

LITERATURE REVIEW: RISK-BASED PERFORMANCE AUDIT FRAMEWORK

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Abstract

The purpose of this research is to examine the impact of risk-based performance audit coverage criteria on company value. Considering the areas for improvement identified by The Audit Board of Indonesia (BPK RI) in conducting performance audits and audit risk management. As a statistical strategy, the VOS Viewer method emphasized better-designed studies and organized their results to form a composite picture of the state of the knowledge on the problem or topic being reviewed. According to the findings of the analysis, Until 2020, the majority of BPK's audits of SOE consists of compliance audits compared to performance audits. According to the 2019 Peer Review Report, BPK has encountered the same difficulties in conducting performance audits over the past fifteen years. Therefore, reviewers suggest that implementing risk-based audits is a solution. The novel aspect of this study is to develop a complete risk-based performance audit framework through a literature review, revealing the framework for risk-based performance audits that highlights the relationship between risk management and risk assessment by internal auditors on performance audits and firm value.

Keywords: performance audit, risk-based audit, BPK, SOE performance.

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Introduction

Audit reports serve as an essential means of communication between a business and its various stakeholders. When independent auditors provide assurance that the reported data is reliable, users of the information gain increased trust in the company (Nazarova, 2020). This is true not only in the commercial sector but also in the public sector, where audits are necessary to promote confidence in the administration and accountability of state finances. In line with this, the Constitution of 1945 mandates the establishment of The Audit Board of Indonesia (BPK). The Audit Board of Indonesia (BPK) conducts financial audits, performance audits, and audits with special purposes, with one such focus being on State-Owned Enterprises (SOE). Although the BPK is legally authorized to audit SOE according to statutory regulations, SOE's financial reports are also reviewed by a Public Accounting Firm as an external auditor. Although the trend of opinion regarding SOE financial reports and the SOE's contributions to the State is positive, this is not the case for the trend in overall financial performance ratios, particularly in relation to returning on assets (ROA) for SOE.

A performance audit is a type of audit that delves deeper into identifying any discrepancies between the trend of financial statement opinions for State-Owned Enterprises (SOEs) and their overall financial performance. According to the International Organization of Supreme Audit Institutions (INTOSAI), a performance audit, as defined in the International Standards of Supreme Audit Institutions (ISSAI) 300, is an independent, objective, and reliable examination of whether a business, system, operation, program, activity, or organization is operating in accordance with economic principles, efficiency, and effectiveness, and identifying areas where improvements can be made. The purpose of performance audits is to provide new information, analysis, or insights, and to make recommendations for improvements when necessary. The Accountability

Organization Maturity Model developed by the Government Accountability Office (GAO), as well as the 2020-2024 BPK Strategic Plan, states that a performance audit represents the fourth and final stage of an auditing agency's level of maturity. At this stage, the focus is on transitioning from an oversight role to one that emphasizes providing insight and foresight. In this stage, the audit institution places a greater emphasis on promoting economic efficiency, ethical conduct, values of justice, and effectiveness, rather than just compliance. The maturity model is to guide and support the auditing agency to evolve towards a more advanced and strategic organization, which can deliver a significant impact on society by providing insight

and foresight, by not just evaluating the past but also anticipating and facilitating the future, and providing recommendations for improvement as well as proactive suggestions.

The International Standards of Supreme Audit Institutions (ISSAI) 300, further states that the auditor must actively manage audit risks, which include the risk of drawing incorrect or incomplete conclusions, presenting unbalanced information, or failing to create value for stakeholders. As outlined in BPK Regulation No. 1 of 2017 on State Financial Audit Standards, the Conceptual Framework requires auditor attention, awareness, consideration, and management of audit risk. BPK also mandates that auditors obtain knowledge of the company and/or the subject matter by analyzing the findings of past audits, including an understanding of internal control. The effectiveness of applicable internal controls can influence audit risk and audit scope. In this process, the auditor will gain awareness of the internal control system relevant to the scope of the audit, including the risk management of the audited business and whether or not the risk management is sufficient to support the fulfilment of organizational objectives. In this way, BPK is able to provide a more effective and efficient audit with an aim to provide insights, recommendations, and suggestions to improve the performance of the organization and its operation.

The results of BPK's peer review by the Supreme Audit Institution (SAI) of other nations provide insights into the execution of BPK's audit practices. To make a risk assessment in yearly plans more efficient and successful, BPK should incorporate both top-down and bottom-up techniques and utilize a variety of information sources (Peer Review Report, 2019). According to the 2019 Peer Review Report, INTOSAI auditing standards recommend that SAIs have staff committed to performing performance audits, with expertise in assessing economy, efficiency, and effectiveness, as well as training on how to evaluate outputs and results. The reviewers have observed that BPK has encountered similar performance audit issues for the past 15 years, and one suggested approach to address this is to increase the proportion of risk-based performance audits while continuing to seek legislative reforms that would support such an increase. Additionally, they could also focus on developing their human capital by providing necessary training and development to equip staff with the necessary skills and knowledge to perform performance audits.

The enactment of Law Number 11 of 2020 on Job Creation, also known as the Omnibus Law, and the ongoing conditions of the Corona Virus Disease 2019 (COVID-19) pandemic, have presented the Supreme Audit Agency (BPK) with additional challenges in evaluating the performance of state-owned enterprises (SOEs). The Job Creation Law

expands the commercial options available to SOEs, and the government can grant assignments to SOEs with the possibility of cost reimbursement if the project is not financially feasible. If not properly managed, SOEs may face an increased risk of inefficiency, which can negatively affect their overall financial performance. The Decree of the Minister of SOEs Number: Kep-117/M.BU/2002 on the Implementation of Good Corporate Governance (GCG) Practices in SOEs confirms that this risk can be mitigated primarily through the implementation of risk management in SOEs. Nonetheless, an audit by BPK is still necessary to ensure that efforts to manage and mitigate risks in SOEs are effective and do not impede the performance of SOEs. This is important not only for the SOEs but also for the society that relies on the services and products provided by the SOEs.

