


The Role of Internal Audit in Ensuring Compliance with Risk Management Policies: Systematic Literature Review

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| DATE | ABSTRACT |
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| Accepted: Revised: Published: | <p><i>This study aims to examine the role of internal audit in risk management, fraud prevention, and the implementation of Good Corporate Governance (GCG) principles in various organizations. This research employs the Systematic Literature Review (SLR) method to analyze relevant studies concerning the role of internal audit in these contexts. The analysis results indicate that internal audit plays a crucial role in ensuring effective risk management, fraud detection and prevention, and strengthening corporate governance frameworks. Internal audit functions to identify, assess, and manage various types of risks, including financial, operational, and reputational risks, as well as to enhance transparency in risk management disclosures. Furthermore, internal audit has proven effective in mitigating fraud risks through the implementation of stringent internal controls and continuous monitoring mechanisms. This study concludes that internal audit significantly contributes to organizational resilience and sustainability, serving as the frontline in maintaining organizational integrity and reinforcing the application of GCG principles. Therefore, internal audit plays a strategic role in strengthening risk culture and enhancing overall corporate performance.</i></p> <p>KEYWORDS <i>internal audit, risk management, fraud prevention, Good Corporate Governance (GCG), Systematic Literature Review (SLR)</i></p> <p> <i>This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International</i></p> |

INTRODUCTION

Companies are faced with increasingly complex challenges in managing risks that can impact their operational continuity and performance. One of the important instruments in risk management is internal audit, which serves to ensure that the policies and procedures implemented by management are carried out effectively and efficiently. Internal audit plays a crucial role in identifying, evaluating, and managing risks that may arise, as well as providing recommendations for improvement to enhance organizational

performance. Therefore, internal audit is one of the main pillars in maintaining the sustainability of the company's operations.

The role of internal audit is increasingly important in preventing fraud within companies. Fraud can significantly harm an organization, both financially and reputationally. Accordingly, internal audit acts as a supervisory function that detects, prevents, and addresses potential fraud by strengthening internal controls and existing procedures. Additionally, internal audit can provide input related to system improvements, so that the risk of fraud can be minimized at an early stage, thereby protecting the integrity and stability of the company.

Beyond its function as a tool for risk management and fraud prevention, internal audit also supports the implementation of *Good Corporate Governance (GCG)*. Effective *GCG* implementation establishes a system that is transparent and accountable in every decision and action taken by the company. Internal audit ensures that *GCG* principles are applied appropriately and provides independent oversight, which is essential in supporting the decision-making process at the managerial level.

Previous research has extensively explored the role of internal audit in organizational governance, particularly in risk management, fraud prevention, and the implementation of *GCG*. Studies such as those by Fahmi and Syahputra (2019) and Christine and Apriwandi (2022) highlight the critical function of internal audit in detecting and mitigating fraud through stringent internal controls. Additionally, research by Juhadi and Sofyan (2020) and Maulina and Kartikasari (2021) emphasizes the contribution of internal audit to enhancing transparency and accountability, which are foundational to *GCG* principles. However, while these studies provide valuable insights into the operational and financial oversight roles of internal audit, they often focus on specific sectors or isolated aspects of risk management, leaving broader systemic challenges underexplored.

In this fast-paced digital era, the challenges faced by internal audit are increasing. Companies must address a variety of more complex risks arising from rapid technological developments and ongoing market changes. Therefore, internal audit must be able to adapt to these developments and utilize the latest technology in the audit process to detect potential risks more quickly and accurately. The right information technology will increase the efficiency and effectiveness of the internal audit function in identifying and managing emerging risks.

Given the importance of internal audit in risk management and fraud prevention, this study aims to examine in greater depth the contribution of internal audit in companies, particularly in relation to the implementation of risk management and *Good Corporate Governance*. This research will also discuss the challenges faced by internal audit and how companies can optimize internal audit functions to improve operational performance and sustainability.

