COMBINED ASSURANCE TO ENHANCE THE EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL: A STUDY OF RISK MANAGEMENT IN BANKS

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Abstract

This study aims to understand perceptions of implementing combined assurance at XYZ Banking Company and evaluate its challenges and benefits. The combined assurance model integrates the company's governance, risk management, and compliance (GRC) processes (Wibowo et al., 2022). The research method used is qualitative with a case study approach. Primary data was collected through in-depth semi-structured interviews with 24 informants selected through purposive sampling, consisting of two divisions: the internal audit division and the risk management division. The research findings indicate that the audit and risk management teams at XYZ Banking Company have a positive perception of combined assurance, although several areas still need improvement. The study also identified several obstacles in its implementation, such as differences in competencies, perspectives, and authority; overlapping duties and positions; sectoral egos; time and organizational structure constraints; lack of task segregation and dual control; and low awareness of the importance of risk management. In addition, there are other challenges, such as data security, regulatory compliance, ineffective evaluation and monitoring, and issues related to technology and infrastructure. Therefore, this study proposes a plan to overcome these obstacles and highlights the benefits of implementing combined assurance. The benefits include improved internal controls, minimized control weaknesses, and greater time and cost efficiency.

Keywords: Combined Assurance, Internal Control. Audit, Risk Management

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1. INTRODUCTION

The banking and financial sectors have the highest number of fraud cases. This is due to several factors that can pose risks in the business world, such as high access to funds, financial pressure, lack of supervision, operational complexity, and imbalances in power and control. According to data from the Association of Certified Fraud Examiners (ACFE) in 2022 regarding international fraud cases, the financial and banking sector recorded the highest number of cases with 351, followed by the government sector (198 cases), manufacturing (194 cases), and healthcare (130 cases). Meanwhile, the energy and retail sectors had the fewest cases, with 97 and 91 cases, respectively (ACFE, 2022). This data shows that the financial industry is the most vulnerable to fraud cases, according to the ACFE's (2022) report. This vulnerability is due to several risk factors in banking companies, such as high access to funds, financial pressure, lack of oversight, operational complexity, and power and control imbalances (Lessambo, 2020). In addition, ACFE's (2022) data also indicates that one of the most common types of fraud in the banking and financial sectors is corruption, accounting for 32% of cases. This corruption usually occurs due to weak internal controls within companies. The high level of risk in the banking and financial sector is one of the reasons behind the issuance of Regulation No. 39/POJK.03/2019 by the Financial Services Authority (Otoritas Jasa Keuangan [OJK], 2019) of the Republic of Indonesia concerning implementing risk management strategies in the banking sector. This regulation mandates the implementation of internal controls to minimize the risk of fraud in financial institutions (OJK, 2019).

According to Li et al. (2020), internal control refers to steps, procedures, policies, and practices implemented within an organization to help achieve operational, financial, and compliance objectives. Internal control aims to protect the organization's assets, ensure the accuracy and reliability of financial information, promote operational efficiency, and ensure that the organization complies with applicable laws and regulations. Internal control in the banking sector is essential not only for security and adherence to rules but also for maintaining customer trust and reducing risks associated with banking activities. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO, 2013), one of the most critical factors in internal control is the presence of risk management.

According to Dhlamini (2022), risk management is a systematic method for identifying, evaluating, and managing the risks an organization may face to achieve its objectives. The risk management process is carried out by several critical positions within the company, with expertise in finance, strategic planning, information security, and other aspects relevant to the company's context. The involvement of multiple stakeholders with authority in the risk management process requires an integrated and collaborative approach to maximize the concept of governance, risk management, and compliance (GRC). GRC is an integrated method that combines these three aspects to help organizations achieve their goals effectively and efficiently (Wibowo et al., 2022). One of the integration concepts that can be used to enhance the efficiency and effectiveness of internal control processes and risk management is combined assurance.

Combined assurance is an approach that integrates various sources and assurance activities to provide a holistic view of internal controls, risk management, and compliance within an organization (Hoang & Phang, 2021). Combined assurance, or joint assurance, refers to an approach that combines various sources of assurance to enhance the effectiveness and efficiency of internal controls in banking companies. Combined assurance is conducted to carry out activities collaboratively with various functions or stakeholders. In other words, combined assurance integrates the results of various assurance activities, such as internal audits, external audits, compliance checks, and performance measurements, to provide more comprehensive assurance to stakeholders regarding the operational effectiveness and risk management of an entity.

