THE EFFECT OF INTERNAL AUDIT AND AUDIT COMMITTEE TO FIRM PERFORMANCE MODERATED BY FIRM AGE

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ABSTRACT

The purpose of this study was to study the effect of internal audit and audit committee on firm performance with firm age as moderating variable. This study uses a quantitative method. The population are companies in Indonesia. The sample was chosen randomly from practitioners, academics, and auditors. A total of 145 respondents filled out the questionnaire link made from the googles form. The results of the study indicate that Internal Audit has no effect on firm performance, the Audit Committee has an effect on firm performance, firm age strengthens the influence of internal audit on firm performance, and firm age weakens the influence of audit committee on firm performance.

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Keywords: Internal audit, audit committee, firm age, firm performance.

INTRODUCTION

The performance of companies in Indonesia generally varies widely. There are companies whose performance is rapidly rising, there are those whose performance is relatively static, and there are also those whose performance tends to decline. The following is an example of the performance movement of one of the state-owned banks, namely PT Bank BRI, which tends to increase.

Figure 1
Trend of Assets and Loans Movement
of PT Bank BRI 2014 - 2018

There are many factors that lead to increased performance such as the amount of the company's budget, implementation of risk management, corporate governance, internal audit, audit committee, board of commissioners, board of directors, corporate culture, company age, company size, performance measurement system, human resources, and information technology governance. In this study, what will be examined is the variables of the audit committee, internal audit, and the age of the company. The Audit Committee and the Internal Audit are units of the board of commissioners and management who are expected to work together to encourage the company's performance, even though they have different functions.

The Audit Committee is in charge of assisting the Board of Commissioners to monitor the company's performance achievements and direct the company, while the internal audit is in charge of supervising the implementation of management tasks and being a consultant for the company. The Government of Indonesia has issued several regulations regarding the empowerment of the Audit Committee as well as the Internal Audit. The cooperation between the Audit Committee and the Internal Audit is considered to create a synergy that drives the company's performance.

Internal Audit is a management organ that is directly under the main director of the company. Internal audit functions as a watch dog and consultant for the company. According to the current internal audit paradigm, internal audit is now more of a consultant than an auditor. So internal audit must provide more consulting services for units within the company to be able to achieve company goals.

Company age is the length of time the company has operated or carried out its vision and mission since the company was founded. There are various opinions about the effect of company age on company performance. There are those who think that the age of the company can increase the company's ability to operate and generate profits, but there are also those who argue that the company's ability will decrease with the passage of time like the biological abilities of living things.

There are inconsistencies in the results of previous studies regarding the effect of internal audit, audit committee, and company age on company performance.

In research on the influence of internal audit on firm performance, there are several previous studies whose results are inconsistent or different. Adekola, Isaac, and Feyisayo (2017) examine the effect of the internal audit function on organizational performance. The results showed that the internal audit function and internal audit efficiency had a positive and significant effect on organizational performance. Deyganto (2019) showed from his research that four variables, namely the independence of internal audit, competence of internal audit staff, management support, and the formal mandate of internal audit had a positive and significant effect on organizational performance. Meanwhile, other independent variables, namely objectivity, internal audit standards, competent leadership, and unrestricted access to audit evidence have no effect on organizational performance. Meidiana et. al. (2020) also proves that internal audit has no significant positive effect on financial performance. Horvat and vorc (2017) conducted a study to study whether internal audit affects the legal adequacy of financial plans. The results of the study show that there is no effect of audit frequency on legal adequacy.

