

ABSTRACT

This research is motivated by the data not yet achieved the target of audit result of internal control in PT Telekomunikasi Indonesia, Tbk. Although there is no material weakness, there are still some records that need to be acted upon. This encourages authors to examine the Control Environment as the most important component within the scope of the internal control system and is the foundation for other internal control components.

In this study, tested the principles of Control Environment and its effect on the effectiveness of internal control system. Control Environment has 5 (five) principles, namely: (1) commitment to integrity and ethical value; (2) responsible oversight; (3) the establishment of structure, authority and responsibility; (4) commitment to competence; (5) enforcement of accountability. While the effectiveness of internal control system includes 3 (three) dimensions, namely: (1) effectiveness and efficiency of operational activities; (2) reliable financial and information reporting; (3) compliance with laws and regulations.

The data has been collected and then analyzed further, and the data processing technique using Partial Least Square (PLS) technique using SmartPLS software support 2. The result of the research on Control Environment principles indicates that the principle of Commitment to Integrity and Ethics and the principle of Accountability Enforcement have significant effect on the effectiveness internal control system.

Keywords: COSO, Control Environment, Tone at the Top, Internal Control.