Despite the wealth of research on internal audit functions, a significant gap remains in understanding how internal audit adapts to the evolving complexities of modern risk landscapes, particularly in the context of rapid technological advancements

and global regulatory changes. For instance, while studies like Arafah (2022) and Kurniawan (2020) address risk management in specific industries, such as *Islamic banking*, they do not fully account for the interdisciplinary challenges posed by digital transformation and cross-border compliance requirements. Furthermore, existing literature often treats risk management, fraud prevention, and *GCG* as separate domains, neglecting their interconnectedness and the holistic role internal audit could play in integrating these areas. This gap underscores the need for a more comprehensive examination of internal audit's strategic role in contemporary organizational ecosystems.

The novelty of this research lies in its systematic approach to synthesizing fragmented findings from diverse studies into a cohesive framework that addresses the multifaceted role of internal audit. By employing a *Systematic Literature Review (SLR)*, this study not only consolidates empirical evidence from various sectors but also identifies emerging trends, such as the use of digital tools in audit processes and the growing importance of reputational risk management. Additionally, this research proposes actionable recommendations for optimizing internal audit functions to meet the dual demands of regulatory compliance and strategic risk mitigation. In doing so, it contributes to both academic discourse and practical applications, offering a forward-looking perspective on how internal audit can evolve to safeguard organizational integrity in an increasingly complex business environment.

This study uses the *Systematic Literature Review (SLR)* method, a methodological approach used to review and filter relevant literature related to the role of internal audit in risk management, fraud prevention, and the implementation of *GCG* in companies. The *SLR* method allows researchers to identify, assess, and synthesize findings from various scientific articles and journals that have been published, with the aim of providing a comprehensive overview of the research topic. In this context, *SLR* will be used to analyze how internal audit can play a role in mitigating risk and fraud, as well as its contribution to strengthening the implementation of *GCG*. By relying on *SLR*, this study is expected to produce more structured and evidence-based findings from a variety of credible sources.

Based on this background, the formulation of the problem to be discussed in this study focuses on the role of internal audit in addressing risk management challenges in companies, especially in relation to the risk management policies implemented. First, the role of internal audit in ensuring compliance with risk management policies is vital, as internal audit is responsible for identifying and evaluating risks that can affect operational continuity and performance. Second, the challenges faced by internal audit in carrying out its duties—including addressing increasingly complex risks due to technological developments and market changes—need to be analyzed more deeply so that companies can optimize the internal audit function. Third, this research will also explore how internal audit can contribute to improving the effectiveness of risk management and supporting the implementation of transparent and accountable *Good Corporate Governance* principles.

The purpose of this study is to identify the role of internal audit in ensuring compliance with the risk management policies implemented by companies, as well as to analyze the challenges faced by internal audit in ensuring such compliance. In addition, this study aims to provide recommendations that can enhance the role of internal audit in improving the effectiveness of risk management and supporting the implementation of *GCG* in organizations.

METHOD

The research method used in this journal is the *Systematic Literature Review (SLR)*, a structured approach to systematically identify, evaluate, and analyze relevant literature. *SLR* is conducted through standardized steps, including the formulation of research questions, the determination of inclusion and exclusion criteria, the search for literature using scientific databases, and the filtering and analysis of data from the search results. In the context of this study, *SLR* is utilized to comprehensively review literature that discusses the role of internal audit in ensuring compliance with risk management policies. The search was conducted on journal articles, books, and other relevant documents published within a specific time period, focusing on studies that provide empirical and conceptual perspectives on the effectiveness of internal audit in supporting the implementation of risk management policies across various organizations. The results of this *SLR* are expected to provide an in-depth understanding of trends, challenges, and best practices regarding the role of internal audit in risk management.

RESULTS AND DISCUSSION

This research was carried out by reviewing several articles or journals related to internal audits of risk management policies which began by conducting a study of various articles, then looking for similarities and differences in each journal to then compile it into a study with various concepts.

