

ABSTRACT

The aim of this study is to examine the influence of internal audit on the audit fee, through the implementation of good corporate governance. Internal audit role as evaluators is expected to improve company performance ratings of corporate governance so that companies are willing to pay higher audit fees.

This study used secondary data taken from the website CGPI as corporate governance rating agencies and the annual report of listed companies in Indonesia Stock Exchange from the years 2005-2008. Using purposive sampling method, data analysis includes the classical assumption test, analysis of coefficient of determination (R^2), F test, t test, and using path analysis as the instrument of analysis. Analyzing data using SPSS software version 17.

Based on the results, internal audit showed that has significant positive influence to the implementation of good corporate governance and the implementation of good corporate governance has a significant positive influence on audit fees and then internal audit affect the audit fees through the implementation of good corporate governance. This means the variable implementation of good corporate governance is an intervening variable of the internal audit and audit fees.

Key words: *internal audit, audit fee, good corporate governance.*