

Case Study Development for Teaching Materials: Analysis of Governance and Control in Plantation Companies: Case Study at PTPN III (Persero)

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Abstract

The purpose of this study is to analyze governance and internal control in plantations to produce a product in the form of case studies on governance and internal control in plantations that are comprehensive and truly represent the real world of practice. The case designed is really based on the latest technological developments and standards used in plantation practices. The results of this study will primarily contribute to corporate governance courses, accounting information systems and auditing. Case studies that are comprehensive and truly represent actual practice conditions, including the latest technology and standards used, will stimulate the learner's ability to think critically and find alternative solutions to problems that occur, and then communicate them. This research was conducted using the method of observation and deep interviews in collecting data to competent parties at the research site. Respondents will be determined using the snowball sampling method. The results of the study yielded

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1. Introduction

In modern society, employees must have analytical, systematic and unusual thinking. Many employers require employees to be able to make decisions quickly analyze large amounts of information and draw appropriate conclusions. One of the best techniques for developing these skills in accounting learning is the use of case studies (AAA, 1986). Case studies can be used to develop skills other than when teaching accounting technical skills and theoretical knowledge. For example, when learning how to produce cash flow statements, as well as obtaining technical and theoretical.

For example, knowledge such as the difference between cash and accrual accounting, students find ways to present information and develop communication skills. By placing the same problem, namely reporting cash flows, in case scenarios, students must consider broader business issues and thus acquire additional generic skills related to, for example, assessment, problem solving and critical analysis (Ballantine, Larres 2009). Sawyer et al. (2000) argue that "involving students in real-world simulations (approaches known as experiential learning) as part of their classroom experience (through case study media) is one way to develop competencies in addition to technical knowledge".

The case of accounting case studies is a central element in ensuring the development of Accounting subjects, learning processes, modernization and innovation from all parts of accounting practices. Academic examples can provide influential information and insights for regulators, auditors, tax consultants, and other trained accountants.

A case discussion is a different approach than conventional learning systems in many college and university classes. Students will be actively involved, offer ideas, raise questions, build statements with each other, build collective analysis, re-framing discussions, challenge teachers, learn with and from each other. The teacher is also active, and often moves: initiates discussion and draws class into it, invites involvement in issues, reinforces the statements of some students and leads to conflicting thoughts, draws a common thread in discussion and conversation participants and 'ties' to topics and themes which is being discussed. structuring and facilitating student work rather

than providing information, giving explanations, or giving answers. The emphasis is on students' reasoning and expression, on their capacity to structure problems and work out solutions. This is also in the process and substance of the investigation, and case discussions often end with questions and conclusions.

In Indonesia, learning patterns using case-based learning or problem-based learning have begun to be recognized, but not too broadly implemented. Unlike the case with the country of Singapore as an example. Learning systems using case based learning are well known in the world of higher education. To be able to apply case based learning, case studies are needed that are designed in such a way as to describe the conditions of the problems faced in practice, in addition to stimulating student skills to understand, assess, analyze, practice identifying, and communicating various alternative solutions that are possible in decision making in solving a problem.

This research aims to study and understand corporate governance and internal control in plantation companies, along with the problems that are often faced, and various alternative solutions that can be taken based on the characteristics of the problems encountered. In Indonesia, research related to case based learning is still very rare. The governance and internal control of plantation companies were selected for this study with the thought that companies in the plantation sector are very large companies in North Sumatra. In addition, the issue of governance and internal control on plantations is very interesting to discuss given the characteristics of this company which consists of thousands or even thousands of hectares of plantations, with locations separated and apart from the head office and administrative offices, so that governance and control internally applied must be of high quality.

The results of this study are a product in the form of case studies on governance and internal control in plantations that are comprehensive and truly represent the real world of practice. The case designed is really based on the latest technological developments and standards used in plantation practices. In the Medan State Polytechnic Accounting Department itself, case studies - case studies discussed have not been comprehensive in nature and are only taken from existing text books. This research will be conducted at PTPN III (Persero).

2. Literature Review

2.1 Theory Description

2.1.1 Case Based Learning

In modern society, employees must have analytical, systematic and unusual thinking. Many employers require employees to be able to make decisions quickly analyze large amounts of information and draw appropriate conclusions. One of the best techniques for developing these skills in accounting learning is the use of case studies (AAA, 1986). Case studies can be used to develop skills other than when teaching accounting technical skills and theoretical knowledge. For example, when learning how to produce cash flow statements, as well as obtaining technical and theoretical case methods is a strong student-centered teaching strategy that can provide students with critical thinking, communication, and interpersonal skills.