In previous studies regarding the effect of the audit committee on firm performance, the results were also inconsistent. The results of research by Nidhi Bansal and Anil (2016) concluded that the frequency of audit committee meetings has a positive and significant effect on firm performance. However, Muslih (2019) concludes from the results of his research that the frequency of audit committee meetings has no significant positive effect on firm performance. Al Qatamin (2018) concludes from the results of his research that audit committee size, independence, and gender diversity have a positive effect on firm performance, while experience and frequency of meetings have no significant effect on firm performance. Haddad, Souissi, and Bouri (2021) concluded from their research that the audit committee in conventional banks has a negative effect on firm performance, but in Islamic banks there is a vague impact due to its secondary role. Zhou, Ansah, and Maggina (2018), among others, conclude from the results of their research that there is no relationship between the characteristics of the audit committee and company performance. Al Lawawati and Hussainey (2021) conclude from the results of their research that the audit committee has no effect on tax avoidance. Muslih (2019) concludes from the results of his research on banking SOEs listed on the Indonesia Stock Exchange which are classified as LQ 45 that the number of audit committee meetings has no effect on firm performance. Makhrus (2019) concludes from his research that audit committee has no effect on firm performance. Muslih, Nababan, and Septaria (2021) also conclude based on the results of their research on mining companies listed on the Indonesia Stock Exchange that the size of the audit committee has no effect on profitability.

In research on the effect of company age on company performance, there are also inconsistencies in the results of previous studies. Rossi (2016) has conducted a literature study on the effect of company age on company performance and shows variations in research results regarding the effect of company age on company performance. Some studies conclude that there is an effect of company age on company performance, and some show that there is no effect of company age on company performance. Selcuk (2016) concludes that young companies show a decline in profitability from the start but they may return to their old age. Loderer and Waelchli (2010) concluded that the older the company, the lower its profitability. So the results are different from the results of Selcuk's research. Yildiza, Kalkanc, and Aycid (2013) conducted a study in Turkey on the effect of technological investment, firm size, and firm age on innovation performance. The results show that the age of the company has no effect on innovation performance. Pervan, Pervan, and Curak (2017) also conclude from their research that company age has a negative effect on company performance. Nanda and Nahumury (2018) also conclude from the results of their research that the age of the company has no effect on voluntary disclosure. Leyva-de la Hiz and Bolívar-Ramos (2021) conclude from their research that there is an inverted U relationship between environmental innovations and firm performance and firm age plays a key role in that relationship, as more mature firms find it more difficult than younger firms to capitalize on environmental innovations to improve firm performance.

Based on the discussion above, the research questions are whether internal audit has an effect on firm performance, whether the audit committee has an effect on firm performance, whether company age moderates the influence of internal audit on firm performance, and whether firm age moderates the influence of the audit committee on firm performance.

LITERATURE REVIEW

Agency Theory

Agency theory regulates the relationship between the owner of the company as the principal and the management as the agent of the company. Agency problems will always arise between owners and management. Agency theory aligns the differences in interests between owners and company management.

Internal Audit

Internal audit is a management function whose job is to ensure that other management functions are running as they should. Internal audit is also a consultant for other units within the company. According to the Standards for The Professional Practice of Internal Auditing (SPPIA) issued by the Institute of Internal Auditors (IIA) in Sawyer (2005: 8) internal audit is an independent assessment function established within a company to examine and evaluate its activities as services provided. to the company. Internal auditors in the company are contained in the Internal Audit Section. According to Sawyer (2003: 32) services that can be provided by the Internal Audit Section in the company are supervising activities that cannot be supervised by top management alone, identifying and minimizing risks, validating reports to senior management, assisting management in technical areas, helps the decision-making process, analyzes the future, not just for the past, and helps managers to manage the company.

Internal auditors are watchdogs (auditors) and consultants for management. As a watchdog, internal audit oversees the implementation of the functions of other government units. As a consultant, the internal auditor provides consulting services for other organizational units to be able to carry out their duties properly and achieve their goals. Thus internal audit can encourage organizational performance. Deyganto (2019) states that the quality of internal audit plays an important role in improving the organizational performance of public sector bureaus in southern Ethiopia. The results of Deyganto's research show that the four internal audit variables, namely internal audit independence, internal audit staff competence, management support, and the formal mandate of internal audit are positive and statistically significant from the eight variables incorporated in the model.