The effectiveness and efficiency of internal control can be maximized through the establishment of a combined assurance strategy to minimize obstacles and risks within the company. Donkor et al. (2021) state that the implementation of combined assurance is an effective assurance tool for corporate reporting that can enhance the quality of integrated reports and environmental, social, and governance disclosures. The implementation of combined assurance itself also has significant implications for companies, particularly for the chief audit executive, who is a suitable candidate to lead the implementation of combined assurance, as well as for regulators.

XYZ Banking Company is one of the companies engaged in the banking system. At XYZ Banking Company, several problems have been identified, one of which is the weakness of the internal control system, where the internal control process is overseen by the risk management division and the audit division. It is known that these two divisions do not have uniform capabilities, with the audit division possessing higher knowledge and experience compared to the risk management division. There are several other findings indicating that the effectiveness and efficiency of the company are not maximized. The risk management, consisting of 30 employees, and the audit team, also comprising 30 employees, are two functions with similar tasks but operate separately, leading to performance waste due to job duplication.

This phenomenon indicates the existence of cost wastage that the company must incur, such as excessive travel expenses, hotel costs, and other related expenses. Alongside this cost wastage, there is also a waste of time due to overlapping and repetitive task assignments. This shows weaknesses in collaboration and communication, resulting in the internal control process not functioning effectively and efficiently. The phenomena observed suggest that the company needs to consider the implementation of combined assurance at XYZ Banking Company. This concept needs to be implemented because risk management processes in banking require cooperation and coordination among various stakeholders to ensure that the risks faced can be managed effectively following business objectives and applicable regulations. For the successful implementation of combined assurance, the company needs to pay attention to various factors that relate to and can influence its success.

Research conducted by Hoang and Phang (2021) shows that combined assurance is an effective credibility-enhancing mechanism, particularly when a company is experiencing poor financial performance. Their experimental study involving professional investors found that including a combined assurance statement significantly improved perceptions of the reliability of non-financial information and increased the intention to invest, compared to relying solely on standard corporate social responsibility assurance. These findings highlight the importance of coordination between the first, second, and third lines of defence in creating a trustworthy reporting and control system. In other words, combined assurance not only strengthens the integrity of the information disclosed but also serves as a strategic tool to restore investor trust, especially in situations where the risks of greenwashing and reputational crises are high.

Although the concept of combined assurance has been discussed in various literature, most previous studies remain limited to the context of large corporations abroad. Empirical research exploring its implementation in the Indonesian banking sector is still minimal. Therefore, this study aims to fill that gap by qualitatively examining the perceptions, challenges, and benefits of implementing combined assurance in XYZ Banking Company. The main questions raised are:

RQ1: How do the audit and risk management teams perceive combined assurance?

RQ2: What challenges are faced in its implementation?

RQ3: How does combined assurance contribute to the efficiency and effectiveness of internal control?

This research uses a conceptual framework based on agency theory and the concept of GRC, highlighting the importance of coordination among oversight functions in enhancing organizational accountability and internal control. The relevance and significance of this research lie in its effort to promote more integrated, resource-efficient, and risk-responsive oversight practices in a sector highly vulnerable to fraud. Methodologically, this study adopts a descriptive qualitative approach using a single-case study method, in which data were collected through in-depth interviews with 24 informants from the audit and risk management divisions. Hopefully, this research can serve as a practical reference for companies and regulators in developing more integrated and effective oversight strategies. It is expected that readers will be able to systematically understand the urgency, process, and benefits of implementing combined assurance to enhance the efficiency and effectiveness of internal control in the banking sector, particularly in XYZ Banking Company.

This paper is structured into several main sections. Section 1 contains the introduction, which explains the background, issues, and urgency of implementing combined assurance. Section 2 presents the literature review and conceptual framework. Section 3 outlines the research methods used. Section 4 provides a detailed presentation of the research findings and discussion. The final Section 5 contains this study's conclusion and practical implications for the business sector and regulators.