Case methods are also effective for developing real-world, professional skills. Working on case studies requires good organizational management and time. The case method enhances students' abilities with written and oral communication, as well as collaboration and team work. "Case studies force students into real-life situations," training them in managerial skills such as "holding meetings, negotiating contracts, giving presentations, etc." (Daly, 2002).

The strength of the case method lies in the active participation of students. In learning from cases, they determine the relevant facts, analyze the facts, and draw conclusions about the causes of the problem and what actions should be taken. Their conclusions are often different from both the protagonist's thinking and the implicit diagnosis of the author's own case, even though all are based on the same facts. The most powerful and interesting cases are those that allow for multiple judgments from the same situation, leading to several conclusions that are equally reasonable and interesting, each with different implications for action.

2.1.2 Case Study Development Steps

The steps in designing and developing the case study in this research are based on a method developed by Schwartz (2014) from the Learning and Teaching Office, Ryerson University. The steps are as follows:

1. Setting goals / objectives

Herreid (1998) states that before choosing a case, it is important to set learning goals. "Make sure you know what you want to achieve in the case, what are the facts, principles and points of view of the

students."

2. Choose a case

"The most powerful and interesting cases are cases that allow for multiple assessments of the same situation, leading to several conclusions that are equally plausible and interesting, each with different implications for each action taken" (Angelo & Boehrer; 2002).

3. Get to know your students.

For this case-based learning method to be effective, students who will be involved in the learning process must be identified in detail about their characteristics. "Link the material to the background of the students. Have students fill out a card listing their educational background, work history, and interests. Review this card before starting each class and make a list of four or five students in each class who are most likely to contribute something for discussion (Garvin, 2004).

4. Discussion

In his analysis of case discussions, C. Roland Christensen argues that student involvement develops at least three different levels:

"At the first level, students explore problems by sorting out relevant facts, developing logical conclusions, and presenting them to fellow students and instructors. Students discuss other people's problems; their role is that of commentator-observer in the traditional academic sense. At the second level, students can be assigned roles in this case, and take perspectives that require them to argue for certain actions from a character's point of view, given their interests and knowledge. Finally, at the third level, students will take the initiative to become fully involved, so that topics are no longer treated as abstract ideas, but become the center of students' sense of self from what they will choose to do in certain real-world situations. "(Stanford University)

5. Lead the discussion

A basic framework for case-based discussion can be broken down into eight steps:

1. Give students enough time to read and think about the case. If the case is long, assign it as homework with a series of questions for students to consider.
2. Introduce a brief case and provide some guidance for how to approach it.
3. Explain how you want students to think about this case. Break down the steps that you want students to take in analyzing the case. If you want students to ignore or focus on certain information, determine that too.
4. Create groups and monitor them to make sure everyone is involved.
5. Small groups can drift off track if you don't provide structure. You might want to designate the roles of each group. Or, group members can be assigned a broad perspective to represent, or asked to speak for various stakeholders in case studies.
6. Have groups present their solutions / reasoning
7. Asking questions for clarification and for moving the discussion to another level
8. Synthesize the problem raised. (Carnegie Mellon)

2.1.3 Class Setup

Is it possible to change seating arrangements in class, "horseshoe-shaped seating arrangements are the best. The open part of the U must face the blackboard ... This arrangement allows all students to see each other ... Teachers do not always have to be in the middle of the horseshoe. Teachers can move out of U altogether "when students talk to each other (Herreid, 2001).

Use the blackboard to bring the discussion together. Writing comments on the board is a way to engage students, showing them that they have heard. Drawing circles, arrows, and underlining to connect comments is a way to connect discussion fragments in summary of what has been said (Garvin, 2004).

2.1.4 Class Activity

Beyond small group discussion and work, there are a number of techniques that can be used to improve case

methods.