Audits are an excellent strategy for mitigating economic disruption during a pandemic of this nature. For this reason, auditors must work with the auditee to ensure that the level of disclosure is consistent and that the level of confidence in the auditor's report is reliable. Auditors need to consider establishing alternative audit frameworks to gather sufficient and acceptable audit evidence and methodologies (FRC, 2020).

BPK has significant opportunities for improvement in conducting performance audits and managing audit risk; therefore, it is required to conduct research to develop a risk-based performance audit framework based on an exhaustive literature study of prior studies. Previous research analyzed audits of state institutions and state enterprises' preparedness for handling disasters, including pandemics, and the associated risks. An auditor conducting a performance audit must take into account the lack of research and earlier works examining the impact of disaster risk on the performance of SOEs. Although prior research has demonstrated a connection between internal control, corporate governance, and performance auditing, this is the first study to illustrate this relationship directly. Another study analyzes the deficiencies of BPK's performance audits but has not addressed how external auditors, in this case, BPK, might construct risk-based performance audits.

This study is intended to provide insight and information into the risk-based performance audit framework while also encouraging more research. Furthermore, this research is expected to provide input and consideration in the development of an SOE risk-based performance audit methodology to improve risk management and accomplish SOE performance targets.

METHOD

This research was conducted using a qualitative approach through secondary data. The qualitative method used is a content analysis of literature review papers that are relevant or related to certain topics. According to Gall et.al, (1999) 'narrative reviews' are, "emphasized better-designed studies, and organized their results to form a composite picture of the state of the knowledge on the problem or topic being reviewed. In a literature review, researchers collect a number of journals, articles, and reports related to certain keywords or topics. This technique is carried out with the aim of disclosing various theories that are relevant to the problems being faced or researched as reference material in research discussions (Cooper, 2010).

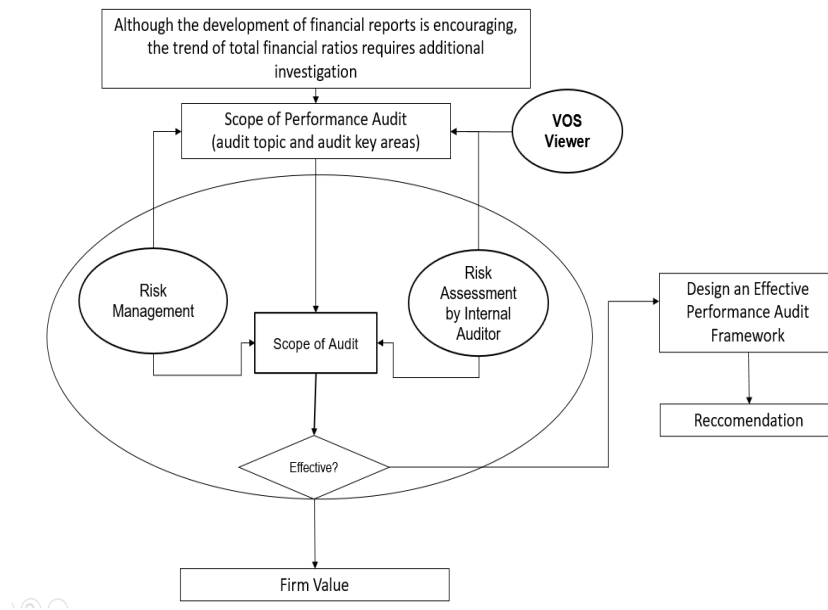
The literature review method is an objective, thorough, and critical summary of relevant previous studies related to the topic being studied (Hart, 1998; Cronin et al., 2008). The aim is to provide up-to-date updates on research topics and form the basis for other purposes, such as justification for future research (Carnwell & Daly, 2001; Cronin, et al., 2008). Literature review is different from academic research in general. The main focus of academic research is to develop new arguments and a research paper which will include a literature review as a part. Researchers use the literature review as a foundation and support for the insights proposed, by summarizing and synthesizing the arguments and ideas of previous research without adding new contributions.

Previous research that was collected was then analyzed using the VOS Viewer analysis tool version 1.6.18 with the keywords used. VOS Viewer is a computer program that offers a text-mining function to visualize networks/relationships (correlation) in an article/journal/book citation related to a research topic, in this case. Risk-based performance audit. Analysis using VOS Viewer consists of network visualization, overlay visualization, and density visualization, each of which describes the relationship of the research topic with other topics, the research period, and the intensity of the research using a particular topic.

According to the research background, this research was initiated as a result of BUMN's suboptimal financial performance and the potential risk of BUMN in the VUCA era, which will later affect the scope of performance audits, which are influenced by risk management and risk assessment by internal auditors. Although the development of financial reports is encouraging, the trend of total financial ratios warrants additional investigation. Mapping was formerly done with the VOS Viewer. So that researchers can determine whether or not the current performance audit approach is effective in enhancing business

value. As a result, creating an effective performance audit system is essential. The conceptual framework is more comprehensive (Figure 1).

Figure 1 Flowchart of the research methodology



RESULTS AND DISCUSSION

1. Mapping of Literature Review Results Based on Research Keywords

The VOS Viewer analysis of this study links terms generated from the major keywords risk management, internal control, the scope of the audit, external audit and internal audit. Company or SOE are responsible for establishing risk management to ensure company performance. Risk assessment is relevant to both risk management and internal control. When determining the scope of the audit, the auditor takes internal controls and risk assessments into account. The BPK is responsible for external audits, whereas the SOE's internal auditor is in charge of internal audits.

