audit plays a role in the implementation of Good Corporate Governance." The hypotheses are:

$H_0 : r \leq 0$ , meaning Internal Audit does not play a role in implementing Good Corporate Governance.  $H_a : r \geq 0$ , meaning Internal Audit plays a role in implementing Good Corporate Governance.

The correlation between variable X and variable Y is calculated using the Spearman Rank Correlation Coefficient  $r_{sr}$ , which ranges from -1 to +1, with the following criteria:

$r_s \geq 1$ : Indicates a positive influence of variable X on variable Y

$r_s \leq -1$ : Indicates a negative influence of variable X on variable Y

$r_s = 0$ : Indicates no influence of variable X on variable Y

According to Umar (2004:138), the Spearman Rank formula is as follows:

$$r_s = 1 - \frac{6\sum di^2}{n(n^2 - 1)}$$

Where:

-  $r_s$  = Spearman Rank correlation coefficient

-  $di$  = The difference between the ranks of variable X and variable Y

-  $n$  = The number of respondents or subjects studied

To determine the level of relationship between the two variables, it can be assessed using the following categories:

**Table 3 Correlation Coefficient Categories and Interpretations**

Correlation Coefficient	Degree of Association
0,00 - 0,199	Very Low
0,20 - 0,399	Low
0,40 - 0,599	Moderate
0,60 - 0,799	Strong
0,80 - 1,000	Very Strong

(Source: Sugiyono, 2013:183)

To determine whether  $H_0$  is accepted or rejected, the t-test formula is used:

$$t = \frac{r_s \sqrt{n - 2}}{\sqrt{1 - r_s^2}}$$

Explanation:

$t$ : Probability

$r$ : Spearman Rank Correlation Coefficient

$n$ : Number of data (respondents)

**The degree of freedom (df)** is set as  $n - 2$  with a **95% confidence level** or **significance level ( $\alpha$ ) = 0.05**, which is a commonly used significance level in social science research. This level is generally considered adequate to represent the relationship between the variables studied. Whether  $H_0$  (the null hypothesis) is accepted or rejected is determined by comparing the **calculated ( $t_{count}$ )** with the ( **$t_{table}$** ) based on the following criteria:

- 1) If  $t_{count} \geq t_{table}$ : Reject  $H_0$ , indicating that there is a statistically significant relationship between the variables at the chosen significance level.
- 2) If  $t_{count} < t_{table}$ : Accept  $H_0$ , meaning that there is no statistically significant relationship between the variables at the 0.05 level.

## IV. RESEARCH FINDINGS

### A. History and Development of RSUD Gambiran Kediri

RSUD Gambiran Kediri is a hospital owned by the Kediri City Government, historically established by the Dutch and developed in 1928. As the first hospital in the Kediri Residency area, RSUD Gambiran Kediri has become a central health referral facility for the

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surrounding population. In 2009, RSUD Gambiran Kediri was designated as a Regional Public Service Agency (BLUD) through Kediri Mayor's Decree No. 891. This designation required the hospital to implement Good Corporate Governance within its organization, in line with the Ministry of State-Owned Enterprises (SOEs) Regulation No. Per-01/MBU/2011 regarding the application of Good Corporate Governance within SOEs and Regional-Owned Enterprises (BUMD). RSUD Gambiran established its Internal Audit team in 2011.

### **B. Discussion**

Internal audit at RSUD Gambiran Kediri is conducted by an internal audit team with the following qualifications:

#### **1. Independence**

RSUD Gambiran Kediri has maintained an internal audit department since 2011, periodically collaborating with the customer satisfaction survey team and forming part of the hospital's ISO structure. This team was created as part of the ISO 9001:2008 certification initiative to improve public service quality and accelerate health improvements for the community around Kediri City. The auditors are appointed by the Representative Manager and are accountable to the hospital director. Each audit assignment is accompanied by an assignment letter or directive. Directives are issued by the director or deputy director when specific information needs attention, inspection, or review. One instance was when RSUD Gambiran sought to improve quality and obtain ISO certification from Worldwide Quality Assurance (WQA).