1. Role-play, When choosing students to play roles, try to consider their background and choose students who either fully identify with the role or are at the opposite ends of the spectrum. Choose students who have participated before, because they will tend to enliven the discussion. Finally, choosing students throughout the room from each other so that their dialogue will bring students sitting between into it, rather than closing them (Garvin, 2004).
2. Voting. Voting requires students to commit to their position before the public. Involve them with discussions and make them more likely to argue for their parties. This will also give you a sense of where the class stands in debate. (Garvin, 2004).
3. Ask students to write their own case studies "In order to build a case study that makes sense, they will examine the facts, consider various problem angles, and have greater involvement in the course" (University of Calgary).
4. Divide the case into parts, and break students into groups and assign each group a different aspect of research. Ask them to present their findings to other groups. "Remind students that they do not have all the information they need to solve this case but based on the information available, they can make recommendations, and come to an initial decision," something they will be able to do in real life business situations (Daly, 2002) .
5. Message boards. Have students continue the discussion on the message board in Blackboard, on the class blog, or use Twitter. This will give them space to reflect on their position, and allow you to track their discussions from time to time (Pyatt, 2006).

2.1.5 Evaluation

Whenever a teacher enters a new case in class, it is important to assess what students have learned, and if there are ways to make it better. If the instructor is new to teach a case study or if the teacher wants to switch to another method, it is best to only try one or two new techniques at a time, then evaluate again (Garvin, 2004).

2.2 Corporate Governance

2.2.1 Definition of Corporate Governance

Corporate Governance is the art of directing and controlling an organization by balancing the needs of various stakeholders. This often involves resolving conflicts of interest between various stakeholders and ensuring that the organization is well managed which means that processes, procedures and policies are implemented in accordance with the principles of transparency and accountability.

Governance arises because there is a separation between ownership and company control, or often known as agency problems. The agency problem in the relationship between capital owners and managers is how difficult it is for owners to ensure that the funds invested are not taken over or invested in projects that are not profitable so that they do not bring returns. Corporate governance is needed to reduce agency problems between owners and managers (Macey and O'Hara, 2003).

Every time someone talks about corporate governance, it must be remembered that organizations have duties and responsibilities towards their shareholders and stakeholders and therefore they need to be regulated in accordance with the law and bearing in mind the interests of stakeholders and shareholders.

The next aspect of corporate governance is that the idea of economic efficiency must be followed when directing, managing and controlling an organization. For example, it is true that corporations exist to generate profits and therefore to generate profits and income should be a goal that must be fought by the corporation.

Corporate Governance has been in the news for the past decade after a series of scandals that have engulfed companies like Enron which caused its collapse due to mismanagement. This encourages regulators around the world to implement various actions and rules to curb irresponsible company behavior that will damage the company's prospects and endanger their shareholders and stakeholders. (<https://www.managementstudyguide.com/what-is-good-corporate-governance.html>).

Stories like Sarbanes Oxley are endorsed to enforce greater scrutiny of companies and ensure that they do not overstep their bounds in the pursuit of profit without stopping. Indeed, it can be said that the Enron disaster was a warning for American companies to manage their homes. It is unfortunate that some lessons learned during the

early years of the last decade are forgotten which lead to the abuse of enormous corporate power in the lead up to the global financial crisis.

2.2.2 Principles of Corporate Governance

1. **Fairness.** Fairness refers to the same treatment, for example, all shareholders must receive equal consideration for whatever ownership they own. However, some companies prefer to have shareholder agreements, which can include broader and more effective minority protections. In addition to shareholders, there must be fairness in the treatment of all stakeholders including employees, the public, and public officials. The more equitable an entity is seen to stakeholders, the more likely it is that the entity can withstand the pressure of interested parties.
2. **Corporate accountability** refers to the obligation and responsibility to provide an explanation or reason for the company's actions and behavior.
3. **Responsible.** The Board of Directors is authorized to act on behalf of the company. Therefore they must accept full responsibility for the power given and the authority that it exercises. The Board of Directors is responsible for overseeing business management, company affairs, appointing chief executives and monitoring company performance. By doing so, it is necessary to act in the best interests of the company. Accountability goes hand in hand with responsibility. Directors must be accountable to shareholders for the way the company carries out its responsibilities.
4. **Transparency.** The principle of good governance is that stakeholders must be notified of the company's activities, what will be done in the future and all risks involved in its business strategy. Transparency means openness, the company's willingness to provide clear information to shareholders and other stakeholders. For example, transparency refers to openness and willingness to reveal honest and accurate financial performance figures.