2. LITERATURE REVIEW

2.1. Agency theory

Agency theory was first proposed by Jensen and Meckling (1976). Agency theory states that the agency relationship is a contract between the company's management as the agent and the investors as the principal. As the agent, the company's management is responsible for maximizing the profits obtained by the principal, and in return, management will receive compensation. As the principal, investors or shareholders are assumed to have an interest only in increasing their investment in the company (Istianingsih, 2021).

An agent, as the party assigned to maximize the principal's profit, is considered to have more information than the principal. This creates an information gap or information asymmetry between management and the principal. The existence of information asymmetry can cause problems in the agency relationship between the agent and the principal. This is because the principal does not have sufficient information about the agent's performance, while the agent has more information about the company's performance. Information asymmetry can provide an opportunity for management to manipulate reporting (Istianingsih, 2021).

In the context of this study, implementing combined assurance can be understood as a mechanism that supports internal control in reducing conflicts of interest arising from agency relationships. A company can create a more coordinated and comprehensive monitoring system by integrating various assurance functions such as internal audit, risk management, and compliance. This aims to enhance information transparency and reduce information asymmetry gaps that agents often exploit to act opportunistically. Therefore, combined assurance plays a crucial role in bridging the information gap between management and capital owners while also strengthening accountability and the effectiveness of the company's internal control.

2.2. Internal control

Internal control systems have evolved as a unique area of research and study that integrates theories from various disciplines (Otoo et al., 2023). Internal control refers to the measures established to achieve organizational objectives. Otoo et al. (2023) categorized internal control systems as detective, preventive, directive, corrective, or compensatory controls. Internal control, also known as internal controls, refers to a series of steps, procedures, policies, and practices implemented within an organization to help achieve operational, financial, and compliance goals.

Internal control, also known as internal controls, refers to a series of steps, procedures, policies, and practices implemented within an organization to help achieve operational, financial, and compliance objectives. Internal controls aim to safeguard the organization's assets, ensure the accuracy and reliability of financial information, enhance operational efficiency, and ensure that the organization complies with applicable laws and regulations. According to Adebayo and Ackers (2023), internal control alone is not sufficient; a broader risk management strategy is needed because risk management is integrated with the strategic side of the business and is more inclusive compared to internal control, which focuses on the operational side of the business and may not be effectively connected to higher-level goals and strategies.

2.3. Combined assurance

Combined assurance is a concept for integrating GRC functions within a financial institution. According to Wibowo et al. (2022), combined assurance aims to provide comprehensive assurance to the board regarding the effectiveness of risk management and internal control systems by coordinating assurance activities from various assurance sources. Assurance itself is a process in governance that provides accurate and timely information to management and relevant parties concerning policies and operations, compliance execution, and risk management (Donkor et al., 2021).

Donkor et al. (2025) defined combined assurance as an integrative approach that combines GRC functions into a comprehensive framework. The integration of various assurance services brings efficiency in time and activities, as it can prevent the duplication of work by assurance providers. The implementation of combined assurance is expected to create harmonious collaboration among various assurance functions within the company, such as risk management, internal audit, compliance, quality control, and the audit committee. This collaboration is anticipated to reduce risks, both internal and external, to the lowest achievable level (Donkor et al., 2025).

2.4. Governance, risk management, and compliance

Combined assurance is referred to as a concept that integrates the functions of GRC. GRC represents a set of integrated resources with skills, tools, and capabilities that enable a company to act with integrity while addressing uncertainties and enhancing reliability in achieving objectives. GRC is a series of organizational capabilities used to achieve goals related to uncertainty and ethical behavior (Wibowo et al., 2022). Therefore, it can be concluded that GRC serves as three pillars working together to ensure that the company achieves its objectives, encompassing GRC.

Corporate governance refers to the implementation of good corporate governance (GCG) practices. GCG is a combination of processes applied and executed by the board of directors, the board of commissioners, and the audit committee, which are based on the organizational structure and management methods to achieve the company's targets (Hermawan & Novita, 2021). Organisation for Economic Co-operation and Development (OECD, 2018) also defines governance as a means to achieve organizational goals, and the type of governance must align with the level of risk or the magnitude of issues so that policies can be adjusted to existing conditions.