#### **2. Professional Competence of Internal Auditors**

The internal audit unit at RSUD Gambiran Kediri comprises a diverse team with different educational backgrounds, including:

- a) Chairperson I: Medical background, Head of Rehabilitation Medicine
- b) Chairperson II: Medical background, Head of Radiology
- c) Chairperson III: Medical background, Functional Medical Unit (SMF) of Ophthalmology
- d) Secretary I: Medical background, Head of VIP Inpatient Services
- e) Secretary II: Medical background, Staff in Neurology Clinic
- f) Audit Team Members: Nine members with medical education and twelve with backgrounds in nursing, nutrition, and economics

#### **3. Scope of Internal Auditor's Work**

The scope is determined to ensure the audit is focused and effective in achieving the intended goals. The RSUD Gambiran Kediri internal audit unit's work plan is routine and conducted according to a prearranged schedule.

##### **a. Audit Objects**

The internal audit reviews all units and activities across RSUD Gambiran Kediri.

##### **b. Audit Objectives**

The internal audit objectives are as follows:

- 1) Ensuring the quality management system is implemented effectively, meeting planned objectives, commitments, policies, and the hospital's quality targets.
- 2) Enhancing the effectiveness of the quality management system implementation.
- 3) Supporting the achievement of overall commitments, policies, and quality targets.
- 4) Providing recommendations to help resolve quality issues, both current and future.

##### **c. Audit Procedures**

The procedures for internal audit implementation at RSUD Gambiran Kediri include:

- 1) Approval of internal audit implementation by the Director, who issues a decree forming the internal audit team.
- 2) Scheduling internal audit meetings and team sessions.
- 3) Summarizing data and information during meetings.
- 4) Conducting the internal audit.
- 5) Reporting data and findings in a management review meeting.

##### **d. Audit Implementation Responsibility**

The person responsible for implementing the audit is the representative manager of Gambiran Kediri Regional Public Hospital. This manager is responsible for ensuring that the internal audit is well-planned, effectively carried out, and consistently maintained.

#### **4. Implementation of Internal Audit Work**

The internal audit work at RSUD Gambiran Kediri involves the following stages:

##### **a. Planning Stage:**

- 1) The audit team is formed by the Representative Manager, approved by the Director.

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- 2) Team members undergo audit training before starting their duties.
- 3) Before conducting an audit, auditors are required to prepare for the internal audit. This preparation must be archived and stored in the audit team's secretariat.
- 4) The audit team coordinator must ensure that the audit plan is outlined in an audit schedule that is prepared for at least a 1-year period
- 5) The annual audit program can be broken down into quarterly programs, detailing the auditors' assignments and the scope of the audit for each unit to be covered
- 6) The annual audit program and quarterly audit programs are distributed to all implementing units with copies sent to the Representative Manager, the hospital Director, and audit team members.
- 7) The work unit to be audited must receive written confirmation from the audit team's secretariat at least one week before the audit is conducted.

### **b. Execution Stage**

- 1) The audit is conducted by reviewing records and procedures, as well as operational activities, requesting evidence, making comparisons, performing analyses, requesting explanations, and other related tasks.
- 2) Audit findings consist of systematic and factual information supported by evidence.
- 3) Audit findings are recorded on a standardized audit findings form.
- 4) The auditor analyzes the findings and categorizes them as major findings, minor findings, or observations.
- 5) The coordinator or the operator of the audited unit is responsible for addressing the identified issues and signs the audit findings summary form at the end of the audit, after discussing the findings with the auditor and accepting them, along with committing to carry out corrective actions.
- 6) Recommendations for corrective actions and deadlines for their completion must be provided by the auditor on the audit findings form. The recommendations do not bind the auditor to determine the resolution method.
- 7) The audit findings form is signed by both the audit team coordinator and the auditor who conducted the examination.
- 8) The coordinator or operator of the audited unit must ensure that corrective actions are implemented.
- 9) Audit findings are communicated by the audit team secretariat to the audited unit coordinator with a statement letter signed by the audit team coordinator or their representative.
- 10) After corrective actions have been completed, the coordinator of the audited unit must report the corrective actions taken; the original, completed audit findings form, signed by the unit coordinator, is returned to the audit team secretariat.
- 11) Verification must be carried out by the auditor as soon as the report from the audited unit is received. If there are no issues, verification can be performed no later than during the next audit period.
- 12) Audit findings that have not been effectively resolved are submitted to the management review meeting.
- 13) The internal audit report is prepared by the auditor and submitted to the Representative Manager and Top Management.