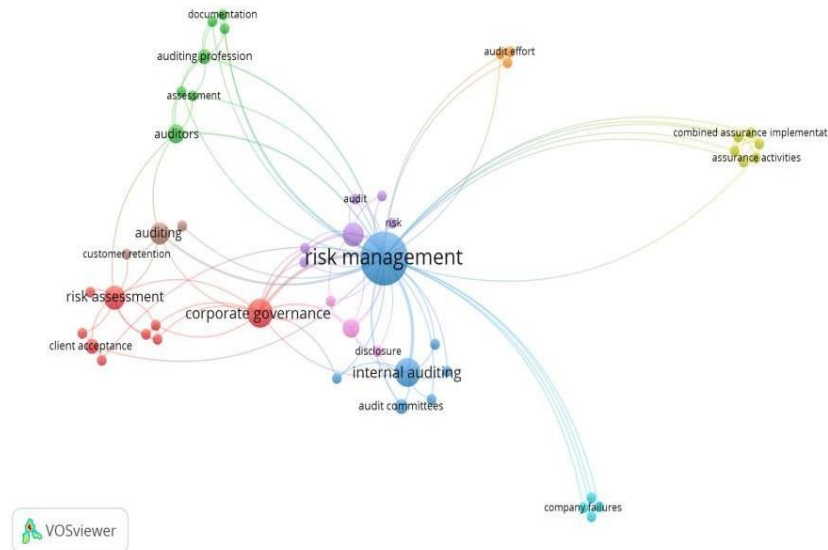
Network visualization is represented by a circle and a network symbol. The larger the circle size and the smaller the network distance between circles indicate that these terms were used more frequently in previous studies, and vice versa. If researchers want to handle problems linked with these three core keywords and produce uniqueness, they must focus on keywords with the smallest circles and the greatest network distance from these three fundamental keywords. Furthermore, the overlay visualization will indicate the

range of years or time periods of previous studies related to the subject under study, and the density visualization will describe the frequency with which the author used these phrases in his research. The darker the layer, the longer the writing period; conversely, the lighter the layer, the shorter the writing period. Meanwhile, the use of clearer/bolder colors to represent distinct topics suggests keyword richness.

a. Risk Management Keyword Analysis

The results of the network visualization analysis on the topic of risk management demonstrate that there have been numerous past studies that employed the term risk management in conjunction with different other related phrases, as illustrated by the interconnected networks in Figure 2. In order to address risk management concerns, pay attention to the keywords - other similar terms. Other keywords with the longest network distance from risk management indicate research opportunities that can be pursued due to the paucity of prior studies examining the relationship between the topic and risk management. The issue of risk management in relation to assurance operations, firm failures, or risk assessment is an example of a fresh study topic, as seen in Figure 2.

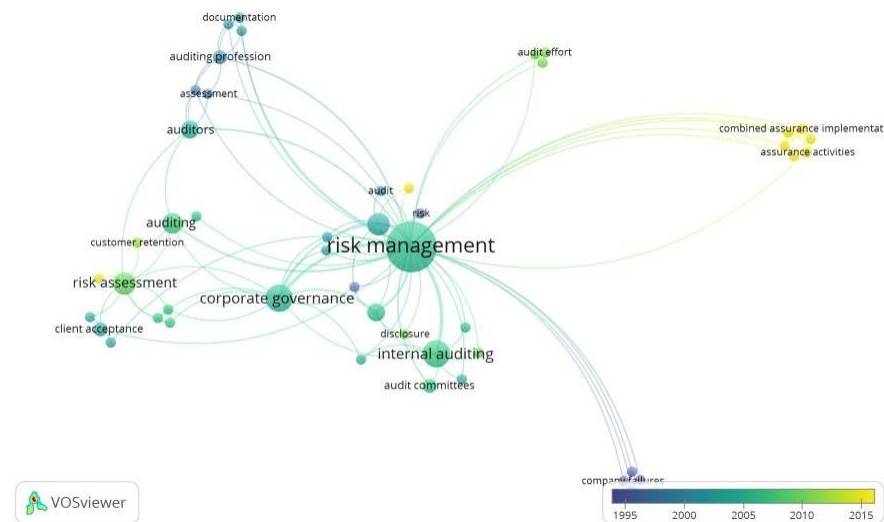
Figure 2 Network Visualization of Risk Management



The results of the overlay visualization for risk management indicate that the most recent study period occurred between 2005 and 2010. As depicted in Figure 3, several relevant topics proliferated between 1995 and 2015. Other topics associated with combined assurance implementation and assurance activities were the subject of research

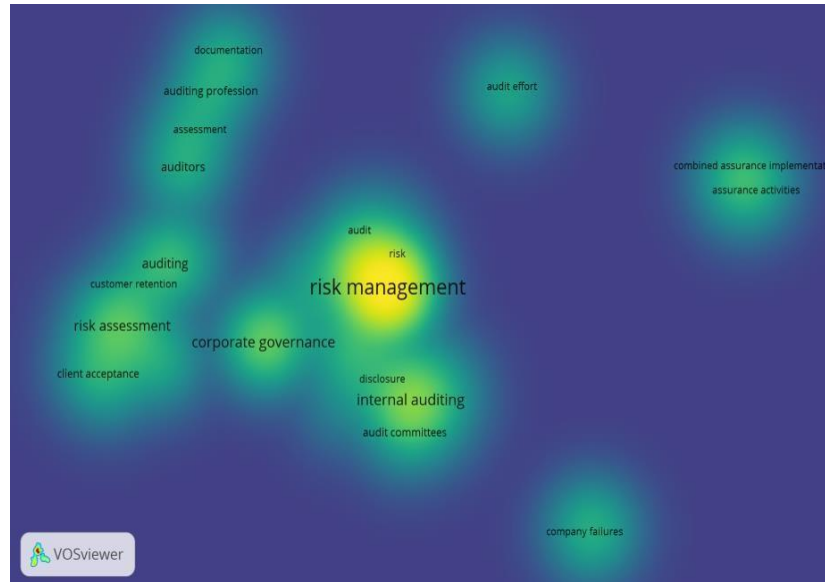
in 2015, or were relatively new. While subjects that have been discussed for a very long time include those linked to the auditing profession and assessments extending from 1995 to 2005, the topics that have been discussed the longest are those pertaining to the auditing profession and assessments.

