

## Analysis of Internal Audit Implementation and Its Impact on School Financial Transparency

Sarwenda Biduri<sup>1</sup>, Heri Widodo<sup>2</sup>, Imelda Dian Rahmawati<sup>3</sup>, Tifani Angga Firnata<sup>4</sup>  
<sup>1,2,3,4</sup>Muhammadiyah University of Sidoarjo, Indonesia



DOI : -



### Sections Info

#### Article history:

Submitted: December 23, 2025  
Final Revised: January 11, 2026  
Accepted: February 16, 2026  
Published: March 12, 2026

#### Keywords:

Internal audit  
Financial transparency  
Accountability  
SMP Muhammadiyah 5  
Tulangan school  
Financial management

### ABSTRACT

**Objective:** This research aims to analyze the implementation of internal audits and their impact on the financial transparency of SMP Muhammadiyah 5 Tulangan. Internal audit is one of the important control mechanisms in ensuring accountability and transparency in the management of educational funds. **Method:** The research method used is a qualitative approach with data collection techniques through observation, interviews, and documentation. **Results:** The research results show that the implementation of internal audits has been carried out systematically through the examination of financial documents, evaluation of expenditure procedures, and reporting to the school and foundation leadership. The implementation of internal audits has a positive impact on the improvement of financial report transparency, administrative orderliness, and increased stakeholder trust. **Novelty:** This research aims to analyze the implementation of internal audits and their impact on the financial transparency of SMP Muhammadiyah 5 Tulangan.

## INTRODUCTION

School financial management is one of the crucial aspects in the provision of quality education. Schools are not only responsible for the learning process but also for managing funds sourced from the School Operational Assistance (BOS), student contributions, foundation assistance, and other sources [1]. In the context of modern educational governance, transparency and accountability are the main principles that must be realized to maintain public trust and improve the quality of educational services [2].

School financial transparency reflects openness in the preparation, implementation, and reporting of budgets to all stakeholders, including school principals, teachers, school committees, parents, and foundations [3]. Meanwhile, accountability means being responsible for every use of funds, which must comply with planning and applicable regulations [4]. Without an adequate monitoring system, the potential for administrative errors, budget misallocation, and even fund misappropriation can increase [5].

One of the important instruments in achieving transparency and accountability is the internal audit. Internal audit functions as a systematic and independent control mechanism to assess the effectiveness of financial management, compliance with procedures, and the adequacy of the internal control system [6], [7]. In the school environment, internal audits not only serve as a monitoring tool but also as a means of evaluation and continuous improvement [8]. As a private educational institution under the auspices of Muhammadiyah, SMP Muhammadiyah 5 Tulangan has a moral and institutional responsibility to implement good financial governance. The implementation

of internal audits at this school is part of efforts to strengthen the financial control system and increase stakeholder trust. Therefore, this research aims to analyze how the implementation of internal audits is carried out and its impact on the transparency and accountability of the school's finances.

## RESEARCH METHOD

This research uses a qualitative approach with a descriptive design. This approach was chosen because the research aims to deeply understand the process of internal audit implementation and its impact on the school's financial transparency and accountability [9]. Through a qualitative approach, the researcher can comprehensively explore information regarding the internal audit practices at SMP Muhammadiyah 5 Tulangan and the context of the financial management behind it.

The observation technique was conducted by directly observing the process of transaction recording, storage of financial documents, fund disbursement mechanisms, and reporting procedures carried out by the school treasurer [10]. This observation aims to assess the conformity of administrative practices with applicable operational standards and to identify potential weaknesses in the internal control system. In-depth interviews were conducted with the principal, treasurer, and parties involved in the internal audit to obtain information regarding the audit implementation mechanism, the roles of each party, the challenges faced, and the benefits perceived after the audit was conducted. This interview provides an empirical picture of the effectiveness of internal audits in supporting the transparency and accountability of school finances.

The documentation technique was carried out by reviewing RKAS documents, budget realization reports, transaction evidence, and internal audit reports. The document analysis aimed to test the consistency between planning and budget realization, as well as to assess the completeness and orderliness of the school's financial administration.

Monitoring is conducted as a continuous oversight process of the implementation of follow-up actions from the internal audit results. Monitoring focuses on the improvement of administration, document completeness, and the timeliness of financial reporting after the audit is conducted. This activity aims to ensure that audit recommendations are truly implemented and do not just stop at the evaluation stage.

The evaluation is conducted to assess the effectiveness of the internal audit in enhancing the school's financial transparency and accountability. The evaluation is carried out by comparing the conditions before and after the audit, including the level of compliance with the RKAS, administrative orderliness, and information openness to stakeholders. This evaluation process serves as the basis for formulating continuous improvements to the internal control system.