Table 1. Article Selection Criteria

| Criteria | | Description | Total Articles |
|--------------------------------|------------------|---|----------------|
| Keyword source | (Internal Audit) | Articles sourced from Semantic Scholar and Web of Science | 2.680.000 |
| Language (English) | Exclusion | Articles written in English | 19.700 |
| Exclusion of Science | Fields of | Articles related to risk management policies | 17.400 |
| Year Exemption | | Articles published in the last 5 years | 15.500 |
| Theme Exclusions | | Articles that discuss the calm of internal audits of risk management policies | 13.800 |
| Final Article Selection | | | 30 |

Based on Table 1, it is known that the results of the initial screening resulted in a total of 2,680,000 articles from Semantic Scholar and Web of Science sources. Of these, 19,600 articles are in Indonesian. Furthermore, based on the relevant theme, namely risk

management policy, 17,400 articles were found. After further screening based on the year of publication in the last 5 years, the number shrunk to 15,500 articles. Of the articles, there are 13,800 articles that specifically discuss internal audits of risk management policies. In the final selection of the article, 30 were selected for the literature review in this study, as detailed in Figure 1. The selection of articles is carried out based on a number of criteria, including the source of the article, theme, and year of publication. The initial classification stage based on the source of the article is shown in Figure 1.

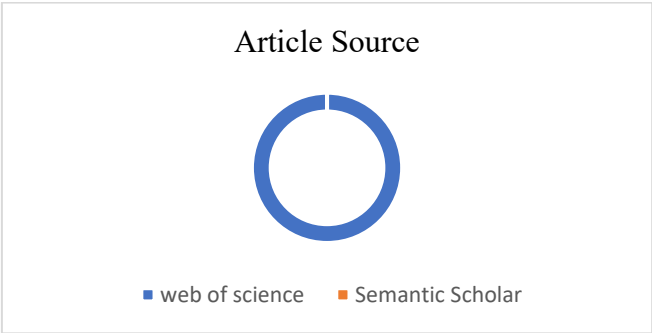


Figure 1. Article Source Classification

Based on the results of the classification of article sources, it is known that there are 263 articles (5.34%) related to internal audit and risk management policies that come from the Semantic Scholar platform, while 4,660 articles (94.66%) come from the Web of Science. After obtaining this data, the next step is to further classify the articles based on their suitability with the theme of the research being conducted. This process aims to filter relevant articles and in accordance with the topic that is the focus of the study, so that the research results obtained are more focused and valid in accordance with the desired context.

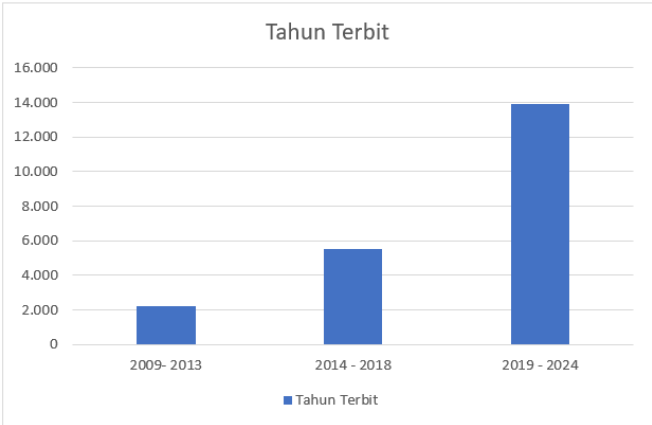


Figure 2. Year of Publication

Based on the division by year of publication, it was obtained that 13,900 articles (64.23%) were published in the last five years. Furthermore, the classification of articles based on research methods can be explained as follows.

Table 2. Literature Review (Internal Audit)