Figure 3 Overlay Visualization of Risk Management



As shown in Figure 4, the findings of the density visualization indicate that, in addition to the topic of risk management, the topics of internal auditing and corporate governance have been utilized frequently in earlier research. This is indicated by the fact that the larger the number and the greater the weight of the surrounding dots, the yellow dot seems brighter. In contrast, for issues such as documentation, company failure, and audit effort, the yellow dot becomes dimmer the smaller the quantity and the lighter the weight of the surrounding dots. Examining these issues reveals a greater degree of uniqueness or freshness the dimmer the yellow, the closer it is to white.

Figure 4 Density Visualization of Risk Management



b. Internal Control Keyword Analysis

The results of the network visualization analysis pertaining to the issue of internal control indicate that there was less research utilizing the phrase internal control than risk management. As demonstrated in Figure 5, the size of the internal control keyword symbol circles is comparable to or not disproportionately larger than the symbol circles of various other related keywords. However, there are still smaller circles that show the novelty of these keywords and can be utilized by researchers. To solve problems with internal control, research should concentrate on risk, materiality, and insurance.

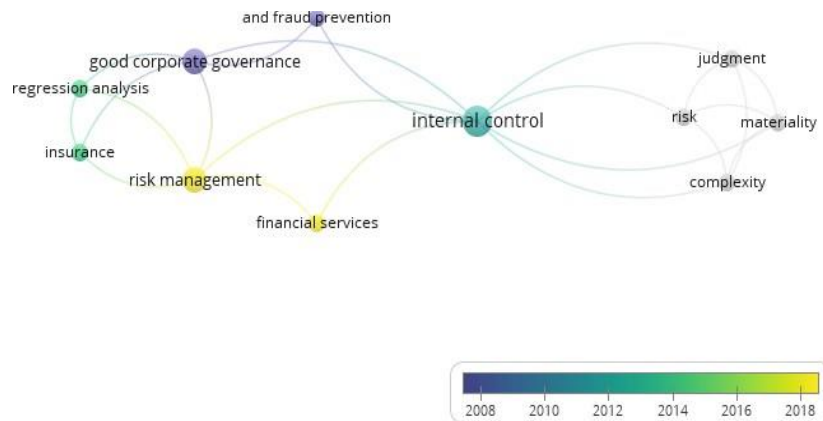
Figure 5 Network Visualization of Internal Control



The results of the internal control-related overlay visualization indicate that the most recent research period occurred between 2012 and 2014. Other relevant topics expanded between 2008 and 2014. 2018 as illustrated in Figure 6. Other subjects pertaining to risk management and financial services were the subject of research in 2018 or were relatively new. While effective corporate governance and fraud

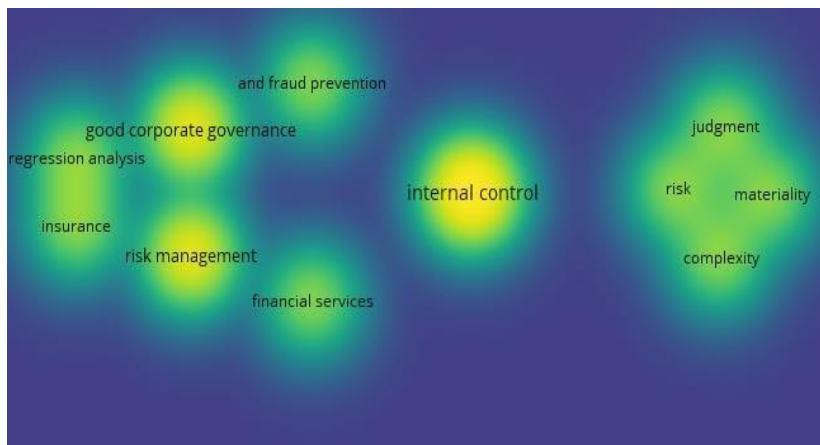
prevention have been studied for a very long time, both subjects resurfaced in 2008 as hot themes.

Figure 6 Overlay Visualization of Internal Control



The density visualization findings demonstrate that, in addition to the theme of internal control, the topic of excellent corporate governance and risk management is frequently utilized in prior studies, as shown in Figure 7. This is demonstrated by the larger the number and the greater the weight of the other points surrounding it, resulting in a brighter yellow paint. For other areas, such as financial services, insurance, and fraud protection, the smaller the number and the lower the weight of the other dots surrounding it, the dimmer the hue of the yellow dots. When these themes are investigated, the dimmer the yellow colour, the more it demonstrates originality or novelty.

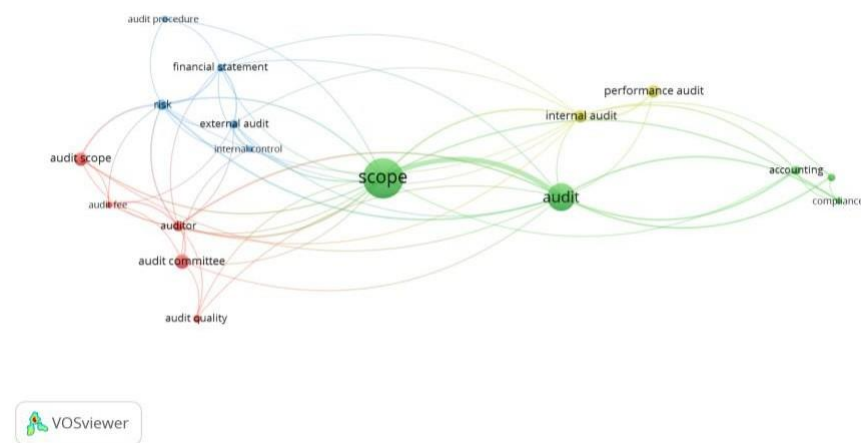
Figure 7 Density Visualization of Internal Control