Stephen (2015) investigates the factors that influence successful performance management in government internal audit units. The results show that successful performance management is a function of the commitment of the Audit Supervisory Board, accountability of audit staff, availability of adequate resources, and the use of audit performance reports to monitor the achievement of performance objectives, and to coordinate efforts within government. Huong (2018) conducted research on the factors that influence the effectiveness of internal audit in the Vietnamese context. The results of the study indicate that the effectiveness of internal audit is influenced by the independence of internal audit, internal audit competence, management support for internal audit, and the quality of internal audit. Ziniyel et. al (2018) conducted a study to assess the effectiveness of internal audit practices in financial management. Ziniyel et. al. (2018) said based on the results of his research that there are effective internal audit practices that can affect financial performance. State and Alqadi (2017) conducted a study to determine the role of internal audit in controlling the performance of Jordanian industrial companies. The results of this study reveal that the internal audit function is one of the basic functions in Jordanian industrial companies and internal auditors have the ability to distinguish indicators of errors and distortions in financial statements..

Shamki et. al (2017) finds that there is no significant relationship between the selected factors and the effectiveness of internal audit. Huong (2018) examines the factors that influence the effectiveness of internal audit in the Vietnamese context. The results of the study indicate that the effectiveness of internal audit is influenced by the independence of internal audit, internal audit competence, management support for internal audit, and the quality of internal audit. Chaiwong (2012) conducted research on the critical success factors of internal audit which consist of management's policies and encouragement, completeness of operating and information systems, understanding and acceptance from auditees, knowledge, skills, and human relations, and the relationship between the internal audit unit and other units and efficiency in internal audit performance which consists of independence, objectivity, competencies, and human relevance. The final target is operational outcomes in finance. The results of his research show that independence, objectivity, and human relations have an effect on operational results in the financial sector. This is in accordance with the statement of Mautz and Sharaf (1993, 80) that 4 (four) main concepts in auditing are evidence, due audit care, fair presentation, independence, and ethical conduct.

Audit Committee

The Audit Committee is a commissioner's organ whose task is to assist the Board of Commissioners in overseeing management achievements and assist the board of commissioners to provide direction to the company's management. In carrying out its daily duties, the audit committee synergizes with the internal audit unit.

The Audit Committee is a supporting organ for the board of commissioners, so it is part of corporate governance. In the Circular Letter of the Financial Services Authority (OJK) No. 16/SEOJK.05/2014 stated that the audit committee is a committee formed and responsible to the Board of Commissioners. In the Regulation of the Minister of State-Owned Enterprises Number Per-12/MBU/2012 it is stated that the board of commissioners is obliged to form an audit committee consisting of the chairman and members. In the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 states that the supporting organs for the board of commissioners consist of the secretariat of the board of commissioners, the audit committee, and other committees if necessary. Historically, according to Al-Baidhani (2016) the concept of an audit committee was first introduced in 1939 by the New York Stock Exchange. When the global crisis occurred in 1970, the need for an audit committee became even more pronounced. In 1972 the US Securities Exchange Commission was the first to recommend a public company to form an audit committee. In 1988 the AICPA issued a Statement on Auditing Standard No. 61 concerning communication with the audit committee, which regulates the relationship between the audit committee, external auditors, and management. After the Enron and World Com cases, the US Congress passed the Sarbane Oxley Act of 2002, which gave the audit committee greater powers, especially in the area of whistleblowing and disclosure requirements in financial statements. The Sarbane Oxley Act of 2002 has increased the responsibilities and powers of the audit committee; membership responsibilities increased, and the composition of the audit committee should include more independent directors.