| No. | Author and Title | Publisher | Method | Research Results |
|-----|--|---|---|--|
| 1. | Sukandani, Y., Wardani, D. F. K., Cahyani, E. P., Maharani, E. D., & Devitri, Z. V. (2024). The Influence of the Role of Internal Audit on Risk Management Performance at PT Bank Jabar Banten Syariah in 2019-2023. | <i>WANARGI: Journal of Management and Accounting</i> , 1(4), 456-460. | Regression analysis methods | The role of internal audit has a significant effect on improving risk management performance |
| 2. | Dwiyanto, M., & Supriadi, Y. N. (2024). Modern Internal Audit Transformation: Improving the Effectiveness of Organizational Management. | <i>Bureaucracy Journal: Indonesia Journal of Law and Social-Political Governance</i> , 4(2), 1303-1318. | Qualitative approach method | The implementation of a more adaptive and technology-based internal audit can strengthen organizational management in facing the challenges of the times. |
| 3. | Yuwono, M. A., & Ellitan, L. (2024). The Role of Internal Audit in the Risk Governance Evaluation Process of PT Agro's Operational Division. | <i>BIP's Journal of Business Perspectives</i> , 16(2), 78-97. | Case study methods | Internal audits play an important role in identifying, evaluating, and managing risks to improve corporate governance. |
| 4. | Ritchie, A. Y. (2023). The role of internal audit in the implementation of corporate risk management. | <i>Owner: Research and Journal of Accounting</i> , 7(3), 2348-2357. | Qualitative approach method | Internal audits contribute significantly in identifying and managing risks to improve the sustainability and performance of the company. |
| 5. | Monica, M., Nasrizal, N., & Rasuli, R. (2023). The influence of organizational culture and the role of internal audit on fraud prevention with internal control as an intervening variable. | <i>Bilancia: Scientific Journal of Accounting</i> , 7(3), 677-685. | Regression analysis methods | Organizational culture and internal auditing have a significant influence on fraud prevention through internal control. |
| 6. | Fahmi, M., & Syahputra, M. R. (2019). The Role of Internal Audit in Fraud Prevention. | <i>Liabilities (Journal of Accounting Education)</i> , 2(1), 24-36. | Qualitative descriptive approach method | Internal audits have a crucial role in detecting, preventing, and reducing fraud risks through effective oversight and the implementation of strict internal controls. |
| 7. | Christine, D., & Apriwandi, A. (2022). Internal Audit and Fraud Prevention- | <i>Owner: Research and Journal of Accounting</i> , 6(3), 3270-3280. | Quantitative descriptive | Internal audits have a significant influence in preventing fraud through |

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| | Empirical Evidence in Public Companies of the Logistics Affairs Agency (BULOG). | | analysis methods | effective supervision and evaluation. |
| 8. | Puspitasari, C. A., & Rini, D. D. O. (2024). Effective Internal Audits Cut Fraud in Indonesia. | <i>Academia Open</i> , 9(1), 10-21070. | Quantitative approach method | A robust and structured internal audit implementation can significantly reduce the rate of fraud in an organization. |
| 9. | Hafizhoh, D., & Meutia, T. (2024). Literature Review: Risk Audit Techniques in Money Laundering Disclosure from an Investigative Audit Perspective. | <i>Hikamatzu Journal of Multidisciplinary</i> , 1(1), 81-88. | Case study methods | Investigation-based risk audits have a crucial role in detecting and exposing money laundering practices in organizations. |
| 10. | Purba, S. (2024). Legal Analysis of Tax Compliance in Business Transactions | Global. <i>WriteBox</i> , 1(4). | Quantitative approach method | Effective tax compliance is essential to avoid potential violations and ensure transparency in international business transactions. |
| 11. | Sari, A. M., & Khudri, T. M. Y. (2024). Evaluate the role of internal audit in reputational risk management. | <i>Scientific Journal of Management, Economics, & Accounting (MEA)</i> , 8(1), 518-527. | Qualitative descriptive analysis methods | Internal audits play an important role in identifying and managing reputational risks to maintain a company's image. |
| 12. | Dwiyanti, N., Roihat, N. A., Hakim, R. N., & Santoso, R. A. (2024). The Effect of Internal Audit on Risk Suppression of Sinta-Indexed Article Literature Review. | <i>Initiative: Journal of Economics, Accounting and Management</i> , 3(3), 215-224. | Case study methods | Internal audits play a significant role in identifying, managing, and mitigating risks in the company. |
| 13. | Rohyana, C., Rahmadina, M. T. F., & Marismiati, M. (2024). The effect of internal audit on the suppression of fraud risk at PT Pos Finansial Indonesia. | <i>Land Journal</i> , 5(1), 152-158. | Quantitative approach method | Internal audits play a significant role in reducing the risk of fraud through effective supervision and control |
| 14. | Juhadi, J., & Sofyan, Y. (2020). The Influence of Internal Control System and Internal Audit on the Implementation of Good Corporate Governance. | <i>Jemasi: Journal of Management and Accounting Economics</i> , 16(2), 17-32. | Quantitative methods | Internal control and internal audit have a positive and significant influence in improving the application of good corporate governance principles. |
| 15. | Kurniawan, B. (2020). The effect of risk management disclosure on information | <i>Journal of Business Accounting</i> , 13(1). | Regression analysis methods | Risk management disclosure can reduce information asymmetry, |