Risk management encompasses the identification, assessment, and management of risks that could impact the achievement of organizational objectives. Risk is defined as the possibility of an event occurring that has a detrimental effect on achieving goals (COSO, 2004). Additionally, COSO (2004) defines enterprise risk management as a process performed by the board of directors, management, and other personnel within an entity, applied during strategy setting to identify potential events that could affect the entity and manage risks according to its risk appetite, thereby providing sufficient assurance regarding the achievement of entity objectives.

Discussion on compliance was first addressed by Milgram (1963). Conformity or obedience is a fundamental element in social life structures. This theory explains scenarios where someone adheres to rules or commands already established. Compliant individuals tend to focus on lawfulness. In this context, compliance relates to an organization's adherence to regulations, internal policies, and prevailing standards. Organizations must ensure that their activities meet legal requirements and ethics. Compliance with governance standards is mandatory for registered corporations, and combined assurance serves as a mechanism that supports integrated reporting (Donkor et al., 2025). Thus, compliance can be said to be the primary driver for implementing combined assurance.

In the banking sector itself, through the OJK regulation, it is explained that the culture of compliance refers to values, behaviors, and steps that support adherence to regulations from the OJK and legal regulations. The function of compliance itself consists of a series of preventative actions (*ex-ante*) to ensure that policies, rules, systems, procedures, and business activities conducted by the bank comply with the provisions set by the OJK and legal regulations.

2.5. Previous studies

Previous research on the implementation of combined assurance is still limited. However, several relevant prior studies related to combined assurance are listed below. A study by Hoang and Phang (2021) revealed that combined assurance communication influences investors' willingness to invest in a company due to the perception of lower risk. Maroun and Prinsloo (2021) conducted a study that found that combined assurance is relatively easy to apply in identifying and assessing various features of a company's combined assurance model, how these evolve, and how they vary across organizations. If more widely applied, it would be possible to use quality metrics as benchmarks to identify companies with potential weaknesses in their combined assurance models, thus requiring a more in-depth evaluation of their assurance practices. Furthermore, a study by Adebayo and Ackers (2023) revealed that although there is alignment with governance principles embedded in the combined assurance model, it provides stakeholders with a better understanding of how these principles are applied.

3. RESEARCH METHODOLOGY

The research approach used in this study is a descriptive qualitative approach with a case study method applied to the XYZ Banking Company. The case study method was chosen to gain an in-depth understanding of the implementation of combined assurance to enhance the efficiency and effectiveness of internal control. Research informants were selected using purposive sampling. The main criteria were a minimum of two years of experience, holding a strategic position, and being directly involved in internal audit or risk management activities. Based on these criteria, 24 informants were selected from the internal audit division and the risk management division. The primary data collection technique was semi-structured in-depth interviews, which allowed the researchers to explore information flexibly while remaining focused on the research objectives. Interviews were conducted in person and online, recorded with the informants' consent, and subsequently transcribed for analysis.

Data analysis in this study consists of three stages: 1) data reduction, 2) data presentation, and 3) conclusion drawing. Data was reduced by filtering and simplifying interview data to identify key themes. The reduced data was then presented as matrices and thematic narratives to facilitate interpretation. Next, conclusions were drawn by identifying patterns and relationships between categories and rechecking emerging findings. To enhance the validity of the research results, source triangulation was used by comparing data from various informants and verifying the consistency of the findings. This approach enabled the researchers to obtain a comprehensive and accurate understanding of the perceptions, challenges, and benefits of implementing combined assurance in the XYZ Banking Company.

4. RESULTS AND DISCUSSION

4.1. Perception of the Combined Assurance Project at XYZ Banking Company

The perception of the effectiveness of implementing the Combined Assurance Project in XYZ Banking Company can be explained through several points detailed in this section. The first point regarding the effectiveness of the combined assurance application in XYZ Banking Company is that the implementation has proven effective in enhancing governance and company performance. Integrating oversight functions such as internal audit, risk management, and compliance allows for more proactive risk identification, better risk management, and improved team collaboration. Respondents state that combined assurance strengthens internal controls, enhances the quality of information, and reduces redundancy, thus helping the company achieve its strategic goals. Additionally, this implementation ensures compliance with regulations through more integrated oversight, reducing legal risks and creating a more solid and responsive governance framework. However, there is a need to improve the separation of duties between the risk management and audit functions to optimize the effectiveness of its implementation.