The tasks of the audit committee are mainly to assist the board of commissioners/supervisory board to ensure the effectiveness of the internal control system and the effectiveness of the external and internal auditors' duties; assess the implementation of activities and the results of audits carried out by the Internal Audit Unit and external auditors; provide recommendations regarding the improvement of the management control system and its implementation; and ensure that there is a satisfactory evaluation procedure for all information issued by the company. Al-Baidhani (2016) also states that corporate governance is a system used to direct and control an organization. Al Baidhani further said that the Audit Committee carries out the role as a representative of the Board of Commissioners, from which it obtains the authority to carry out its governance responsibilities, including directing and monitoring the organization's financial reporting, disclosures, internal and external audits, internal control systems, compliance with regulations, and risk management activities. The Audit Committee provides the Board of Commissioners with the draft suggestions needed to direct the company. Members of the Audit Committee must meet the requirements set by the regulations. Article 15 of the Regulation of the Minister of State-Owned Enterprises Number Per-12/MBU/2012 stipulates among other things that members of the Audit Committee must meet the requirements of having good integrity and sufficient knowledge and work experience in the field of supervision/inspection. Tusek (2015) concludes from the results of his research that the efficiency of the company's internal audit function can be improved by incorporating the internal audit function into the activities of the Audit Committee.

Firm Age

The age of the company is the length of time the company has operated since it was founded. According to Osunsan et. al (2015) most studies (Pástor & Veronesi, 2003; Morgan, Kaleka & Katsikeas, 2004; Loderer & Waelchli, 2010; Abu Bakar 2011; and LiPuma, Newbert & Doh, 2013) view business age as the number of years the business has been operating on a regular basis legally.

Some argue that the age of the company will increase the company's ability and capacity to operate. A company with a long life usually has developed into a company that is going concern, and has a large number of shareholders and is able to maintain it in the market, so that it is able to carry out intellectual capital disclosures.

While some parties argue that increasing the age of the company will reduce the productivity of the company. Loderer and Walchi (2010) research moves on the mindset that in biology aging is a process associated with a general decline in the physical functioning of the human body such as the ability to remember, react, move, and hear. The aim of the study is whether the company also becomes weak and loses its ability to compete and why. Loderer and Walchi (2010) concluded that companies suffer the same fate as the human body and become inefficient with the passage of time. Consistent with the existence of organizational rigidities, their research results show that older firms are less efficient compared to their industry peers, as manifested in higher costs, slower growth, older assets, and reduced R&D and investment activities. The study also found progressive degeneration of corporate governance quality, larger boards, and higher CEO compensation, which is consistent with the inability to solve collective action problems. Pervan, Pervan, and Curak (2017) concluded in their research that company age is an important explanatory factor in determining business success. With a sample of the Croatian food processing industry, the age of the company was found to be statistically significant with a negative sign coefficient, indicating a decrease in company performance with age. As companies age, companies become highly bureaucratic, with reduced organizational flexibility and ability for rapid change. Also, the company may pursue a quiet life strategy thereby avoiding risks, major restructurings, conflicts with employees, etc.

According to Ilaboya and Ohiokha (2016) age is the length of time in which a living thing or object has existed. Company age is the number of years the company was founded. His research found a significant positive relationship between firm age and profitability. The results of this study are in accordance with the learning by doing hypothesis which states that increase knowledge of effective production techniques increases the company's productivity. Leite and Carvalhal (2016) conclude from the results of their research that older companies show higher values and better returns on investment. Older companies exhibit better governance practices. This may be due to an inherent natural maturity that reduces agency problems or due to the evolution of corporate governance in Brazil, which has improved and developed significantly in recent years. Companies tend to improve their performance by further improving their practices, reducing costs and optimizing processes, thereby becoming more and more agile and efficient in their production.

Hypothesis Development

Based on the research questions in the introduction and literature review above, the following hypotheses were developed.