c. Scope of Audit Keyword Analysis

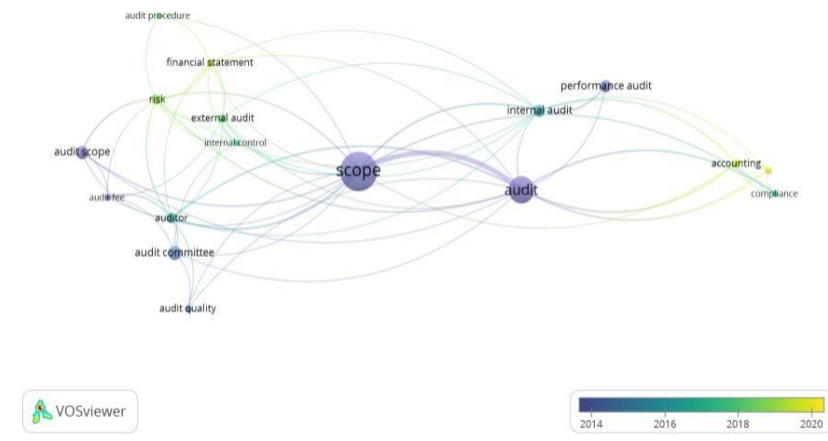
As illustrated by the interconnected networks in Figure 8, the findings of the network visualization analysis related to the issue of audit scope show that there have been numerous past studies employing the scope and audit keywords with different other relevant keywords. Researchers must pay attention to other connected terms if they want to solve the extent of the audit problem. Other keywords with the greatest network distance from the scope of the audit demonstrate research novelty that researchers can employ because there are still very few previous studies that examine the topic's relevance to the scope of the audit. According to Figure 8, study subjects connected to audit performance, audit quality, or risk can be examples of novelty.

Figure 8 Network Visualization of Audit Scope



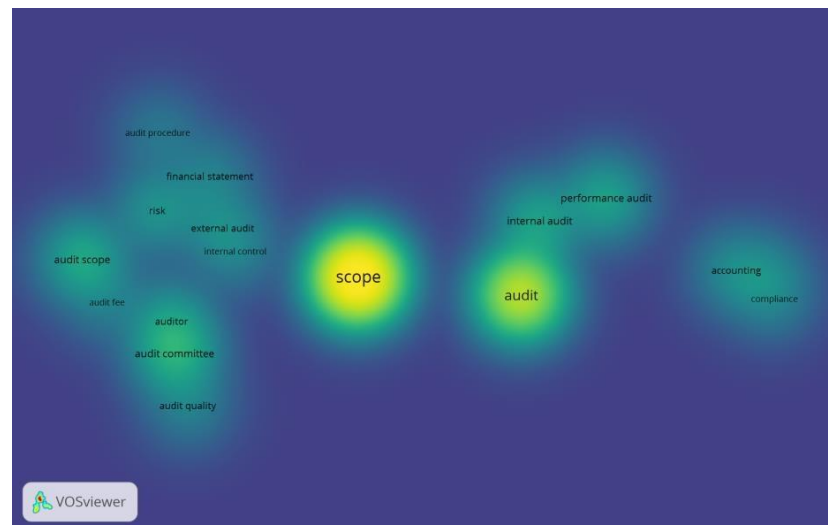
The overlay visualization results for the topic of audit scope reveal that the most recent study period was about 2014. Figure 9 depicts the distribution of other relevant subjects from 2014 to 2020. Other accounting, regulatory, and financial statement-related concerns are being researched around 2020, or are a very new topic. While topics such as audit fees and audit committees have been discussed for a long time, particularly around 2014.

Figure 9 Overlay Visualization Scope of Audit



The density visualization findings demonstrate that, aside from the issue of risk management itself, there are a number of other themes but none that are dominantly employed in prior research, as shown in Figure 10. This is seen by the density of the yellow dot circles that represent these other themes. This implies that every other issue has the same relative originality or novelty when explored.

Figure 10 Density visualization of scope audit

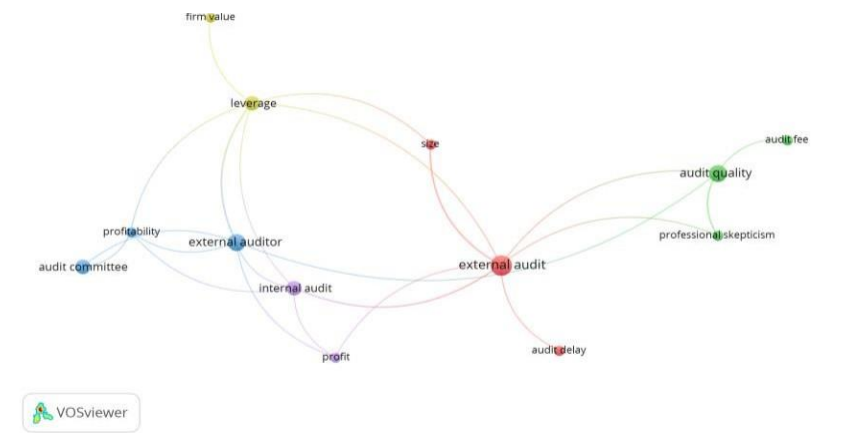


d. External Audit and Internal Audit Keyword Analysis

Based on the findings of the network visualization analysis of the combination of external audit and internal audit topics, there have not been enough previous studies using a combination of these two keywords, including their relationship with various other keywords, as illustrated by the interconnected network in Figure 11. The

