

ABSTRACT

This research aims to examine the relationship between internal audit practice and financial performance of BUMN with consideration to contextual effect of political condition as mediating variable between internal audit practice and financial performance of BUMN In Indonesia. Many empirical findings have provided a number of explanations regarding the difference in BUMN performance, however empirical evidences on the effect of relationship between internal audit practice and BUMN financial performance in Indonesia is still scarce.

This research was conducted by analyzing data Annual Report BUMN. that is downloaded in IDX website. In the analysis used in this study, in addition to using descriptive and inferential statistical analysis using SPSS 16.0. The research model analyzed by using Moderated Regression Analysis (MRA).

The results showed that no significant correlation in the effectiveness of the internal audit function on the financial performance BUMN in Indonesia. And then, there is no moderating effect of political context on the effectiveness of the internal audit function influence on the financial performance BUMN in Indonesia. However, the findings of this study used data that might be too little consequence the number of BUMN that is not enough. No evidence of the moderating effects in this study define that political context is not a moderating variable.

Keywords: Effectiveness of Internal Audit Function, Political Influence, Financial Performance, BUMN (State Owned Enterprises).