3. Purpose and Benefits of Research

3.1 Research Purposes

The purpose of this research is to be able to produce a comprehensive case study that represents governance and internal control on plantations and issues such as what are commonly faced in relation to the implementation of governance and internal control.

3.2 Benefits of Research

1. Can be used as a basis for preparing case studies on governance and internal control in plantation companies.
2. The results of the study are expected to contribute to the subject of organizational governance, accounting information systems and auditing. Case studies that are comprehensive and truly represent actual practice conditions, including the latest technology and standards used, will stimulate the learner's ability to think critically and find alternative solutions to problems that occur, and then communicate them.

4. Methodology Research

The research model used is a descriptive qualitative model, namely research that describes the phenomena that occur at this time by using detailed and in-depth descriptions. The measurement and observation parameters used are the case study development method developed by Schwartz (2014) of the Learning and Teaching Office, Ryerson University.

Data collection was carried out by means of observation and deep interviews to competent parties at the research site. Respondents were selected by the snowball sampling method. The data obtained will be analyzed and described in detail and detail in accordance with the facts found in the field. Subjek penelitian ini adalah PTPN III (Persero) yang berlokasi di Jakarta dan Sumatera Utara.

5. Results and Discussion

5.1 Research Results

5.1.1 Corporate Governance Cases

PT. Perkebunan Nusantara III (Persero) Holding is a State-Owned Enterprise which is engaged in the management, processing and marketing of Estate Products. Commodities cultivated are oil palm, rubber, sugar cane, tea, coffee, cocoa, tobacco, various woods, fruits and various other plants.

The total area owned by PT Perkebunan Nusantara III (Persero) Plantation Holding is 1,181,751.03 Ha with a land use status of about 68% already certified, 20% of certificates expiring / in the extension process and 12% uncertified. While the total planted area owned by PTPN is 817,536 hectares consisting of oil palm, rubber, tea, sugar cane, coffee, cocoa, tobacco, wood and horticultural commodities. In addition to improving the welfare of the community around PTPN also has a plasma plantation area of 457,794 hectares.

After the implementation of PP 72/2014 dated September 17, 2014, on the Addition of the Republic of Indonesia State Capital Investment into the Company's Company Capital, became a holding company for PT Perkebunan Nusantara I, II, IV, V, VI, VII, VIII, IX, X, XI, XII, XIII and XIV. In 2015, there was a change in the Organizational Structure in line with the establishment of the Company as a holding company, whereby an organizational structure was formed specifically to manage subsidiaries in the fields of production, finance, human resources and development. Edible Oil - KEK Sei Mangkei Award as New Industrial Zone with the best development, initiated by BUMN

PTPN III was chosen as the holding / champion because PTPN III was judged to have the best performance among the 14 PTPN. In holding holding, one of PTPN III's roles is to assist 13 subsidiary companies if they experience financial problems, one of which is by opening access to loans to third parties. In terms of operations, each PTPN is independent.

Problems arise when there are many subsidiaries that fail to improve their performance even though they have been helped to open access to loans from third parties. PTPN III has no access or authority to interfere in the operations of its subsidiaries, while on the one hand, if a subsidiary experiences default or defaults on third parties, it will affect all PTPNs that are members of the holding company. The problems that have arisen have caused PTPN III to become overwhelmed, because aside from having to continue operating its company, it must also continue to support many subsidiaries in unhealthy conditions.

In terms of governance, PTPN III still has obstacles in terms of driving its subsidiaries in a legal context because PTPN III and its subsidiaries only meet at the AGM. The problem of governance regulations between PTPN III as a holding company and its subsidiaries becomes a dilemma because the holding system adopted by PTPN III. PTPN III is appointed as a holding company to bear subsidiaries that are partly in an unhealthy condition and partly in a very unhealthy condition. This was a major issue in 2014 when the holding of the holding by the Ministry of BUMN.

Talking about governance, it cannot be separated from the role of the Internal Audit Unit. Related to the Internal Supervisory Unit, SPI of each company is independent and SPI holding does not have the authority to inspect subsidiary companies.