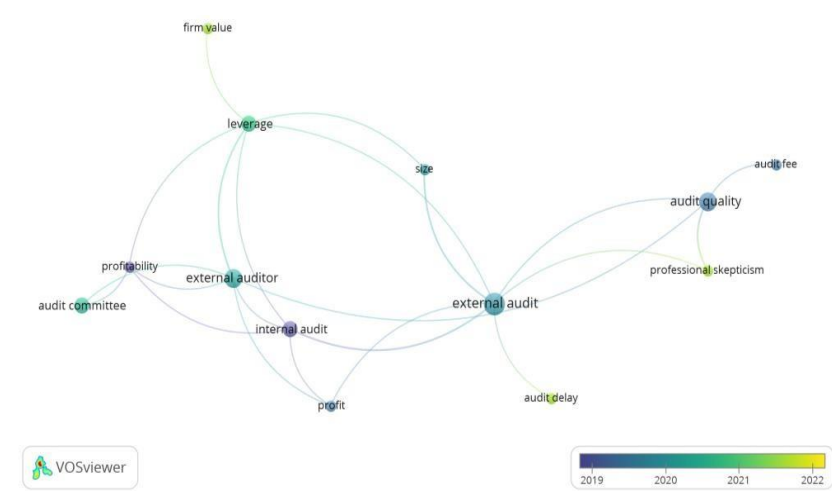
combination of the two external audit keywords and internal audit demonstrates a novelty of research that researchers can take advantage of because there have been very few previous studies that discuss the relationship between the two topics, including their relationship to other topics such as company values.

Figure 11 Network visualization of External Audit and Internal Audit



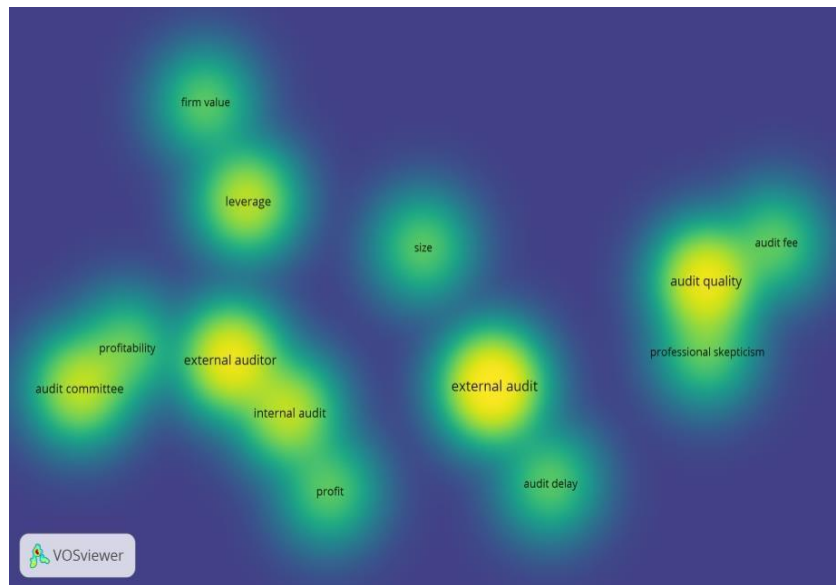
The analysis of the overlay visualization for the intersection of external and internal audit topics reveals that the majority of the previous studies were conducted between 2019 and 2020. Other related subjects were studied from 2019 to 2022 as depicted in Figure 12. Newer areas of research include topics such as company values, scepticism, and audit delay which were studied around 2022. Meanwhile, long-standing areas of study include profitability and internal audit, which were studied mostly in 2019.

Figure 12 Overlay Visualization of External Audit and Internal Audit



The density visualization indicates that audit quality is a popular subject among researchers in addition to the combined topics of external and internal audit, as illustrated in Figure 13. The high prevalence of this topic is evidenced by the close proximity of the yellow dot circles representing the three subjects, indicating a similar level of density.

Figure 13 Density Visualization of External Audit and Internal Audit



From the analysis of the literature and keywords, it has been determined that there is a link between risk management, internal control, scope of audit, external audit, and internal audit. The fourth analysis focusing on external and internal audits also revealed a correlation with company value. Despite many studies on these subjects separately, there is still potential for novel insights if the themes are examined together. Therefore, the researcher plans to continue with the next step of the analysis to develop a fresh risk-based performance audit framework in their study.

When selecting a research object based on a literature review about the relationship between risk management and risk assessment by internal auditors on the scope of the performance audit, several criteria may be considered. According to the analysis of the scope conducted by the researcher, it can be concluded that the criteria used to develop the model have support from previous research on related topics. This means that the selected criteria are not arbitrary, but are based on established concepts and principles that have been previously explored and validated by scholarly publications.

The researcher's conclusion suggests that the chosen criteria are likely to be reliable and valid, and therefore suitable for use in developing the model. Overall, this supports the credibility and rigour of the research and enhances the potential for the model to effectively address the research question and contribute to the literature in the field. The journal should have a strong reputation and be recognized as a credible and reputable source of information in the relevant field. This ensures that the research published in the journal is of high quality and rigor, and has been subject to a rigorous peer-review process.

This means that it should cover a range of perspectives, industries, and contexts in order to provide a comprehensive and nuanced understanding of the role of risk management in determining the scope of a performance audit. Overall, selecting research objects that meet these criteria will enhance the credibility and rigor of the study, and improve the potential for the research to contribute to the literature in the field.