The second point is that the implementation of combined assurance can also be reviewed based on how each member of the company, particularly the audit team and risk management team, engages in the process. Several concrete steps can be taken to implement the combined assurance plan, such as holding discussion forums and defining roles and responsibilities among the respective teams. The actions taken by the risk management team in implementing combined assurance at XYZ Banking Company emphasize the importance of collaboration and effective reporting among various lines and functions. Through coordination with the first and third lines and by following the directives from superiors, the risk management team can ensure that fraud cases are officially reported and adequately addressed. Therefore, these steps become integral to the company's efforts to enhance risk management and governance overall.

The third point discusses the strategies used to evaluate and assess the risks of implementing combined assurance. The company also requires strategies to evaluate and assess the risks of combined assurance implementation to ensure that this approach can be carried out effectively and efficiently. These strategies involve using indicative data supported by data analytics teams from audit and risk management teams. This process also includes integrated data processing by both teams. The use of data and analysis is at the core of this strategy. Close collaboration between the audit and risk management teams is also key to this strategy. Through effective collaboration, both teams can support and reinforce efforts in evaluating and assessing risks. The strategy for evaluating and assessing the risks of combined assurance implementation involves using a prioritization scale. These priority steps include identifying potential fraud, prevention, and communication with management. Ensures that risk management is conducted effectively and efficiently. From the risk management team's perspective, the strategy emphasizes using tools, monitoring, and consultation. Includes utilizing critical reports and routine monitoring processes to oversee the results of evaluations or verifications.

The fourth point discusses the success of optimizing the processes of risk identification, assessment, and management. The evaluation of success plays a key role in optimizing these processes during the implementation of combined assurance. It is crucial to ensure that the key performance indicators (KPIs) between the audit team and risk management reflect each other, highlighting the importance of cooperation and collaboration between both teams in achieving common goals. One indicator of success in implementing combined assurance is reducing anomalous data. This indicates that the risk identification process has effectively reduced unusual incidents or anomalies in the company's operations. Furthermore, collaboration between the audit team and risk management in combined assurance has led to cost reductions and time savings. This demonstrates efficiency in utilizing company resources and effectiveness in risk identification. The success of implementing combined assurance also depends on the synergy between risk management and audit functions, emphasizing the importance of teamwork and collaboration in identification, assessment, and risk management. After the audit team identifies risks, the risk management team takes preventive actions. The success of combined assurance can also be seen in how effectively the risk management team follows up on audit findings to prevent future risks.

The fifth point concerns ensuring that every team member understands combined assurance. Ensuring that each team member consistently understands combined assurance helps maintain consistency in applying related concepts and practices. This ensures that all team members are on the same page and can collaborate effectively. One way to ensure that every team member consistently understands combined assurance is through joint educational and training activities. This highlights the importance of collaboration between departments and teams in understanding combined assurance. Additionally, aspects of internal control can be used to ensure that all members understand the importance of adhering to procedures and regulations and raise line management's awareness of weaknesses in internal controls, such as a lack of control or segregation of duties. Furthermore, evaluating management's awareness and concern regarding incidents of fraud and their mitigation processes is also important. This is because increasing this awareness aids in effectively preventing and mitigating fraud.

Another approach can be applied by implementing preventive measures to minimize the likelihood of fraud recurring. This includes disseminating the internal controls that must be implemented and evaluating the preventive actions that have been taken. Furthermore, a key step is to conduct ongoing briefings on applicable regulations, internal policies, and industry standards. These briefings are expected to instill a corporate culture in the application of risk management and compliance.

Another approach is for the company to collaboratively formulate policies and procedures between the audit function and risk management to agree on the roles and objectives of each area, ensuring that there is no overlap in responsibilities. Once the policies and procedures are agreed upon, they must be communicated to every team member until they fully understand their roles and responsibilities. The company must ensure mutual understanding, coordination, and communication between the audit team and risk management. This is crucial for achieving the effectiveness of combined assurance. The success of combined assurance can be realized if there is good agreement and coordination, thus contributing positively to the company.