To overcome this problem, PTPN III has several two alternative solutions. The first alternative is that SPI PTPN III is authorized to audit the subsidiary companies. For this case, PTPN III sought the opinion of a legal expert. The input from the legal experts is that ideally SPI holding does not audit subsidiaries. In addition to the risk of this happening, this is unusual because the holding and its subsidiaries are different entities. If the SPI holding is authorized to audit subsidiaries, it is feared this will be used as a reason by the subsidiary companies if they fail, that failure is the responsibility of the parent company.

The second alternative is to make a joint agreement between Holding and all children. The contents of the Joint Agreement Letter stated that standardization of the same SPI procedure would be made, so that the parent and child had the same quality standard. With this standardization, it is expected that subsidiaries can improve their performance.

5.1.2 Internal Control System

The internal control system at PTPN III has been outlined in the SOP and company policy which basically contains all the components of internal control. Problems that occur in connection with internal control usually occur because of a lack of understanding of the new rules. Apart from lack of understanding, some problems arise

because of certain parties who do not carry out the established procedures.

In implementing the internal control system, PTPN III implements the Three Line of Defense, which starts from the factory or plantation, is forwarded to the Management Representative, and finally the Internal Control Unit (SPI).

One case that has occurred in connection with internal control is the illegal sale of company-owned FFB in one of the estates. This case can be categorized as fraud. The cause of this fraud is the financial pressure experienced by the fruit registrar KCS, whose child had an accident and needed a large fee. In this case, KCS registers made collusion with the driver and security guard. The second mistake that caused this fraud to occur was that the harvest foreman did not comply with the stipulated rules, that is, he was not allowed to report the amount of harvest to KCS. This rule is for control, the goal is that the KCS really does the calculation, then the records of the harvest foreman and KCS will be compared, and the amount recorded must be the same.

The negligence of the harvest foreman is a gap for KCS fruit registers, drivers and security guards to commit fraud. For example, for the seven TBS trucks that came out, the KCS would report 6 trucks, as well as a report made by a security guard, so that the KCS recording fruit, security guard and driver could share the income from the 7th truck.

One of the methods implemented by the SPI section to overcome such matters is to utilize the role of the whistle blower in existing plantations, as an informant for SPI. The use of this informant does not merely apply to one informant, but can change according to need. The second alternative is that the audit team disguises itself if there is an indication of fraud. For example when there is a fraud case where KTU manipulates company cash up to 1 billion rupiah.

5.2 Discussion

5.2.1 Corporate Governance

From the presentation of governance cases experienced at PTPN III (Holding) above, a comprehensive case study can be designed with topics that include:

Theory About Holding Company

Holding company or holding company is the main company in charge of several companies, which are members of a group of companies. That way, there is a possibility of increasing or creating market value for the company. The purpose of combining parent shares with subsidiary companies (subsidiary company) can have an impact on improving the performance of the company, and can even create a company's market value or a term known so far as "Market Value Creation". The relationship between the parent company and subsidiaries is Affiliate.

The process of forming a Holding Company is divided into three, namely (1) Residue Process; (2) Full procedures; and (3) Programmed Procedures. In this case, the holding process that occurs at PTPN III and its subsidiaries is 'Full Procedure', where the parent company is taken from one of the companies, which has the same or related ownership - in this case the Government of Indonesia - but each - each company is a full independent company.

Holding Policy on BUMN in Indonesia

BUMN holding is a grouping of a number of BUMNs engaged in the same sector. In fact, this concept was first coined in 1998, the era of the first SOE Minister Tanri Abeng. The aim of SOE holding was to strengthen the SOE itself in terms of finance, assets and business prospects. Later, when it has been united with the same sector, state-owned companies will have a parent. Then, the status of the company in each of these companies will disappear. Shares owned by the government in the holding subsidiary, will be transferred entirely to the holding parent. The concept of holding BUMN is considered Tanri will create a strong SOE. The state-owned company is considered to be increasingly focused on developing its business from upstream to downstream.

At that time, Tanri proposed that there were 5 state-owned holding companies, namely the holding of state-owned energy and mining companies, holding state-owned infrastructure such as ports, airports, transportation and telecommunications. Then the financial sector holding, contents all banks and non-banks combined. Fourth, holding cement and construction SOEs. And Fifth, holding fertilizer and plantation BUMN. Although with a different concept, some BUMN holding companies have been formed. The Ministry of State-Owned Enterprises (BUMN) is currently trying to form a holding BUMN mine. The establishment of a mining SOE holding is done by appointing PT Indonesia Asahan Aluminum (Persero) (Inalum) as the holding holding company. Inalum will be the parent of three mining SOEs, including PT Timah (Persero) Tbk, PT Aneka Tambang (Persero) Tbk (Antam) and PT Bukit Asam (Persero) Tbk (PTBA).

