

ABSTRACT

PERUMDA AM of Demak Regency is a regional government-owned water utility (BUMD) responsible for fulfilling essential public needs. Throughout its operational activities several persistent issues have been identified, particularly water leakages that reduce corporate revenue and diminish customer satisfaction. This study aims to analyze the implementation of performance appraisal and COSO-based risk management within PERUMDA AM of Demak Regency and to examine how the integration of these two frameworks supports the attainment of organizational objectives.

This research employs a qualitative case study approach through in-depth interviews with two primary informants and eight additional participants serving as key and supporting informants. Data collection was further complemented by direct observation and an extensive review of internal documents.

The findings reveal that the company has established an organizational structure, job descriptions, performance targets, and a reward-and-punishment mechanism as the foundational elements of its performance appraisal system. Nevertheless, several weaknesses remain, including inconsistent implementation and limited use of quantitative performance indicators. The application of COSO based risk management encompasses the establishment of a control environment, risk assessment, control activities, information and communication processes, and monitoring. However, operational challenges such as insufficient equipment, logistical barriers in material procurement, and ineffective time management continue to impede service quality. The integration of performance appraisal and risk management demonstrates that a well-structured appraisal system can function as a strategic instrument for mitigating human resource related risks and enhancing alignment with organizational goals. These findings highlight the importance of developing a more comprehensive evaluation framework grounded in measurable performance indicators and systematic risk management to strengthen corporate governance.

Keywords: *Performance Appraisal, Risk Management, COSO, PERUMDA AM Demak*