

**THE IMPACT OF CRO EXISTENCE AND EXPERTISE ON
AUDIT FEE: EVIDENCE FROM SIC 6 PUBLIC COMPANIES
IN INDONESIA**

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I, (Vina Kusuma Andriani, Student ID: 041811333059), declare that:

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Surabaya, 07 November 2022

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FOREWORDS

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ABSTRAK

Chief Risk Officer, setelah ini akan disebut sebagai CRO, adalah manager pada tingkat eksekutif yang memiliki spesialisasi pada bagian resiko sebuah perusahaan. Penelitian terdahulu telah mengindikasikan bahwa penetapan CRO pada sebuah perusahaan menunjukkan adopsi *Enterprise Risk Management*, setelah ini akan disebut ERM, dan strategi tata kelola resiko yang lebih terfokus. CRO dengan pengalaman dalam bidang pengauditan, penilaian resiko, dan manajemen resiko menunjukkan bahwa kualitas ERM pada sebuah perusahaan dapat ditingkatkan. Penerapan ERM, menurut kerangka kinerja manajemen resiko COSO, mengurangi resiko dan meningkatkan performa perusahaan. Pengurangan tingkat resiko menguntungkan perusahaan dalam hal pengurangan biaya audit. Pada sisi penawaran, auditor membebaskan biaya yang lebih rendah kepada perusahaan dengan resiko bisnis yang lebih rendah karena rendahnya resiko litigasi dan data keuangan yang lebih terpercaya untuk memiliki sedikit salah saji. Menurut premis hubungan antara CRO, resiko perusahaan, dan biaya audit, dihipotesiskan bahwa keberadaan CRO menurunkan biaya audit pada suatu perusahaan. Hipotesis lain adalah bahwa kurangnya keahlian CRO memiliki korelasi positif dengan biaya audit.

Kata Kunci: Biaya Audit, CRO, ERM, Resiko Perusahaan

ABSTRACT

The Chief Risk Officer hereafter referred to as CRO, is a manager at the executive level who specializes in the risk department of a company. Previous research has indicated that the appointment of a CRO in a company indicates the adoption of Enterprise Risk Management, after this referred to as ERM, and a more focused risk management strategy. CROs with experience in auditing, risk assessment, and risk management show that the quality of ERM in a company can be improved. According to the COSO risk management framework, the implementation of ERM reduces risk and improves company performance. Reducing the level of risk benefits the company in terms of reducing audit fees. On the supply side, auditors charge lower fees to companies with lower business risk due to lower litigation risk and more reliable financial data to have less misstatement. According to the premise of the relationship between CRO, firm risk, and audit fees, a CRO's existence lowers audit fees in a firm. Another hypothesis is that a lack of CRO expertise positively correlates with audit fees.

Keywords: Audit Fees, CRO, ERM, Firm Risk

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