Influence of Internal Audit on Firm Performance

Internal audit is one of the units within the company that is tasked with aligning the implementation of functions within the organization by other organizational units. The method used is to conduct audits and consulting services. According to the latest internal audit paradigm, today's internal audit function is more of a consultant to companies than as corporate auditors. Internal audit launches obstacles or bottle necks in the implementation of company activities. Thus, internal audit encourages the achievement of company goals.

There are previous studies regarding the influence of internal audit on company performance. Thetty (2017) concludes from the results of his research that there is a significant effect of internal audit and fraud prevention on financial performance. Ali and Omar (2018) show that there is a significant relationship between the competence of the internal audit department, the size of the internal audit department, management support for internal audit, internal audit independence, and organizational performance. State and Bauchi (2017) conducted a study to determine the role of internal audit in controlling the performance of industrial companies in Jordan. To achieve the research objectives, the researcher distributed questionnaires to (150) employees in Jordanian industrial companies. The results showed a very high relationship between the independence and objectivity of internal auditors with their ability to control financial and administrative performance (89.2%), there was also a very high relationship between the application of clear criteria tools for internal auditors and their ability to control performance. financial administration with (75,76%). Boubakary (2020) concludes from the results of his research that internal audit has a significant positive effect on improving Cameroon's financial performance. Ziniyel et. al. (2018) also concludes from the results of his research that internal auditors at universities have relevant qualifications and experience to influence financial performance. In addition, the independence of the internal audit function and management assistance were identified as significant determinants of financial performance at universities.

Based on the discussion above, the hypothesis is as follows:

H1: Internal audit has a positive effect on firm performance.

Influence of the Audit Committee on Firm Performance

The function of the audit committee is to assist the Board of Commissioners in monitoring the company's achievements and assist the Board of Commissioners in making managerial directions to management. The holding of a meeting on the audit committee is one of the things that affect the company's performance mechanism. The frequency of audit committee meetings determines the company's performance. Cooperation between members is easier to do when a meeting is held. Although in today's era, communication media have been widely used, but it will be more effective if a meeting is held. This audit committee meeting or meeting can only be held if the number of members present reaches more than half of the total number of members.

There are previous research results regarding the influence of the audit committee on company performance. Issaa and Siam (2020) indicate that an increase in the effectiveness of the audit committee leads to improved firm performance. This means that the audit committee has an effect on the company's performance. Tušek (2015) concludes from the results of his research that the efficiency of the internal audit function increases through its participation in the activities of the audit committee. Furthermore, Al Baidhani said that the Audit Committee carried out the role as a representative of the Board of Commissioners. Nidhi Bansal and Anil (2016) concluded that the frequency of audit committee meetings has a positive and significant effect on company performance. Al Qatamin (2018) concludes from the results of his research that audit committee size, independence, and gender diversity have a positive effect on company performance. Ashari and Krismiaji (2020) conducted research on manufacturing companies listed on the Indonesia Stock Exchange in 2016 and 2017. The results showed that all characteristics of the audit committee had a positive effect on company performance. Muninarayanappa and Sathyanarayana (2017) also conclude based on the results of their research in India that the independence of the audit committee and regular audit committee meetings improve the performance of several governance mechanisms. The conclusion of the positive influence of the audit committee on company performance is also found in the research of Elhawary (2021), Akter et. al (2021), Ozer and Merter (2021), and Shatnawi et. al (2022).

Based on the discussion above, the hypothesis is as follows:

H2: The Audit Committee has a positive effect on the company's performance.

Moderation of Company Age on the Effect of Internal Audit on Company Performance

The age of the company means the length of time the company has operated since it was founded. Logically, the older the company, the greater the company's ability to achieve the specified performance. The increase in the age of the company, among others, will increase the company's expertise in its business field, will increase the relationships with stakeholders, will increase the company's capital, and increase the strength of human resources. These parameters are very important for the company to be able to achieve its business goals. Because the age of the company can encourage company performance, the age of the company can also strengthen the influence of internal audit on company performance.

