

Internal Audit Procedure on Environmental Management to Minimize Impact of Environmental Damage (Case Study At PT. Wonojati Wijoyo Kediri)



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ABSTRACT: This research is about the role of internal audit in environmental management to minimize the occurrence of environmental impacts contained in the K3 (Occupational Safety, Health and Safety) that has been implemented by the company. Researchers want to know whether there is a role that is felt by the company regarding its environment with the internal audit. The mechanism of this study uses a qualitative descriptive method by explaining the role of internal audit through the stages of internal audit which includes a comparison of the method for preparing an AMDAL (Environmental Impact Analysis) and the Decree of the Minister of Law of the Republic of Indonesia Number 03 of 2013. After that the researcher analyzes the role of internal audit with this comparison and the results of the questionnaires that have been distributed by researchers. Sources of data obtained were primary data in the form of a general description of the company, organizational structure, procedures for environmental management K3, waste and its handling, methods for preparing the AMDAL, and answers to comparisons with the Minister of Environment Decree of the Republic of Indonesia Law Number 03 of 2013 through interviews, observation, questionnaires, and documentation. Based on the research results, it was concluded that the presence of internal auditors at PT. Wonojati Wijoyo is very instrumental in the enactment of environmental management procedures. This can be seen from the way the company manages waste and complies with government regulations and procedures set by the company itself so that environmental impacts can be properly minimized. In addition, researchers have compared the results of the AMDAL and the Minister of Environment Decree of RI Law Number 03 of 2013 concerning environmental management. There are many similarities from the results of these comparisons, although there is a little that needs to be fixed. From the explanation above, it can be seen that internal audit has a full role in the company's environmental management procedures in order to minimize environmental impacts.

KEYWORDS: Internal Audit, Procedure, Case Study, Environmental Management and Environmental Impact

I. INTRODUCTION

1.1 Background

Environmental problems faced by every company dominate. Even today, environmental problems have become global issues and are important to talk about because they concern the interests of all mankind. Industrial companies are required to pay attention to environmental management systems so that they comply with the concept of environmentally sustainable development and environmental management procedures that have been made in the company. Therefore, companies need the role of internal audit so that they can help find corrective steps to improve environmental performance, based on predetermined criteria. Internal auditors are employees of a company where they conduct audits. Its purpose is to assist management in carrying out its responsibilities effectively. Audit internal is an organizational control that measures and evaluates the effectiveness of the company (Sawyer's: 2010). In carrying out the internal audit program to assess environmental conditions, the company must also be guided by the environmental management procedures that have been established by the company. The role of internal audit is urgently needed to assess and evaluate the company's environmental conditions according to the company's environmental management procedures and the results of the internal audit can be used as a reference for minimizing the environmental impact that could occur within the company. Environmental impact is a change in environmental conditions caused by an activity, especially company activities. Company activities carried out in the production

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process always have an impact on the environment, both positive and negative. Based on the analysis conducted by the internal audit, it can be clearly identified regarding the large and significant impact on the environment that will arise from the company's activities. The role of internal audit is to assess the suitability of the company's conditions with the environmental management procedures set by the company. Internal auditors can provide suggestions or input to management so that corrective steps can be planned. In addition, the results of the internal audit can be used as a reference to minimize any environmental impacts that could occur. Thus, the requirements for environmentally sound development can be achieved by the company. PT. Wonojati Wijoyo Kediri is a manufacturing company engaged in the Industry Garden Furniture. Based on the background above, the researcher tries to do research with the title "The Role of Internal Audit on Company Environmental Management Procedures to Minimize Environmental Impacts".

1.2 Problem Formulation

Based on the background above, the issues raised in this study are the role of internal audit in environmental management procedures implemented by companies to minimize environmental impacts.

II. THEORETICAL BASIS

2.1 Audit Internal

2.1.1 Definition of Internal Audit

According to Hery (2017:238) Internal audit is an assessment function that is developed freely within the organization to test and evaluate activities as a form of service to corporate organizations. Internal audit carries out independent appraisal activities within an organization to review activities in accounting, finance and other operational fields as a basis for providing services to management.