The elimination of state ownership was carried out by transferring government-owned shares in the three mining SOEs to PT Indonesia Asahan Aluminium (Persero) (Inalum) as the holding holding company of the mining SOEs. The government currently holds majority shares in the three mining SOEs that have also gone public, namely Antam 65%, PTBA 65.02%, and Tin 65%. The majority shares owned by the government in the three SOEs were transferred to Inalum, which is 100% still owned by the state. Deputy Minister of Mining, Strategic Industry and Media at the Ministry of SOEs, Fajar Harry Sampurno, asserted that by transferring the shares of the three mining SOEs to Inalum, government control would not necessarily disappear.

The government still has the authority to supervise the three BUMNs even though a holding has been formed under Inalum with the dual A series shares. The legal basis for the establishment of a BUMN holding is contained in Government Regulation (PP) Number 72 of 2016 concerning Amendments to Government Regulation Number 44 of 2005 concerning Procedures for Participation and Administration of State Capital in State-Owned Enterprises and Limited Liability Companies. Referring to Government Regulation (PP) Number 72 of 2016, Antam, Timah and PTBA will later be treated equally with SOEs, because the government still holds dual color shares.

Formation of BUMN holding was previously carried out against PT Perkebunan Nusantara (PTPN) in 2014.

PTPN III is the holding company of BUMN that is engaged in the management, processing and marketing of plantation products. Commodities cultivated are oil palm, rubber, sugar cane, tea, coffee, cocoa, tobacco, various woods, fruits and various other plants. The formation of PTPN holding in line with the issuance of Government Regulation of the Republic of Indonesia Number 72 of 2014 concerning Addition of State Capital Investment of the Republic of Indonesia into the Company Capital (Persero) of PT Perkebunan Nusantara III. Citing the official website of PTPN III, on October 1, 2014 issued the Minister of Finance Decree No. 468 / KMK.06 / 2014 concerning Determination of the Value of Addition of the State's Capital Participation of the Republic of Indonesia into PTPN III's Share Capital. This was also followed by a change in the Articles of Association of PTPN III as a holding company for PTPN I to PTPN XIV.

Application of governance principles.

Good corporate governance principles:

1. Transparency
Transparency is sufficient, accurate and timely disclosure of information to stakeholders.
2. Accountability
Accountability is the clarity of functions, implementation, and corporate responsibility so that management is carried out effectively. The principle of accountability provides clarity of rights and obligations between shareholders, the board of directors, and the board of commissioners.
 - a. Accountability
Accountability is the suitability of company management with the rules and principles of a healthy corporation. Examples of the principle of responsibility are worker safety, employee health, taxes, etc.
 - b. Independence
Independence is a professional management of the company without conflicts of interest and influence from any party that is not in accordance with the law and sound corporate principles. An example of independence is the board of commissioners and the board of directors who have an independent opinion on every decision-making, but can still get input from consultants or other human resources that are useful to support the company's progress.
 - c. Fairness
Fairness is fairness and equality in fulfilling the rights of stakeholders that arise based on agreements and regulations of the law. An example of fairness is equal treatment to the public, capital market authorities, the capital market community, and stakeholders. Employees are also given due attention to their rights and obligations fairly and fairly.

In implementing good corporate governance, PTPN III applies aspects of GCG, namely: (1) Code of Corporate Governance; (2) Board Manual; (3) Charter of Internal Oversight; (4) Charter for Risk Monitoring; (5) Audit Committee Charter; (6) Guidelines for Controlling Gratification; and (7) Code of Conduct.

The role of SPI in the implementation of corporate governance

Internal audits are involved in meeting management needs, and audit staff most effectively place management and organizational goals above their plans and activities. Audit objectives are aligned with management's objectives, so that internal auditors themselves are in a position to produce the highest scores on what management considers most important for organizational success. The internal audit function is as follows: (1) Oversees activities that cannot be overseen by top management; (2) Identifying and minimizing risks. Internal auditors broaden perceptions about risk management and increase efforts to convince management that all types of organizational risk are properly addressed; (3) Validating reports to senior management; and (4) Assist management in technical fields. In other words, the function of internal audit is to monitor the performance of entity control. When the auditor tries to understand internal control, the auditor must try to understand the internal audit function sufficient to identify the internal audit activity that is relevant to the audit statement.