## RESULTS AND DISCUSSION

Based on the results of the observations and interviews conducted, it is known that SMP Muhammadiyah 5 Tulangan Sidoarjo has begun the implementation of an internal audit carried out by a team formed by the foundation. This audit focuses on the management of school cash and assets, as well as salary payments and book purchases. Some important findings obtained during the audit include:

### **Initial Audit Findings and Follow-Up**

#### **Initial Findings:**

The results of the financial management audit for the period from April 1, 2022, to March 31, 2026, indicate that, in general, the activities of receiving and disbursing funds have been carried out and documented. However, there are still fundamental weaknesses in the internal control system. The school does not yet have a written Standard Operating Procedure (SOP) related to financial management, cash counts have not been conducted consistently, and there is no formal policy regarding petty cash management. In addition, the financial statements have not been prepared in accordance with the applicable Financial Accounting Standards (SAK). A cash discrepancy of Rp5,519,616 was also found, resulting from receipts that had entered the bank account but had not yet been recorded in the system. In the aspect of assets, depreciation calculations have not been conducted, and there is no Asset Disposal Report available when disposals occur. In the management of BOS/BOSDA funds, although there are NPHE and the treasurer's decree, there are no written job descriptions and a special BOS cash book.

#### **Follow-up:**

In response to these findings, the auditor authorized the preparation and establishment of a comprehensive financial management SOP, including cash opname procedures and a petty cash system (imprest or compress). The school also needs to prepare financial statements in accordance with SAK and conduct asset depreciation calculations to produce more accurate values. In the management of BOS funds, it is necessary to complete the recording through a special cash book and to prepare a written description of the BOS treasurer's duties. Monitoring of obligations to contractors also needs to be conducted periodically until all payment terms are completed.

#### **The Impact of Internal Audit on Transparency and Accountability:**

The implementation of internal audits has a significant impact on enhancing the transparency and accountability of school financial management. This audit is conducted through the evaluation of the recording system, the separation of the functions of the treasurer for receipts and expenditures, and the tracing of activity accountability documents. Findings related to cash discrepancies and documentation weaknesses serve as a momentum for improvement so that every transaction can be traced and adequately accounted for. With the audit, the school management is encouraged to build a more systematic, standardized reporting system that complies with the Muhammadiyah Organization's regulations and generally accepted accounting principles.

## Challenges of Internal Audit Implementation

The implementation of internal audits in the school environment faces several challenges, including the limited human resources in the field of accounting, the lack of an SOP-based administrative culture, and the accounting information system that has not yet been able to produce financial reports according to standards [11]. Additionally, the recording of BOS funds with the main financial reports and the absence of formal contracts in book procurement cooperation pose unique challenges in creating orderly and well-documented governance [12]. This challenge indicates that strengthening administrative capacity and internal control remains a primary need [13], [14], [15].

## Performance achievement

The Internal Audit Team successfully achieved the planned performance by resolving issues at SMP Muhammadiyah 5 Tulangan. This achievement is reflected in the formulation of strategic recommendations related to the preparation of financial SOPs, improvement of the petty cash system, collection of BOS fund documentation, and organization of asset and liability recording. The audit process also successfully built management's awareness of transparency, accountability, and compliance with applicable accounting standards. Thus, the performance of the internal audit team can be considered effective as it is able to add value to the institution through system improvements and strengthening governance. Here is the documentation of the Internal Audit activities of SMP Muhammadiyah 5 Tulangan Sidoarjo:



Figure 1. Internal Audit activities of SMP Muhammadiyah 5 Tulangan Sidoarjo.

## CONCLUSION

**Fundamental Finding:** Based on the examination results, the financial management of SMP Muhammadiyah 5 Tulangan has been running and supporting the school's operations, but it has not fully met the principles of good governance due to a weak internal control system and the absence of financial reports prepared according to accounting standards. **Implication:** Internal audit plays a crucial role as an evaluative and corrective instrument to encourage system improvements, enhance transparency, and strengthen accountability. **Limitation:** Based on the examination results, the financial management of SMP Muhammadiyah 5 Tulangan has been running and supporting the school's operations, but it has not fully met the principles of good governance due to a weak internal control system and the absence of financial reports prepared according to accounting standards. **Future Research:** With consistent follow-up commitment, schools are expected to build a more orderly, standardized, and sustainable financial system to support the quality of educational services.