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| | asymmetry with audit quality and internal audit function as moderation variables. | | | with audit quality and internal audit functions playing an important role as moderator. |
| 16. | Tarantika, R. A., & Solikhah, B. (2019). The Influence of Company Characteristics, Characteristics of the Board of Commissioners and Auditor Reputation on Risk Management Disclosure. | <i>Journal of Economic, Management, Accounting and Technology</i> , 2(2), 142-155. | Regression analysis methods | The characteristics of the company, the characteristics of the board of commissioners, and the reputation of the auditor have a significant influence in improving the disclosure of the company's risk management. |
| 17. | Tampubolon, M. N. H. (2019). Risk management, internal control, corporate governance and financial performance of SOEs with the maturity level of the internal audit department as a moderator. | <i>JRAP (Journal of Accounting and Tax Research)</i> , 6(02), 69-80. | Regression analysis methods | The maturity level of internal audit moderates the relationship between these factors and the financial performance of SOEs. |
| 18. | Maulina, G. A., & Kartikasari, D. (2021). The Role of Internal Audit in Good Corporate Governance Implementation at Politeknik Negeri Batam. | <i>Journal of Accounting, Economics and Business Management</i> , 9(1), 1-6. | Quantitative methods | Internal audits play an important role in ensuring transparency, accountability, and efficiency in financial management and institutional policy oversight. |
| 19. | Azizah, N. T., Rahmadina, R., Mumtaza, W., & Kusumastuti, R. (2023). The role of internal audit in preventing fraud in the company. | <i>Journal of Accounting, Economics and Business Management</i> , 3(2), 230-236. | Qualitative approach method | Internal audits are effective in identifying potential fraud and providing recommendations for better control. |
| 20. | Anthony, C. A. F., Gaol, W. N. A. L., Purba, H. N. N., Raudina, H. C., & Maulana, A. (2023). | The Role of Internal Audit in Fraud Control in the Digital Era. <i>Accounting Student Research Journal</i> , 2(1), 31-45. | Qualitative descriptive approach method | Internal audits have an important role in preventing and detecting fraud through the use of digital technology. |
| 21 | Marsauli, V., & Raharja, S. (2023). Application of Risk Management Maturity, Understanding Relatively Low Maturity Levels: A Case Study at Pt Xyz. | <i>Diponegoro Journal of Accounting</i> , 12(2). | Case study methods | Relatively low maturity levels are associated with ineffective risk management and provide recommendations for improvement through improved procedures and management awareness |

