

ABSTRACT

**The Evaluation of Internal Auditor Role in Bank Business Risk
in BPR Syariah**
(Case Study at Baktimakmur Indah dan BPRS Baktisumekar)

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The internal auditor role is needed to give adequate assurance in observing and controlling the risk in bank operation. To observe further the role of internal auditor in minimizing the business risk of bank, this explanatory research was conducted especially at two BPR Syariah namely Baktimakmur Indah (BMI) in Sidoarjo and Bakti Sumekar (BS) in Sumenep. The research result showed that the internal auditor role was suitable with the range of job description which had been determined by the bank management.

The internal auditor of BS focused at operational risk. He conducted the verification of transaction documents. This pattern often generated perception that internal auditor was like watch dog of the bank. The internal auditor of BMI focused on all bank risks as stated in his job description. Audit report is a means of communications between the board of director and commissioners.

For the internal auditor under the board of directors, all audit finding reports will be ended at the board of directors decision. While internal auditor whose responsibility was under commissioners, giving finding report always entangled the board of directors and commissioners. Because the audit reports delivered to both directors and commissioners, check and balance arose among the board of directors and commissioners in responding the audit findings.

The broader scope of work for internal auditor in controlling aspects in the bank organization, the broader competency internal auditor should have. The broader scope of work gave a chance to the internal auditor in giving assurance and consultancy for the management and the commissioners.

Keywords: BPR Syariah, internal auditor role, assurance and consultancy, watch dog, check and balance