### **c. Follow-Up:**

The auditor must provide inspection findings to the auditee. Findings are conveyed by filling out a questionnaire distributed by the audit team secretariat, which is then returned to the secretariat. Afterward, preventive actions will be taken as follows:

- 1) The audit team's findings are analyzed and recorded in the audit findings summary form.
- 2) Findings are communicated to the relevant unit coordinator and its members in an internal communication forum, witnessed by the representative manager.
- 3) The auditor provides suggestions or recommendations for preventive actions.
- 4) The auditor and unit coordinator agree on a schedule for resolving findings and implementing preventive actions.
- 5) The unit coordinator reports in the corrective action or improvement report after completing preventive actions according to the schedule and sends it to the internal auditor.
- 6) The auditor checks the preventive actions that have been carried out.
- 7) The auditor records in the nonconformity report form and verifies the completed preventive actions.
- 8) The auditor reports to the Representative Manager.

### **d. Internal Audit Department Management**

The RSUD Gambiran Kediri internal audit department is managed by a Representative Manager who oversees the internal audit team's resources. The Representative Manager selects audit team members and ensures that internal audits are thoroughly planned, effectively conducted, and consistently maintained.

## **5. Good Corporate Governance at RSUD Gambiran Kediri**

RSUD Gambiran Kediri has implemented Good Corporate Governance with the following principles:

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### a) Transparency

The hospital management provides annual reports detailing hospital developments, challenges, staffing, and financial reports. These reports are submitted annually to the Kediri City Health Office, Provincial Health Office, and distributed to all departments within the hospital.

### b) Accountability

The hospital has established clear functions, operations, and responsibilities. The organizational structure clearly defines each role within the hospital, ensuring there is no overlap in tasks or responsibilities. The hospital employs a check-and-balance mechanism to ensure accountability in its operations. As a result, RSUD Gambiran Kediri maintains strong continuity in its operations. External audits by Worldwide Quality Assurance (WQA) have confirmed no cases of fund manipulation, fictitious data, improper transactions, or customer dissatisfaction that could lead to legal actions against the hospital.

### c) Responsibility

Compliance with applicable regulations is evident in RSUD Gambiran Kediri's policy of accepting patients from all socioeconomic backgrounds. The hospital supports the local community by offering free cleft lip surgeries for underprivileged residents of Kediri in 2012. Additionally, it conducts regular social programs such as home visits for cancer patients in financial need and provides assistance to low-income retired hospital staff.

### d) Independence

RSUD Gambiran Kediri is managed professionally, with a vision of becoming a high-quality, professional, and competitive hospital. This commitment is demonstrated by achieving ISO 9001:2008 certification from 2011 to 2013. As a Regional Public Service Agency (BLUD), the hospital's funding is self-managed, free from external interference.

### e) Fairness

RSUD Gambiran Kediri applies fairness in fulfilling the rights of all organizational units, the hospital's owner (Kediri City Government), and the public. There are no reported issues or conflicts within the hospital's internal functions, nor are there any corruption cases or public complaints related to the hospital's operations.

**Table 4 Calculation of Validity Test for Internal Audit (X)**

Item	Correlation Between Indicators and Internal Audit	Correlation Values (r count)	Correlation Values (r table)	Conclusion
1	Independence	0,806	0,388	Valid
2		0,945	0,388	Valid
3		0,956	0,388	Valid
4	Professional Competence of Internal Auditors	0,844	0,388	Valid
5		0,908	0,388	Valid
6	Scope of Work of Internal Auditors	0,896	0,388	Valid
7		0,843	0,388	Valid
8	Implementation of Audit Work	0,948	0,388	Valid
9		0,929	0,388	Valid
10	Management of the Internal Audit Department	0,906	0,388	Valid
11		0,906	0,388	Valid

**Table 5 Calculation of Validity Test for Good Corporate Governance (Y)**

Item	Correlation with Good Corporate Governance	Correlation Value (r count)	Correlation Value (r table)	Conclusion
1	(Transparency)	0,565	0,388	Valid
2		0,914	0,388	Valid
3		0,914	0,388	Valid
4		0,914	0,388	Valid
5	(Accountability)	0,906	0,388	Valid
6		0,906	0,388	Valid
7	(Responsibility)	0,835	0,388	Valid



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8		0,887	0,388	Valid
9	(Independency)	0,847	0,388	Valid
10		0,733	0,388	Valid
11		0,745	0,388	Valid
12	(Fairness)	0,749	0,388	Valid
13		0,856	0,388	Valid
14		0,755	0,388	Valid