There have been many previous studies regarding the effect of company age on company performance. Selcuk (2016) concludes from the results of his research that young companies show a decline in profitability from the start but they may return to their old age. Ilaboya and Ohiokha (2016) also conclude that there is a significant positive relationship between firm age and profitability. Osibanjo (2019) also concludes from the results of his research that company age is an important parameter of the relationship between industry grouping and the performance of small and medium enterprises. Leite (2016) concludes from the results of his research that older companies show greater value, more profits, and better governance.

Moderation of Company Age on the Effect of the Audit Committee on Firm Performance

In the development of the hypothesis above, it has been determined that the audit committee has an effect on company performance. The age of the company also affects the company's performance. The longer the business operates, the more experience the company has in carrying out its activities and accumulating operating resources from various sources. The longevity of the company increases the company's ability to achieve its goals. Thus the age of the company can also moderate the influence of the audit committee on firm performance.

There are previous studies regarding the effect of firm age on firm performance, so as to moderate the influence of the audit committee on firm performance. Mallinguh, Wasike, and Zoltan (2020) conclude from the results of their research that the business sector, company age, level of foreign ownership, and financial leverage have a significant effect on performance. More Osunsan et. al (2015) concludes from the results of his research that company age has a significant positive effect on company performance. Rafiq, Salim, and Smyth (2016) also conclude from the results of their research on the mining industry that company age moderates the influence of research and development activities on company performance.

METHODS

This study uses 2 (two) variables, namely internal audit and the audit committee as independent variables and 1 (one) variable, namely the age of the company as a moderating variable. The dependent variable is the company's performance.

The population of this research are companies in Indonesia. This study uses a quantitative method. The data used is primary data. Data collection using an online questionnaire from google form.

The validity and reliability test of the questionnaire used has been carried out with the results of the questionnaire being reliable and valid. Sample selection was done purposively.

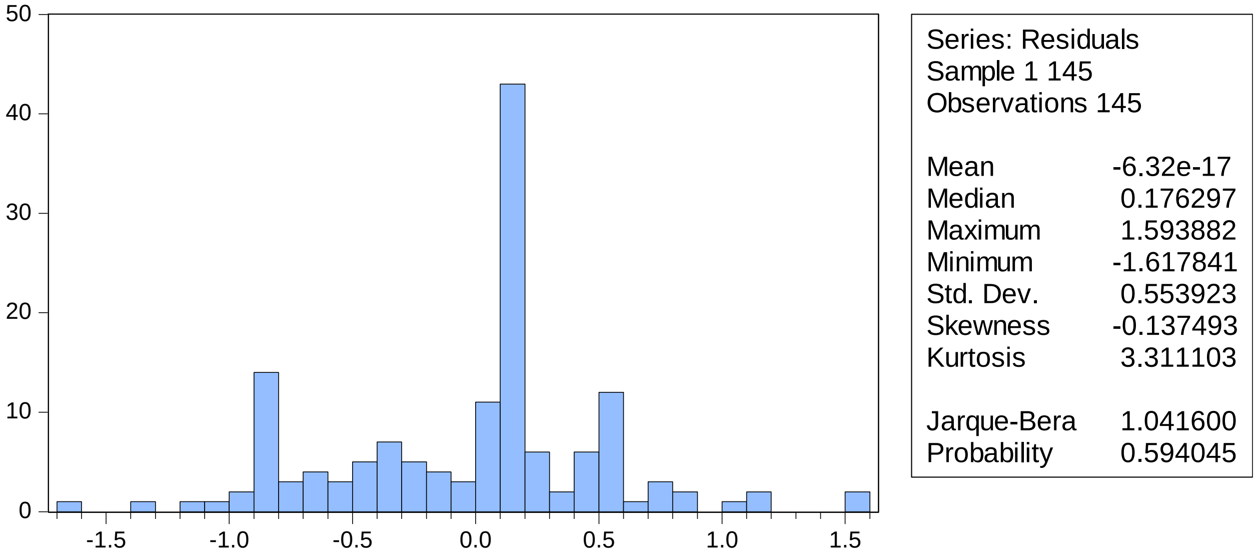
The sample is observers, the academic community, and practitioners. A total of 145 (one hundred and forty five) respondents filled out the online questionnaire link that was circulated.