The final point regarding the effectiveness of implementing combined assurance at XYZ Banking Company involves reviewing legal compliance after the project's implementation. The application of combined assurance at XYZ Banking Company has proven significant in enhancing legal compliance and operational effectiveness. This approach strengthens internal controls, enables early detection of risks, and accelerates preventive actions, thereby ensuring that processes operate according to standards and regulations. Collaboration between the audit team and risk management creates effective synergy, reduces work duplication, and improves operational efficiency. With more integrated oversight, the potential for legal violations is minimized, supporting robust governance that is responsive and aligned with the company's strategic objectives. As a result, combined assurance not only enhances legal compliance but also creates more optimal operations.

Meanwhile, the improvement of efficiency in the implementation of combined assurance at XYZ Banking Company is reviewed in three points. The first point examines the assessment of combined assurance in enhancing corporate governance efficiency. The implementation of combined assurance at XYZ Banking Company has proven capable of improving corporate governance efficiency through the integration of various oversight functions, such as internal audit, risk management, and compliance. This approach allows for joint audits that expedite the assurance process while reducing operational costs. Respondents indicated that the application of combined assurance creates better coordination, reduces redundancy, and ensures more effective risk management. However, its implementation requires improvements in the segregation of duties between the risk management and audit functions to avoid overlap. Overall, combined assurance is considered an important strategy that not only saves time and costs but also supports faster and more efficient decision-making in enhancing corporate governance.

The third point explains the implementation of combined assurance in terms of assessing its success. One of the key indicators of success is the reduction in the number of fraud incidents following the implementation of combined assurance. This indicates that internal controls have been enhanced, and the potential risk of fraud has been managed more effectively. The success of implementing combined assurance can also be seen through the achievement of business performance metrics, such as profitability and operational efficiency. Improved risk management can positively impact the company's financial performance.

Success indicators also include customer satisfaction. The company can enhance customer loyalty by ensuring that risks affecting customer satisfaction are well managed. The level of risk awareness among frontline management is also a key indicator, demonstrating that the risk management process has been effectively implemented throughout the organization. Within the company, both the audit team and the risk management team agree that the success of implementing combined assurance is assessed using the same parameters, indicating consistency in measuring and evaluating the effectiveness of combined assurance.

The final point regarding the improvement of efficiency is the enhancement of legal compliance and the increase in efficiency and effectiveness after implementing combined assurance. The implementation of combined assurance improves legal compliance and enhances efficiency and effectiveness, which are critical factors for companies, especially in the banking industry. Internal controls in each operational unit become stronger and more integrated through combined assurance. This facilitates the identification and prevention of operational avoidance or deviations.

A more stringent and integrated monitoring system helps minimize fraudulent activities. Collaboration between the audit team and risk management allows for early detection of potential fraud, enabling immediate preventive actions to be taken. Strengthening internal controls and fraud prevention reduces the potential for legal issues. The company can more easily comply with applicable laws and regulations with fewer deviations and fraudulent activities.

The implementation of combined assurance enhances operational efficiency by accelerating the processes of risk identification, assessment, and management. Good coordination between risk management and the audit team reduces unnecessary costs and improves accuracy in risk management. Combined assurance ensures that every operational process adheres to established standards, thereby increasing effectiveness in achieving the company's objectives. Continuous monitoring and preventive actions taken by the risk management and audit teams ensure that potential issues can be addressed before they escalate, ensuring that the company's operations run optimally and in compliance with regulations.

Based on the explanation above, it can be concluded that the implementation of combined assurance at XYZ Banking Company provides significant benefits in enhancing operational effectiveness and efficiency. In terms of effectiveness, this approach strengthens internal controls, prevents fraud, ensures legal compliance, and improves coordination among assurance functions. This supports corporate governance through better risk management, synergistic collaboration, enhanced information quality, and the establishment of a risk-aware culture throughout the organization.

From the perspective of efficiency, combined assurance is capable of reducing task redundancy, saving time and costs, and optimizing resource utilization. Integrated audits allow for faster processes in identifying and mitigating risks, cost-effectively supporting more effective decision-making.

In addition, based on the results of the analysis and discussions related to interviews with the audit team and risk management team, the perception of implementing combined assurance at XYZ Banking Company is considered very good and positive. Implementing combined assurance enhances the effectiveness and efficiency of corporate governance. The majority of informants from both teams expressed positive views about the implementation of combined assurance, acknowledging that this approach can improve the company's performance and governance.