2.1.2 Internal Audit Function

According to Mulyadi (2013:211) The purpose of conducting an internal audit in a company is as follows:

- a) The internal audit function is to investigate and assess internal control and the efficiency of carrying out the functions of various organizational tasks.
- b) The internal audit function is an independent appraisal activity, which exists within the organization, and is carried out by examining accounting, financial and other activities, to provide services to the management carrying out their responsibilities.

2.2 Definition of Corporate Environmental Management Procedures

According to Azahra (2016), environmental management procedures can be interpreted as the integration of organizational structure, authority and responsibility, mechanisms and procedures/processes, operational practices, and resources for implementing environmental management.

2.3 Definition of Environmental Impact

According to Soemarwoto (2018:4) Environmental impacts are changes in environmental conditions that occur due to activities or activities carried out by a company and can be positive or negative. Most of the business activities are utilizing natural resources and disturbing the environment

III. RESEARCH METHODOLOGY

In this study, to avoid expanding the discussion, the scope of the research only discusses the role of internal audit on environmental management procedures implemented by companies to minimize environmental impacts. There are two sources of data used in this study, namely primary data and secondary data. The data used by researchers is in the form of qualitative data. The techniques used by researchers in collecting data are interviews, questionnaires, observation, and documentation.

IV. RESEARCH RESULT

4.1 Brief History

PT. Wonojati Wijoyo is a company engaged in the industrial sector furniture teak wood. This company was founded based on notarial deed Noor Irawati, SH Number 20 on August 10, 1984, by Mr. Hartanto Wijoyo. Since its inception the company was still in the form of a CV (Commanditer Partner shovel) with the name CV. Wonojati Wijoyo. The company entered into a cooperation contract with East Java KPH II and also worked with the Manpower Office regarding employment, Regional Minimum Wage (UMR) and, labor services.

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V. DISCUSSION

Internal audit implementation at PT. Wonojati Wijoyo implemented by division Quality led by one person as Manager Quality which oversees Quality Control. In section Quality Control is an inspection and monitoring activity by internal audit that is studied by researchers specifically on environmental impacts that may occur through environmental management (K3) procedures that have been carried out in the company. Based on the results of the interviews, at this stage the researcher will describe how to treat waste at PT. Wonojati Wijoyo Kediri, including:

- a. The cleavage process produces waste in the form of:
 - 1) Saw dust The sawdust produced from the splitting process is used to fuel boiler engines.
 - 2) Peel the bark The bark is used to make scrubbing ash and boiler fuel.
 - 3) Glue that sticks to machines that contain phenolic ingredients. The phenol content in the glue easily creates an odor, so the rest of the glue is reprocessed so it doesn't pollute the environment using an incinerator. The glue will burn perfectly and produce fly ash / fly ash.
- b. The cutting process produces waste in the form of sawdust. The sawdust produced from the cutting process is collected together with other production processes and is also used to fuel boiler engines.
- c. The formation process, produces waste in the form of:

1) Tannin waste

This waste is produced from wood dissolved in water when the wood is washed during the forming process. This waste will be reprocessed or neutralized so that when disposed of it does not cause pollution. After being processed, the tannin waste is used as fuel for boiler engines.

2) Avalanche pieces of wood

The remaining scrap wood or wood that is still in the form of blocks during the forming process will be sold to increase the company's income.

3) Saw dust

Some sawdust is sold and some is used as fuel for boiler machines.

4) Wet and dry veneer waste

Veneer waste is in the form of thin sheets of wood. The veneer wood is taken by the local community to be assembled into thin plywood or it can be sold to collectors. Wet veneers are dried before assembling.

5) Chemical waste, in the form of urea formaldehyde, melamine formaldehyde, phenol formaldehyde, and resorcinol formaldehyde This waste is reprocessed using chemical processes, namely neutralization (adjusting the pH of the waste so that it is in a neutral condition), precipitation (removing heavy metal content in wastewater by adding several chemical compounds), aeration (removing pollutants using microorganisms or combining waste with oxygen), ozonation (oxidizes heavy metals by adding O₃ into wastewater), and sedimentation (removing solids content and turning back into water). The water produced through this processing will be reused for the wood washing process.