RESULT AND DISCUSSION

Result

Data collection was carried out using an online questionnaire from Google Forms. The questionnaire used was tested for reliability and validity, with Cronbach Alpha 0.9 and Pearson Correlation significant. The research data used have passed the classical assumption test. The normality test shows the results as on figure 2.

Figure 2
Data Normality Test Results
(Source: Processed Data)



From Figure 2 above, it can be seen that the slope index is 0.13 (<3), meaning that the slope is normal. The slenderness index is 3, which means that the slenderness is normal. The Jarqua Berra index was 1.04 (<2). This shows that the data is normally distributed.

The regression test shows the results as shown in Figure 3 below.

Figure 3
Regression Test Results
(Source: Processed Data)

Dependent Variable: KIN
Method: Least Squares
Date: 12/29/21 Time: 12:08
Sample: 1 145
Included observations: 145

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.210921	0.420915	2.876874	0.0046
IA	-0.227548	0.127681	-1.782162	0.0769
KA	0.419389	0.208388	2.012533	0.0461
UPIA	0.113983	0.042599	2.675694	0.0083
UPKA	-0.143619	0.068962	-2.082600	0.0391

R-squared	0.287043	Mean dependent var	2.813793
Adjusted R-squared	0.266673	S.D. dependent var	0.656021
S.E. of regression	0.561781	Akaike info criterion	1.718463
Sum squared resid	44.18364	Schwarz criterion	1.821109
Log likelihood	-119.5886	Hannan-Quinn criter.	1.760172
F-statistic	14.09135	Durbin-Watson stat	1.824070
Prob(F-statistic)	0.000000		

From Figure 3 above, it can be seen that the adjusted R squared is 27%. This means that 27% of the change in the dependent variable can be explained by the independent variable. Prob F statistic 0.00. This means that the effect of all tested independent variables on the dependent variable is significant. From Figure 3 above, it can be seen that the results of the individual test (t test) show that internal audit has no effect on company performance with a significance of 0.07; the audit committee has a significant effect on the company's performance with a significance of 0.04; firm age strengthens the influence of internal audit on firm performance with a significance of 0.008; and the age of the company weakens the influence of the audit committee on the company's performance with a significance of 0.03.

Discussion

The results showed that the internal audit had no effect on the company's performance. This shows that in general the internal audit of companies in Indonesia has not been able to function as expected. According to Sawyer (2003: 32) services that can be provided by the Internal Audit Division in the company are supervising activities that cannot be supervised by top management alone, identifying and minimizing risks, validating reports to senior management, assisting management in technical areas. , assisting the decision-making process, analyzing the past and the future, and helping managers to manage the company. However, these services will not be able to be provided by internal audit perfectly if there is no adequate commitment from top management to empower internal audit. Services from internal audit also cannot be provided adequately if internal audit personnel do not have adequate expertise. The results of Huong's research (2018) also show that the effectiveness of internal audit is influenced by the independence of internal audit, internal audit competence, management support for internal audit, and the quality of internal audit. Internal audit will be inadequate if one or more of its characteristics are not met.

The results of this study are in line with the results of research by Shamki et. al (2017), Deyganto (2019), Meidiana et. al. (2020), and Horvat and vorc (2017).