These findings align with research conducted by Hoang and Phang (2021), which explains that the implementation of combined assurance positively contributes to enhancing investor and customer confidence, as it is associated with increased effectiveness and efficiency in corporate governance. This is because combined assurance ensures that the risks faced by the company are well managed and that financial reports and company information have been thoroughly verified.

The findings of this study are also in line with Forte and Barac (2015), who explain that a strong and positive perception of combined assurance helps each integrated team better understand the work and tasks being performed and enables the teams to assess potential risks. By understanding these risks, the teams can collaborate more effectively in identifying, evaluating, and managing them. A consistent perception of combined assurance helps each team member understand the shared objectives in internal oversight and risk management processes. With a unified vision of their goals, these teams can work synergistically to achieve better and more sustainable outcomes.

In its implementation at XYZ Banking Company, several areas were identified that need improvement, particularly regarding the segregation of duties and responsibilities between the risk management and audit functions. Avoiding overlap and ensuring that each team can work clearly and effectively is essential. This overlap can be minimized through close coordination between teams, escalating issues that require further investigation, collaborating with the first line of defense, and achieving a better understanding of the implementation. The ultimate result of the positive perception of combined assurance implementation is an increase in legal compliance and improvements in efficiency and effectiveness in corporate governance overall.

4.2. Obstacles in implementing combined assurance at XYZ Banking Company

The obstacles to implementing combined assurance arise from the integration process involving two teams with differences in work culture, operational procedures, and methods. These differences lead to sectoral ego and overlapping duties and responsibilities. Who is accountable for specific tasks must be clarified, which can hinder the integration and collaboration required to achieve common goals. Also, differing perceptions and authorities are considered significant barriers to implementing combined assurance. The lack of segregation of duties and the suboptimal implementation of dual control contribute to the failure of the combined assurance process. Without adequate segregation of duties and dual control, the integration between risk management and audit becomes more challenging and less effective, reducing internal controls' overall efficiency and effectiveness. Furthermore, differences in competencies and understanding between the two teams also pose challenges in implementing this plan. As these two integrated teams naturally have different work schedules, arranging time for joint meetings often becomes an issue. Lastly, a key obstacle in this integration lies in the broad scope of work and the complexity of the organization.

The numerous critical obstacles in implementing combined assurance to improve the efficiency and effectiveness of internal controls require the organization to create various plans to address or mitigate these challenges, ensuring that the implementation of combined assurance can run more smoothly and effectively in enhancing internal control efficiency and effectiveness. The company must expedite and increase long-term data processing tools and program investments. Another crucial step is aligning the parameters or understanding of combined assurance implementation between the two teams. A proposed concrete action is implementing a punishment system for departments or individuals who do not adhere to policies aligned with the organization's goals to achieve this alignment. It is also essential for the organization to have clear and structured policies and procedures in place.

4.3. Benefits of implementing combined assurance in XYZ Banking Company

The main benefit of implementing combined assurance in enhancing internal control efficiency within a company is that it can strengthen internal controls at the operational level by reducing duplication of efforts and optimizing resource use. Combined assurance helps ensure that all risk and control areas are addressed holistically and consistently through better collaboration and coordination among various oversight functions. Implementing combined assurance in an organization enhances internal controls at the operational level and contributes to operational efficiency and cost reduction. The efficiency gained from this synergy saves operational costs and increases overall business productivity and effectiveness. Strengthening risk management and enhancing internal control efficiency directly contribute to reducing occurrences or findings from audits that negatively impact company performance. This helps organizations identify and rectify potential breaches early on, thereby creating a more orderly work environment that complies with established standards.

Implementing combined assurance among the audit and risk management teams ensures more robust assurance from the assurance side and provides in-depth education to operational units regarding compliance with internal and external regulations and policies. Through the combined assurance approach, the understanding of operational units will improve, shaping a more robust corporate culture regarding risk management and adherence to applicable rules, internal policies, and industry standards. This success is achieved because the duties and functions of each team have been clearly defined, eliminating overlaps between the roles of audit and risk management, and allowing each team to focus and contribute optimally within their scopes of responsibility. Finally, implementing combined assurance is expected to foster a more robust organizational culture and a higher commitment to internal control.