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| 22 | Wahyuningsih, L. G. N. S., Susanti, N. D., Nugrahini, N. L. G. H., Putra, P. A. S., & Dewi, P. S. (2024). Implementation of Risk Management in Health Services: A Literature Review. | <i>Permas Scientific Journal: STIKES Kendal Scientific Journal</i> , 14(2), 561-570. | Literature study methods | The implementation of effective risk management in the healthcare sector is essential to identify and mitigate risks that can affect the quality of service, patient safety, and regulatory compliance. |
| 23 | Kamumu, W., Tuli, R., Malacca, F. K., Hanapi, T. T., & Husain, N. Z. (2022). ANALYSIS OF THE FUNCTION AND EFFECTIVENESS OF INTERNAL AUDIT WITHIN THE COMPANY: Bahasa Indonesia. | <i>AKASYAH: Journal of Sharia Accounting, Finance and Audit</i> , 2(1), 55-62. | Descriptive analysis methods | Effective internal audits can improve transparency, risk control, and regulatory compliance, which in turn supports the company's operational success. |
| 24 | Yanti, R. P., & Fasa, M. I. (2024). IMPLEMENTATION OF COMPLIANCE RISK MANAGEMENT IN INDONESIAN SHARIA BANKS. | <i>Journal of Intellectual and Scholars of the Archipelago</i> , 1(5), 7148-7161. | Qualitative descriptive method | The implementation of effective risk management can improve compliance with sharia regulations, as well as reduce potential legal and operational risks that can harm banks in the long term |
| 25 | Lidiawati, S. N., Anisa, N., & Rahmatika, D. N. (2024). Revenue Factor on the Influence of Internal Audit on the Risk of Fraud. | <i>Applied Economics and Accounting Studies</i> , 1(3), 33-43. | Quantitative approach method | Revenue factors can strengthen or weaken the effectiveness of internal audits in detecting and preventing fraud in the organization. |
| 26 | Kara, M., & Pagalung, G. (2022). RISK MANAGEMENT IN SHARIA-BASED INSTITUTIONS. | <i>Adz-Dzahab Journal: Journal of Islamic Economics and Business</i> , 7(2), 188-198. | Qualitative approach method | The implementation of risk management in accordance with sharia principles can improve the resilience and sustainability of the institution, by maintaining a balance between financial and non-financial risk aspects in accordance with the applicable rules in the Islamic economy. |
| 27 | Styawati, K. D. (2022). The Influence of Risk Management, Internal | <i>Journal of Accounting and Finance</i> , 3(3), 8-18. | Quantitative approach method | Risk management, internal controls, and accounting systems play |

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| | Control and Accounting Systems on Credit Effectiveness. | | | an important role in improving the effectiveness of credit management, with good risk management and internal controls can minimize credit risk and improve financial performance. |
| 28 | Hidayati, T. (2022). Efforts to dynamize the system and solidity of regulations in financing risk management 4.0 in Islamic banking. <i>Ijtihad: Journal</i> | <i>Islamic Law and Economics</i> , 16(1), 71-94. | Qualitative method | Strengthening regulations and adapting technology-based risk management systems can increase the effectiveness of risk management, while maintaining a balance between innovation and sharia principles in banking financing. |
| 29 | Rosyada, I., Setiawan, F., Rimadhani, M. I., & Rohmadani, A. I. (2022). Risk Management in Improving the Quality of Education at MTs Muhammadiyah Sanden. | <i>MASALIQ</i> , 2(2), 272-281. | Qualitative method | The implementation of proper risk management can help educational institutions identify and manage risks that hinder the improvement of the quality of education, such as lack of resources and other operational issues. |
| 30 | Sugiyanto, S., & Sumantri, I. I. (2019). The Role of Internal Audit and Internal Control System for Unsecured Credit Applications in Banking Companies in Indonesia. | <i>Journal of Accounting</i> , 13(2), 196-224. | Quantitative methods | Effective internal audits and internal controls can reduce the risk of non-performing loans by ensuring that the credit application process is in accordance with applicable policies and procedures. |

Internal audits play a very important role in risk control and fraud prevention in various organizations. In general, internal audits are not only tasked with examining a company's finances, but also have a crucial role in ensuring effective risk management and avoiding potential fraud. Research by Fahmi and Syahputra (2019) in Liabilities (Journal of Accounting Education) shows that internal auditing has a very important role in preventing fraud. This is done through strict supervision and the implementation of effective internal controls, which allow for early identification of potential fraud. This supervisory function is also supported by investigative audits that help uncover fraudulent practices that are not detected by ordinary controls.

Another study by Wulandari et al. (2021) in the UMMI Accounting Journal underscores the importance of investigative audits in fraud prevention. Investigative audits conducted by internal audits have a major impact in detecting and uncovering fraud in Indonesia. They emphasized that internal audits focus not only on financial statements, but also on other aspects that can pose risks, such as the management of resources and the company's operational policies. A similar thing was also found in a study by Christine and Apriwandi (2022) in *Owner: Research and Accounting Journals*, which showed that the implementation of strong internal audits can significantly reduce the potential for fraud, and that good internal controls are essential in supporting such prevention efforts.