The audit committee has a significant effect on the company's performance with a significance of 0.04. This means that the audit committee in Indonesia has functioned properly as it should. It has functioned well because the audit committee already has the qualitative characteristics needed and empowered by the Board of Commissioners. In Article 13 paragraph (1) of the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 stated that the task of the audit committee is to assist the board of commissioners to ensure the effectiveness of the internal control system and the effectiveness of the implementation of the duties of external auditors and internal auditors; assess the implementation of activities and the results of audits carried out by the Internal Audit Unit and external auditors; provide recommendations regarding the improvement of the management control system and its implementation; ensure that there is a satisfactory evaluation procedure for all information issued by the company; and identify matters that require the attention of the Board of Commissioners as well as other duties of the Board of Commissioners. Al-Baidhani (2016) gives the same view as the Regulation of the Minister of State for SOEs No. PER-01/MBU/2011 regarding the role of the Audit Committee. These roles have been carried out by audit committees in Indonesia so that they affect the company's performance. There has even been a synergy with internal audit as suggested by Tusek (2015). Muslih (2020) concludes from the results of his research that structured communication between the audit committee and internal audit will improve the quality of corporate governance.

The results of this study are in line with the results of research by Issaa and Siam (2020), Tušek (2015), Nidhi Bansal and Anil (2016), Al Qatamin (2018), Ashari and Krismiaji (2020), Muninarayanappa and Sathyanarayana (2017). Elhawary (2021), Akter et. al (2021), Ozer and Merter (2021), and Shatnawi et. al (2022).

Firm age strengthens the influence of internal audit on company performance. This means that the older the companies in Indonesia, the more their capacity to be able to achieve the company's goals. According to Ilaboya and Ohiokha (2016) age is the length of time in which a living thing or object has existed. Company age is the number of years the company was founded. His research found a significant positive relationship between firm age and profitability. The results of this study are in accordance with the learning by doing hypothesis which states that increase knowledge of effective production techniques increases the company's productivity. Leite and Carvalhal (2016) conclude from the results of their research that older companies show higher values and better returns on investment. Older companies exhibit better governance practices.

The results of this study are in line with the research results of Selcuk (2016); Ilaboya and Ohiokha (2016); Osibanjo (2019); Leite (2016); Mallinguh, Wasike, and Zoltan (2020); Osunsan et. al (2015); Rafiq, Salim, and Smyth (2016); and Rossi (2016).

However, the age of the company actually weakens the influence of the audit committee on company performance. This means that the longer the company operates, the lower the audit committee's ability. With the increasing age of the company the role of the audit committee to assist the board of commissioners is decreasing. This condition may be caused by the declining ability of the audit committee due to age and boredom and lack of coaching. According to research by Loderer and Walchi (2010), the company has an aging process. Aging is a process associated with a general decline in the physical functioning of the human body such as the ability to remember, react, move, and hear. The aim of the study is whether the company also becomes weak and loses its ability to compete and why. Loderer and Walchi (2010) concluded that companies suffer the same fate as the human body and become inefficient with the passage of time.

This is in line with the results of research by Rossi (2016), Loderer and Waelchli (2010), Yildiza, Kalkanc, and Aycid (2013), Pervan, Pervan, and Curak (2017), Nanda and Nahumury (2018), Leyva-de la Hiz and Bolívar-Ramos (2021).

CONCLUSION

The purpose of this study was to study the effect of internal audit and audit committee on firm performance with firm age as moderating. This study uses a quantitative method.

The population are companies in Indonesia. The sample selection was carried out purposively from practitioners, academics, and auditors. The data used is primary data. A total of 145 respondents filled out the online questionnaire link made from Google Forms.

The results show that Internal Audit has no effect on firm performance, the Audit Committee has an effect on firm performance, company age strengthens the influence of internal audit on firm performance, and internal audit weakens the influence of the audit committee on firm performance.

Based on the results of the research above, it is recommended that:

1. Companies in Indonesia continue to provide guidance on their internal audits.
2. Internal audit personnel must have an internal audit certification such as a qualified internal auditor (QIA).
3. Companies in Indonesia fully empower their internal audit.
4. Continuous development of audit committee personnel is carried out by providing continuing education and continuous internalization.

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