

THE INFLUENCE OF INTERNAL CONTROL SYSTEMS AND COMPLIANCE WITH LEGISLATION ON THE LEVEL OF LOCAL GOVERNMENT CORRUPTION

(Case Study of the Meranti Islands Regency Government)

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ABSTRACT

This study aims to analyze the influence of Internal Control System (ISC) findings and findings of non-compliance with laws and regulations, both partially and simultaneously, on the level of corruption in local governments. This study uses secondary data sourced from the results of audits by the Supreme Audit Agency (BPK) on the financial statements of provincial governments in Indonesia during a certain period. The independent variables in this study include ISC findings and findings of non-compliance with laws and regulations, while the dependent variable is the level of corruption measured based on data on corruption cases that occurred in local governments. The analysis method used is multiple linear regression with classical assumption tests to ensure the feasibility of the model. The results show that partially, ISC findings have a significant effect on the level of corruption, while findings of non-compliance with laws and regulations also have a significant effect on the level of corruption. Simultaneously, these two independent variables have a significant effect on the level of corruption in local governments. These findings indicate that strengthening the internal control system and increasing compliance with laws and regulations are important strategies in reducing corruption rates in local governments.

Keywords: Internal Control System, Compliance with Legislation, Corruption Level, Local Government.