5. CONCLUSION

Based on the results of the research and discussion outlined above, the implementation of combined assurance at XYZ Banking Company provides significant benefits in enhancing effectiveness, operational efficiency, and corporate governance. From the perspective of effectiveness, this approach supports better governance through collaboration and synergy, improved legal compliance, information quality, and a risk-aware culture. In terms of efficiency, Combined Assurance helps save time and costs, reduce task redundancy, and optimize resource utilization.

Despite receiving positive perceptions from the audit and risk management teams, improvements related to the segregation of duties between the two functions are necessary to avoid overlap, which can be minimized through coordination and collaboration among teams.

The findings indicate several critical obstacles to implementing combined assurance to enhance the efficiency and effectiveness of the organization's internal controls. These obstacles include differences in competence, perceptions, and authority; overlapping duties and positions; sectoral egos; issues related to time and organizational structure; a lack of task segregation and dual controls; and low awareness of risk management. Additionally, organizational complexity complicates implementation due to the numerous interests that must be prioritized. Several plans have been proposed to address these obstacles. First, formulate and establish clear, detailed policies and procedures for implementing combined assurance with risk management and audit approval. Second, accelerate investments in data processing tools and programs for the long term while aligning the understanding between audit and risk management. Third, the company needs to set a concrete meeting schedule agreed upon by all parties to accommodate each team's timing. Finally, the company should align perceptions among teams and implement a punishment system for those who do not comply with policies and organizational goals.

The findings also reveal critical benefits to implementing combined assurance in enhancing internal control efficiency within this organization. The benefits of this implementation include improving internal controls, minimizing control weaknesses, and increasing time and cost efficiency. This is crucial for enhancing the company's profits. Implementing combined assurance is believed to make internal controls more effective and efficient, reducing costs and time and improving compliance with regulations. Based on the benefits of implementing combined assurance, risks are expected to be detected and addressed more quickly and comprehensively. Implementing combined assurance is anticipated to prevent violations and internal weaknesses, promote a culture of compliance, and strengthen risk control. Furthermore, it will also reduce negative audit evaluation results and eliminate sectoral egos between audit and risk management, thereby better achieving the company's vision and mission.

This study has several limitations that should be noted. First, the research focuses on a single company, namely XYZ Banking Company, so the findings cannot yet be generalized to the entire banking sector in Indonesia. Second, the approach used is qualitative with interview methods, meaning the interpretation of results is heavily influenced by the subjective perceptions of the informants. Third, this study does not quantitatively measure the effectiveness of combined assurance but relies solely on the perceptions and experiences of the informants. In addition, time constraints and limited access to specific internal company data also posed challenges in obtaining more comprehensive information. During the research, several obstacles were encountered. One major challenge was the differing perceptions and understandings among informants regarding the concept of combined assurance, which required the researchers to clarify and map out their knowledge first. Furthermore, scheduling interviews was also difficult due to the busy schedules of the informants, particularly those from the management level.

This study provides a novel contribution by deeply exploring the implementation of combined assurance in the context of the Indonesian banking sector, which has been very limited in the domestic academic literature. In addition, the study highlights context-specific barriers to implementation, such as sectoral egos, differences in authority between divisions, and structural organizational constraints — factors rarely addressed in previous research. This study also adds new insights by proposing strategies to align the roles of various assurance functions to enhance the efficiency of internal control.

The significance of this study for future research lies in its effort to provide an initial empirical foundation for implementing combined assurance in the banking sector, which can serve as a reference for subsequent studies in developing more systematic and measurable oversight integration models. By explaining practical and contextual implementation barriers and strategies, this study opens opportunities for further research to examine the effectiveness of combined assurance across different industries, timeframes, and methodological approaches, thereby enriching both theory and practice in governance within an ever-evolving business environment. For future research development, it is recommended to broaden the scope of the study, for example, by comparing the implementation of combined assurance across several banks or other financial institutions. Quantitative research can also be conducted to objectively measure the effectiveness of combined assurance implementation on internal control and risk management performance. Additionally, follow-up studies could incorporate the perspectives of regulators and external stakeholders, such as independent auditors and financial authorities, to gain a broader understanding of the role of combined assurance in supporting GCG.

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