

ABSTRACT

PT Telekomunikasi Indonesia, Tbk as a corporation which have been listed in domestic and foreign stock exchange is committed for developing and applying policy and also practicing good corporate governance with internal changing and filling of international standard. Standard international that specified by US Securities and Exchange Commission for being adopted by PT Telekomunikasi Indonesia, Tbk, as one of corporation which have listing in New York Stock Exchange, is Sarbanes Oxley Act (SOA). Internal control system which written on Sarbanes Oxley Act is important element in the good corporate governance practice. Internal control over financial report becomes preference in correction of corporation control activity and as effort to implement integrated internal control.

Control implementation to business cycle which has been built, resist at implementation of control activities in internal control because of lack of attention on implementation of Sarbanes Oxley Act section 404. Activities perpetrators and controls perpetrators only tend to do the controls design which has been designed by SOA management unit-Integrated Internal Control Project. Those lack of attention has related with element of reliability level of internal control, that is: control procedures, understanding of employees, management attitude, monitoring, and control of document.

Research of control activities implementation is is done in 3rd Regional Division Office of PT Telekomunikasi Indonesia, Tbk. and it focuse on expenses business cycle because expenses transaction is existed in all company business units, has impact of more than 5% of Earn Before Tax (EBT) of the company, and related to the material weakness on Annual Report 2006 PT Telekomunikasi Indonesia, Tbk.

Based on Principles Evaluation Matrix, the implementation level of control activities in 3rd Regional Division Office of PT Telekomunikasi Indonesia, Tbk, stay at systematic level, therefore, the commitment from management is needed for increasing the internal control, so comply with SOA and develop good corporate governance.

Keywords: Sarbanes Oxley Act, internal control, control activities, Principles Evaluation Matrix