## REFERENCES

- [1] M. Muspawi and M. Lukita, "Pengelolaan Pembiayaan Pendidikan di Sekolah Dasar," *Lect. J. Pendidik.*, vol. 14, no. 1, pp. 99–110, 2023.
- [2] L. Fitrianti, "Prinsip Akuntabilitas dan Transparansi Sebagai Fondasi Kepercayaan Publik Dalam Pembiayaan Pendidikan," *J. Ilm. Multidisiplin*, vol. 3, no. 11, pp. 843–847, 2025, doi: 10.60126/jim.v3i11.1291.
- [3] M. Jarkasih, G. Awaliyah, and M. Sugandi, "Praktik Transparansi dan Pelaporan Keuangan di MI Al Izudiniyah Cipulus Purwakarta," vol. 3, no. 4, 2025.
- [4] S. B. Hutabarat and R. S. Dewi, "Transparansi dan Akuntabilitas Pemerintah Desa Dalam Pengelolaan Alokasi Dana Desa," *PESHUM J. Pendidikan, Sos. dan Hum.*, vol. 1, no. 3, pp. 261–268, 2022, doi: 10.56799/peshum.v1i3.423.
- [5] M. U. Dwiyanti, D. Nurfadilah, and F. Fauza, "Implementasi Anggaran Pendidikan dan Efektifitas Sistem Pengawasannya," vol. 1, pp. 28–43, 2025.
- [6] S. Biduri, A. Hanif, E. Maryanti, and T. A. Firnata, "The Role of Internal Audit in Improving Transparent Financial Management at Muhammadiyah 1 Waru Elementary School, Sidoarjo," vol. 3, no. 1, pp. 91–99, 2026.
- [7] S. Biduri, E. Maryanti, N. Soeprijanto, and T. A. Firnata, "Internal Audit as an Effort to Increase Transparency and Accountability of Financial Statements at SD Muhammadiyah 3 Ikrom Wage Sidoarjo," *J. Soc. Community Serv.*, vol. 2, no. 3, pp. 254–259, 2025, doi: 10.61796/jscs.v2i3.359.
- [8] D. Fitriyaningsih, "Audit Internal Sebagai Alat Deteksi Dini Fraud Dalam Organisasi," *Jerkin*, vol. 4, no. 2, pp. 13619–13629, 2025.
- [9] P. Ritonga, "Transparansi dan Akuntabilitas: Peran Audit dalam Meningkatkan Kepercayaan Stakeholders," vol. 13, no. 2, pp. 323–336, 2024.
- [10] Y. H. Rahmawati, E. Roesminingsih, and N. Hariyati, "Analisis Pengelolaan Administrasi Keuangan Sekolah (Studi Kasus pada SMP LAB UNESA)," vol. 9, pp. 38–49, 2022.
- [11] M. Arena and G. Azzone, "Identifying Organizational Drivers of Internal Audit Effectiveness," *Int. J. Audit.*, vol. 13, no. 1, pp. 43–60, 2009, doi: 10.1111/j.1099-1123.2008.00392.x.
- [12] A. Alzeban and D. Gwilliam, "Factors Affecting the Internal Audit Effectiveness: A Survey of the Saudi Public Sector," *J. Int. Accounting, Audit. Tax.*, vol. 23, no. 2, pp. 74–86, 2014, doi: 10.1016/j.intaccaudtax.2014.06.001.
- [13] J. R. Cohen, G. Krishnamoorthy, and A. M. Wright, "Corporate Governance in the Post-

- Sarbanes-Oxley Era: Auditors' Experiences," *Contemp. Account. Res.*, vol. 27, no. 3, pp. 751-786, 2010, doi: 10.1111/j.1911-3846.2010.01026.x.
- [14] R. Lenz and U. Hahn, "A Synthesis of Empirical Internal Audit Effectiveness Literature Pointing to New Research Opportunities," *Manag. Audit. J.*, vol. 30, no. 1, pp. 5-33, 2015, doi: 10.1108/MAJ-08-2014-1072.
- [15] D. Neu and E. Ocampo, "Doing Missionary Work: The World Bank and the Diffusion of Financial Practices," *Accounting, Organ. Soc.*, vol. 25, no. 4-5, pp. 363-389, 2000, doi: 10.1016/S0361-3682(99)00046-9.

---

**\*Sarwenda Biduri (Corresponding Author)**

Accounting Study Program, Faculty of Business, Law, and Social Sciences, Muhammadiyah University of Sidoarjo, Indonesia

Email: [sarwendabiduri@umsida.ac.id](mailto:sarwendabiduri@umsida.ac.id)

**Heri Widodo**

Accounting Study Program, Faculty of Business, Law, and Social Sciences, Muhammadiyah University of Sidoarjo, Indonesia

Email: [heriwidodo@umsida.ac.id](mailto:heriwidodo@umsida.ac.id)

**Imelda Dian Rahmawati**

Accounting Study Program, Faculty of Business, Law, and Social Sciences, Muhammadiyah University of Sidoarjo, Indonesia

Email: [imeldadiani@umsida.ac.id](mailto:imeldadiani@umsida.ac.id)

**Tifani Angga Firnata**

Accounting Study Program, Faculty of Business, Law, and Social Sciences, Muhammadiyah University of Sidoarjo, Indonesia

Email: [tifaniiaf@gmail.com](mailto:tifaniiaf@gmail.com)

---