Table 6 Calculation of Reliability Test for Internal Audit (X)

Item	relation between Indicators and Internal Audit	Reliability Coefficient	Critical Value	Conclusion
1	Independence	0,889	0,60	reliable
2	Professional Competence of Internal Auditors	0,689	0,60	reliable
3	Scope of Work of Internal Auditors	0,673	0,60	reliable
4	Execution of Audit Work	0,859	0,60	reliable
5	Management of the Internal Audit Department	0,780	0,60	reliable

Table 7 To calculate the reliability of a Good Corporate Governance (Y)

Item	relation with Good Corporate Governance	Reliability Coefficient	Critical Value	Conclusion
1	Information Transparency	0,793	0,60	Reliable
2	Accountability	0,780	0,60	Reliable
3	Responsibility	0,648	0,60	Reliable
4	Independence	0,657	0,60	Reliable
5	Reasonableness	0,682	0,60	Reliable

## 6. Hypothesis Testing

### a) Spearman Rank Test

Table 8 Spearman Rank Correlation Test Results Correlations

		Internal Audit	Good Corporate Governance
Spearman's rho	Internal Audit	1.000	.478*
			.013
	N	26	26
Good Corporate Governance	Internal Audit	.478*	1.000
		.013	
	N	26	26

\*. Correlation is significant at the 0.05 level (2-tailed).

### b) Hypothesis Testing

The hypothesis test uses a one-sided t-test with a significance level of  $\alpha=5\%$  and degrees of freedom  $dk=n-2$ . To test the above hypothesis, the following formula is used:

$$t = \frac{r_s \sqrt{n-2}}{\sqrt{1-r_s^2}} = \frac{0,478 \sqrt{26-2}}{\sqrt{1-(0,478)^2}} = 2,666$$

The hypothesis test result yields a  $t_{count}$  value of 2.666. Referring to the distribution table with degrees of freedom  $n-2$  and a 0,05 significance level, the critical  $t_{table}$  value is 2.064.

Since  $t_{count} (2.666) \geq t_{table} (2.064)$ ,  $H_a$  is accepted and  $H_o$  is rejected. Based on this, we conclude that internal audit plays a role in the implementation of Good Corporate Governance.

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### V. CONCLUSION

Based on the research conducted by the researcher regarding the role of internal audit in the implementation of Good Corporate Governance at the Gambiran Kediri Regional Public Hospital, the following conclusions can be drawn:

1. From the organizational structure perspective, the position of internal audit, which is separate from other functions within the hospital, indicates that the implementation of internal audit is independent.
2. The Internal Audit team, most of whom are composed of doctors and medical staff, do not have educational backgrounds in economics or related to auditing. To enhance their professionalism, each member of the internal audit team undergoes certified audit training.
3. The hospital provides relevant and material annual reports regularly submitted to the Kediri City Health Office, the Provincial Health Office, and distributed to all departments within the hospital, indicating that the hospital upholds the principle of transparency.
4. The forms of accountability towards the community include accepting all patients regardless of social status, conducting cleft lip surgeries for underprivileged citizens in 2012, and performing home visits to underprivileged cancer patients and retired staff of Gambiran Hospital for assistance.
5. The Gambiran Kediri Regional Public Hospital operates as a Public Service Agency, meaning that its financing is managed independently without intervention from other parties.
6. Internal audit plays a role in implementing Good Corporate Governance at the Gambiran Kediri Regional Public Hospital. Auditors provide input or recommendations to management based on their findings in carrying out their duties.
7. The Gambiran Kediri Regional Public Hospital lacks socialization regarding the guidelines for implementing Good Corporate Governance.
8. Based on the analysis conducted, a correlation coefficient of 0.478 was obtained, which falls into the moderate category as it lies between the correlation coefficient values of 0.40 – 0.599, as explained in Table 4.15. Supported by hypothesis testing results, the obtained  $t_{count}(2.666) \geq t_{table}(2.064)$   $t_{count}(2.666) \geq t_{table}(2.064)$ , therefore,  $H_a$  is accepted and  $H_o$  is rejected.

Based on this, it can be concluded that Internal Audit plays a role in the implementation of Good Corporate Governance at RSUD Gambiran Kediri with a moderate level of closeness.

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