In addition to fraud prevention, internal audits also have a big role in risk management more broadly. In this context, internal audits serve as a supervisory system to identify, evaluate, and manage risks that companies may face. Arafah (2022) in his dissertation entitled *The Role of Internal Audit in Risk Management in Sharia Banking* revealed that internal audit at PT. Bank Syariah Indonesia KC Medan S. Parman plays a role in ensuring compliance with sharia principles while improving the bank's performance. This proves that internal audit is not only limited to the aspect of financial supervision but also the forefront in ensuring that the risks faced are in accordance with applicable regulations.

In addition, research by Tarantika and Solikhah (2019) in the *Journal of Economic, Management, Accounting and Technology* highlights the importance of the characteristics of companies and the board of commissioners in influencing risk management disclosures. They state that internal audits act as a moderator between these factors and risk management disclosures. This means that the role of internal audit is becoming increasingly important in ensuring that the disclosures made reflect the actual state of risk faced by the company. It also shows how internal audits can improve the quality of disclosure of relevant information to stakeholders.

Kurniawan (2020) in the *Journal of Business Accounting* added another dimension related to risk management, by examining the effect of risk management disclosure on information asymmetry. In his research, Kurniawan found that the quality of internal audits plays an important role in reducing the asymmetry of information in the organization, which can worsen risk management. Effective internal audits assist companies in providing more transparent and accurate information, which in turn improves overall risk management.

In addition to the role in risk management, internal audits are also key in ensuring the implementation of Good Corporate Governance (GCG) principles. Juhadi and Sofyan (2020) in *Jemasi: Journal of Management and Accounting Economics* show that a good internal control system, supported by internal audit, can strengthen the implementation of GCG. This is reflected in the oversight efforts carried out by internal audits to ensure that all company policies are implemented with high transparency and accountability. Thus, internal audit has a dual role in maintaining organizational integrity and strengthening good governance.

Maulina and Kartikasari (2021) in the Journal of Accounting, Economics and Business Management strengthen this argument by showing that internal audit at the Batam State Polytechnic plays a role in ensuring transparent and accountable financial management. Oversight conducted by internal audits helps identify potential irregularities in financial management and ensure that budget management policies are in line with applicable standards. In this context, internal audits focus not only on finances, but also on the implementation of policies that affect the overall performance of the organization.

In addition, internal audits also play a role in maintaining the company's reputation. Sari and Khudri (2024) in the Scientific Journal of Management, Economics, & Accounting (MEA) show that internal audits have an important role in corporate reputation risk management. Reputation is a very valuable asset for companies, and internal audits can assist companies in identifying potential risks that could damage the company's image and reputation in the eyes of the public. Therefore, internal audits focus not only on financial risk management, but also on the protection of the organization's reputation.

By integrating the findings of the various studies above, it can be concluded that internal audits play a very vital role in risk management, fraud prevention, and the application of GCG principles in companies. Through strict supervision, internal audits not only assist companies in detecting and preventing fraud, but also in ensuring that companies can effectively manage risks and improve the overall performance of the organization. The success of an internal audit in carrying out its duties will depend heavily on the quality of oversight and the level of involvement in the company's strategic decision-making, which ultimately contributes to the company's success and sustainability.

CONCLUSION

Internal audit plays a pivotal role in risk management, fraud prevention, and the implementation of *Good Corporate Governance (GCG)* principles across organizations, extending far beyond financial statement examination to encompass the identification, evaluation, and management of diverse risks. Research consistently demonstrates that internal audit actively detects and prevents fraud through robust supervision and effective internal controls, while also safeguarding organizational reputation by mitigating risks that could damage the company's image. The quality of internal audit enhances transparency and accountability in risk management disclosures, ensuring stakeholders receive relevant information and supporting the successful adoption of *GCG* standards. Given its significant impact on operational efficiency, transparency, and long-term sustainability, future research should explore how internal audit can further leverage digital technologies and data analytics to address emerging risks and adapt to the evolving complexities of modern business environments.

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