Modern internal auditors must know how the data starts, how it is processed, and where the security risks lie. With more and more traditional audit procedures being replaced with electronic data processing, all internal auditors require at least some level of expertise. Data security has become the biggest risk faced by modern organizations. This case can be given to students in the 6th or 7th semester, who have fully received auditing courses.

5.2.2 Internal Control System

For internal control systems, the cases described above can be used as a basis for the preparation of case studies covering topics:

Business processes on plantations

Business processes in plantations start from seeding, immature plants, fruit receiving factories, and processing plants.

Internal control components

Internal control components according to COSO:

1. Control environment
It is the responsibility of top management to state clearly the values of integrity and unethical activities that cannot be tolerated.
2. Risk assessment (risk assessment)
The company must identify and analyze the factors that create business risks and must determine how to manage those risks.
3. Control activities (control activities)
To reduce the occurrence of fraud, management must design policies and procedures to identify certain risks faced by the company.
 - a. Information and communication (information and communication)
The internal control system must be communicated and informed to all employees of the company from top to bottom.
 - b. Monitoring
Internal control systems must be monitored regularly. If there is a significant shortage, it must be immediately reported to top management and to the board of commissioners.

Investigative Audit

An investigative audit is an in-depth study of facts. The research is based on information obtained that may come from complaints / reports, allegations and facts, as well as further analysis of these facts which ultimately become the basis for proving or not proving the complaint / report or allegations. Testing is carried out objectively and impartially

The scope and analysis in investigative audits are directed at the possibility of violations of the laws and regulations, provisions or policies that have been outlined. The investigative audit aims to obtain and maintain evidence supporting the violation. Investigation is a systematic test of a particular event by collecting and documenting the facts in question for the purpose of prosecution (justice).

Fraud triangle

The concept of fraud triangle was first introduced in SAS No. 99 namely the audit standard in the United States

which consists of: pressure, opportunity and rationalization. These three things that encourage fraud. Pressure relates to other management / employees having incentives or pressure to commit fraud, while opportunity is an opportunity that appears before fraud and rationalization related to justification of fraud by perpetrators.

1. Pressures are incentives that encourage people to commit fraud because of lifestyle demands, powerlessness in financial matters, gambling behavior, trying to defeat the system and work dissatisfaction. This pressure actually has two forms, namely real (direct) and perception (indirect). Real pressure is caused by factual conditions owned by the perpetrators such as people often gambling or facing personal problems, while the pressure due to perception is an opinion that is built by actors who encourage fraud such as executive need.
2. Opportunities are opportunities that cause the actor to freely carry out his actions caused by weak control, indiscipline, weakness in accessing information, no audit mechanism, and apathy. The most prominent thing here is in terms of control. Poor control will give people the opportunity to commit fraud.
3. Rationalization, namely the attitude shown by the perpetrators by justifying their actions. This refers to the attitude, character or value system adopted by the culprit. Rationalization refers to fraud that is situational. The perpetrator will say: "I'm only borrowing them money; I'll pay it back, "Everyone does it", "I'm not hurting anyone", "It's for a good purpose", and "It's not that serious". The attitude and behavior of rationalization can also give birth to greedy behavior.

This case can be given to students in the 6th or 7th semester, who have fully received auditing courses.

6. Conclusion and Suggestion

6.1 Conclusion

From the results of the study it can be concluded that various real problems that occur in the field often cannot be obtained only from reading textbooks alone. The preparation of case studies based on real problems that occur in the field, will greatly help students to understand the actual practice conditions in the field, supported by an understanding of existing theories. The use of case studies based on real cases in the field with student center learning method is expected to help students think comprehensively to identify various alternative solutions that can be taken.

6.2 Suggestion

Based on the explanation and discussion above, it is recommended that research for the preparation of case studies for the learning process be reproduced, both by type of company, topics discussed, and depth of material. This is very important considering that in Indonesia there are no apprenticeship programs for lecturers in companies, so to be able to compile good case studies and in accordance with conditions in the field, lecturers must conduct research.

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