2. Analysis of Risk Based Audit Model Formulation

a. Risk Management in Determining the Scope of a Performance Audit

According to Bramantyo (2008), risk management is a methodical and structured approach for identifying, measuring, mapping, creating options for risk management and monitoring and controlling risks. It can be implemented across the organization from top to bottom management. ISO 31000 Risk Management identifies five stages in the risk management process, which are: 1) identifying risks, 2) analyzing the likelihood and effect of each risk, 3) prioritizing risks according to business goals, 4) addressing (or responding to) the risks, and 5) monitoring results and making adjustments as necessary. COSO (2004) explains that enterprise risk management is a process, executed by the organization's board of directors, management, and other personnel, implemented in the strategic setting and throughout the organization, which aims to recognize potential events that might affect the organization and manage those risks within the organization's risk appetite, in order to provide reasonable certainty regarding the attainment of the organization's objectives. Daujotaite (2013) adds that risk assessment factors associated with performance appraisal are an intrinsic part of performance audits. Therefore, it can be inferred that risk management plays an important role in performance audits and Hypothesis 1 can be formulated.

b. Risk Assessment by Internal Audit in Determining the Scope of a Performance Audit

The concept of internal control was first introduced in 1949 by the American Institute of Certified Public Accountants (AICPA). According to AICPA, internal control refers to a set of plans and procedures that

an organization uses to secure its assets, validate the accuracy and reliability of its data, improve its efficiency, and ensure compliance with established management policies. One of the most comprehensive views on the role of internal control in an organization or company is presented in the internal control framework established by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework, which was first published in 1992, has become widely recognized and widely implemented and comprises five elements: 1) Control Environment, 2) Risk Assessment, 3) Control Activities, 4) Information and Communication, and 5) Monitoring. The internal audit unit is a part of the internal control system within an organization or company and conducts risk assessments as part of its internal audit activities. Risk assessment can be used to establish priorities for allocating limited time and resources for audits.

Sulviani and Hermayana (2019) in their research explained that risk is something that is beyond the control of the auditor. ISA 315 paragraph 20 states that auditors are required to gain an understanding of the control activities that are relevant to the audit, specifically controls that the auditor believes to be important or material. The results of previous studies show that in general, the scope of audit procedures will expand as the risk level increases, so it can be concluded that risk affects the scope of audit procedures. Pertiwi and Herawati (2017) explain that determining the audit risk has a positive and significant impact on determining the level of materiality in an audit.

The scope of a performance audit should also include the control environment, management risk assessment, activity control, communication and information, and oversight as these elements impact auditor accountability (Febriana et al., 2017). Internal control can minimize errors in financial reporting, protect against and limit the potential for fraud and misappropriation of company assets, and enable the production of quality and accurate financial information (Rokhlinasari & Hidayat, 2016). Therefore, it can be inferred that the risk assessment conducted by the internal audit can motivate management to evaluate the performance of a company through a performance audit, so Hypothesis 2 is formulated.

c. Risk Management Has an Influence on Company Value

Risk can arise as a result of the uncertain conditions that a company faces. Therefore, management as agents for shareholders has a responsibility in assessing risks and protecting the company from risks that can negatively impact the company. Managers must consider risk control in every decision by implementing corporate risk management. There is a correlation between risk management and company value, as companies that effectively implement risk

management tend to have higher firm value than those that have lower levels of risk management implementation. This can be observed by observing the average company value, which tends to increase as risk management implementation improves, as reported in financial statements. This is consistent with the signal theory which posits that management will always try to disclose private information that they believe would be of great interest to potential investors and shareholders, especially if the information is positive. Additionally, management is inclined to convey information that can increase the credibility and success of the company even though this information is not legally required (Andina et al., 2013)

Sari et al. (2021) state that disclosing company risks can lead to a decrease in company value. This is due to information about potential hazards disclosed by the company being perceived by investors as unprofitable, as the information about these hazards makes investors aware of the potential risks that may occur within the company, particularly with regard to property and company assets. Risk management plays a crucial role in realizing corporate governance through effective risk management, allowing companies to minimize risks and more carefully consider opportunities (Pradana & Rikumahu, 2014). Risk management is crucial for properly assessing, understanding, and managing risks, essential for achieving a good fit and performance. It's important for strategic planning and management decisions to be made appropriately within the context of the risk appetite of the company and its various stakeholders - particularly its shareholders. If a company does not have a good understanding of risk, there is a high probability of both underperformance and misalignment with the company's objectives, indicating a lack of good internal and external intelligence in the company (Sari et al., 2022). Thus, it can be inferred that risk management has an influence on company value, and Hypothesis 3 is formulated.

d. Risk Assessment by the Internal Audit Has an Influence on Company Value

Internal controls are put in place, implemented, and maintained so that management and other employees can effectively address the business risks and fraud that threaten the achievement of the organization's objectives and can negatively impact firm value (Soleman, 2013). Soleman's research (2013) demonstrates that internal control has a positive impact on good corporate governance, where good corporate governance is believed to promote the formation of corporate values by helping to reduce agency issues and building investor confidence (Ulhøi, 2007). The results of the study indicate that there is a relationship between internal audit control, risk

management, monitoring practices and success (Eniola, 2020). To achieve and improve company performance, firm value can be increased through effective internal control (Pangaribuan et al., 2022). Furthermore, research by Azizah and Islam (2014) shows that companies that conduct risk assessments on internal control can increase corporate value. This is because the contributions of risk management and internal control cannot be overlooked in improving company performance as both are crucial for reducing the cost of capital and increasing investor confidence. Therefore, it can be inferred that risk assessment by internal audit has an influence on company value, so Hypothesis 4 is formulated.