Following are the results of the AMDAL from PT. Wonojati Wijoyo, which is used as a reference for the internal auditor's assessment. The following is the method for preparing the 2017 AMDAL that the author obtained from PT. Wonojati Wijoyo :

a. The filtering process (screening) mandatory AMDAL;

In PT. Wonojati Wijoyo AMDAL examination is indeed mandatory and has been carried out but it is not that important because the company has tried to pay attention to the work environment of employees as best as possible. This is supported by the company's responsibility to its employees in the event of unwanted things in the form of health benefits and pocket money benefits.

b. Announcement process and community consultation;

PT. Wonojati Wijoyo has not yet conducted an AMDAL examination. However, it has announced its activity plan to the community around the company's location. Until 2001 after the issuance of the first Decree of the Head of BAPEDA Number 08/2000, PT. Wonojati Wijoyo has just conducted an AMDAL examination to follow procedures so that she can continue to carry out her company's activities.

c. KA-ANDAL preparation and assessment (scoping);

At PT. Wonojati Wijoyo the ANDAL study has not carried out an in-depth study and evaluation. This is because the company's activities are planned by estimation, not by way of evaluation of ANDAL studies.

Based on the results of this research, the following findings in the internal audit process include

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- a. In the screening process, the AMDAL examination for PT. Wonojati Wijoyo is not an obligation but only a requirement to follow regulations in order to continue to obtain a business permit. If it does not carry out an AMDAL examination, then PT. Wonojati Wijoyo could not continue his business;
- b. In the process of preparing and evaluating the ANDAL, RKL, and RPL at PT. Wonojati Wijaya the ANDAL study has not yet carried out an in-depth study and evaluation. This can result in large and significant impacts that cannot be managed systematically, even though the environmental impacts can be minimized properly.

Seeing the importance of the AMDAL process for development and the environment, both for the survival of company development and the impact of businesses/activities on the biotic and abiotic environment, it is necessary to enforce the law in the AMDAL process and good cooperation between parties related to the AMDAL and adequate legal instruments, such as increasing discipline for the staff in the company. In addition, the performance of the waste bank in the company as a whole is adjusted to the rules of the Decree of the Minister of Environment, Law of the Republic of Indonesia Number 03 of 2013, it is possible that the performance of the waste bank will run more effectively.

The role of internal auditors in environmental management procedures at companies in order to minimize environmental impacts is supported by the results of interviews and analysis of the results of the questionnaire which stated 100% so that it can be said that the auditor plays an important role in this matter. The role of the internal auditor includes:

- a. Internal auditors identify management compliance with environmental management procedures;
- b. Judging from the enactment of environmental management procedures and the results of the AMDAL, internal auditors carry out supervision so that the company can continue to carry out its activities;
- c. Internal auditors analyze company programs so that they do not conflict with applicable policies, standards and procedures;
- d. Internal auditors assist companies in dealing with waste treatment problems;
- e. The auditor provides recommendations for corrective action if there is a discrepancy between the environmental management system and the applicable environmental management (K3) procedures.

V. CONCLUSIONS AND SUGGESTIONS

5.1 CONCLUSION

The presence of internal auditors at PT. Wonojati Wijoyo is very instrumental in the enactment of environmental management procedures. This can be seen from the way the company manages waste and complies with government regulations and procedures set by the company itself so that environmental impacts can be properly minimized. In addition, researchers have compared the results of the AMDAL and the Minister of Environment Decree of RI Law Number 03 of 2013 concerning environmental management. There are many similarities from the results of these comparisons, although there is a little that needs to be fixed.

5.2 SUGGESTION

Based on the description that has been stated previously, suggestions are presented that are expected to have benefits and can be used as material for consideration in determining company policy in the future. The suggestions are:

- a. PT. Wonojati Wijoyo must further improve the oversight function of the internal auditors so that environmental management can continue to be improved following developments.
- b. If PT. Wonojati Wijoyo already has an internal audit function, it should be included in the organizational structure so that the existence of internal audit can be recognized within the company.
- c. The adjustments to the AMDAL and the performance of the waste bank in the company as a whole should be more adjusted to the rules of the Decree of the Minister of Environment Law of the Republic of Indonesia Number 03 of 2013 so that it is possible that the performance of the waste bank will run more effectively because there are still things that are not suitable, and for waste treatment it has been goes well.

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