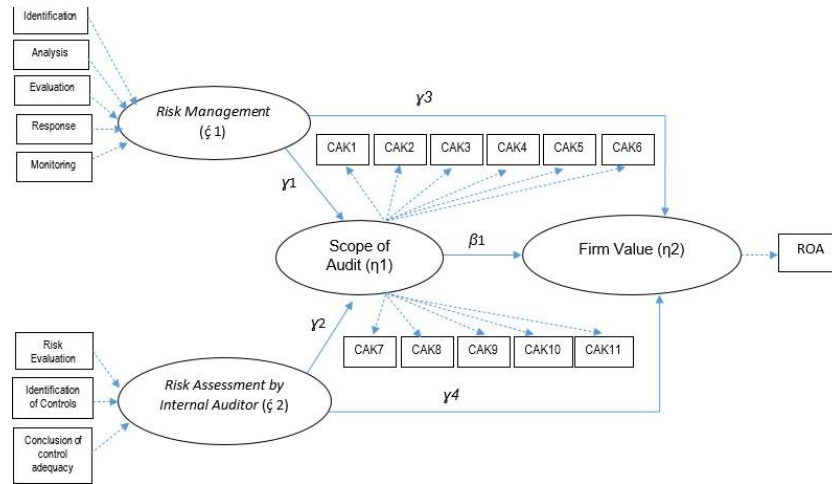
e. Performance Audit Has an Influence on Company Value

The audit is an activity carried out by parties who have independence and professional competence to check whether existing performance is in accordance with established standards. The audit is a process to reduce information asymmetry that exists between managers and shareholders by using outsiders to provide validation of financial statements. Users of financial statements, especially shareholders, will make decisions based on reports made by auditors regarding the financial statements of a company (Nugrahani, 2014).

Dzikrullah et al. (2020) study explains that an internal audit is responsible for overseeing company operations and providing added value by evaluating the effectiveness of risk management, control, and corporate governance processes. Companies with strong governance can promote the quality of performance audits, resulting in good corporate value (AlQadasi & Abidin, 2018). Donker et al. (2017) suggest that indicators of corporate values that influence performance audits are accountability, resources, excellence, fairness, honesty, honour, respect, trust, integrity, and responsibility. Therefore, it can be inferred that performance audits have an influence on corporate value, and Hypothesis 5 is formulated.

Based on the analysis of the results from the literature review, one of the goals of this study is to develop a research model that examines the relationship between risk-based performance audits and company value. This framework will formulate research hypotheses and conduct path analysis to establish the relationships between variables and their indicators, as illustrated in Figure 14.

Figure 14 Diagram Path Research



By using Structural Equation Modeling-Partial Least Square (SEM-PLS) the research model in this framework has the following five hypotheses.

Hypothesis 1

H0: The auditor does not consider risk management in determining the scope of the performance audit.

H1: The auditor considers risk management in determining the scope of the performance audit.

Hypothesis 2

H0: The auditor does not consider the risk assessment by the internal auditor in determining the scope of the performance audit.

H1: The auditor considers the risk assessment by the internal auditor in determining the scope of the performance audit.

Hypothesis 3

H0: Risk management by the internal auditor has no effect on company value.

H1: Risk management by the internal auditor has an effect on company value.

Hypothesis 4

H0: Risk assessment by internal auditors has no effect on company value. H1: Risk assessment by internal auditors has an effect on company value.

Hypothesis 5

H0: The scope of the performance audit has no effect on company value. H1: The scope of the performance audit has an effect of company value.

This research, utilizing these models and hypotheses, aims to bridge any gaps in previous studies and bring new insights by analyzing the relationship between risk management and risk assessment by internal auditors on the scope of the performance audit, as well as the relationship between the scope of the performance audit and company value. It will contribute to the novel research on how risk management and risk assessment by internal audit affects the audit coverage and how that impacts the company value.

There are several limitations to consider regarding the application of the results of a literature review about the relationship between risk management and risk assessment by internal auditors on the scope of the performance audit. Firstly, it is important to note that the findings of a literature review are based on previously published research and may not be representative of current practices or contexts. Therefore, the applicability of the results may be limited to specific industries or regions, and may not be generalizable to other settings. Secondly, the quality and rigour of the studies included in the literature review may vary, which could affect the validity and reliability of the findings. It is important to critically evaluate the methodology and conclusions of each study to determine the relevance and usefulness of the results.

Finally, the application of the results of a literature review should be complemented by a thorough understanding of the organization's goals, objectives, and risk appetite. It is important to consider the unique needs and priorities of the organization in order to effectively implement risk management and risk assessment practices and to optimize the scope of performance audits.

CONCLUSION AND RECOMMENDATION

This study conducted a bibliometric analysis of the risk-based audit model, examining studies from 1995 to 2022. The results of the mapping using VOS Viewer revealed that research topics that have the potential to offer new insights include risk management topics related to assurance activities, company failures, or risk assessment, internal control topics related to risk, materiality, and insurance, and audit scope topics related to performance audit, audit quality, or risk. The fourth analysis revealed a relationship between external and internal audits and company value.

Based on the topic mapping, a risk-based performance audit framework was identified that offers a new perspective on the relationship between risk management, risk assessment by the internal auditor, and scope of the performance audit, as well as the relationship between audit coverage and company value. Suggestions for further research include developing the framework outlined in this literature review, for example by conducting a study of companies in Indonesia. This is because research opportunities in Indonesia are still vast, as there are still few studies that combine these topics and examine the relationships between them.

This paper is novel because it seeks to contribute to the current debate in the literature about the development of future research programs and priorities, and to guide the direction of research in risk-based performance auditing. The scientific novelty of the article also consists of a conducted large-scale study describing the author's theoretical and practical prerequisites focus on the role of technology in the development and implementation of risk-based performance audit frameworks. The review highlights the potential of emerging technologies such as data analytics, machine learning and artificial intelligence in enhancing the effectiveness and efficiency of performance auditing. In addition, the review also discusses the challenges associated with the adoption and integration of these technologies in the audit process.

Overall, the literature review provides valuable insights into the current state of research on risk-based performance audit frameworks, and identifies potential avenues for future research. The review highlights the importance of risk-based approaches and the potential of technology in enhancing the effectiveness and efficiency of performance auditing, and provides a roadmap for further research in this important area.

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