

Capability Development of Government Internal Control Apparatus in Improving the Effectiveness of Internal Control

Muhammad Rachmat^{1*}, Chandra Wijaya²

Universitas Indonesia Depok, Indonesia

Email: muhammad.rachmat11@ui.ac.id^{1*}, wijaya@ui.ac.id²

*Correspondence

ABSTRACT

Keywords: Supervisory Assurance; IACM; APIP Capability.

Developing the capability of the Government Internal Audit Agency (APIP) has an impact on improving performance and maintaining transparency and accountability standards. Increasing the value of the APIP Capability Model provides a comprehensive framework for analyzing and improving APIP capabilities on an ongoing basis. The purpose of this research is to analyze the factors that affect APIP capability. Analyzing the role of management in achieving the APIP capability level, analyzing the impact of APIP's role in implementing the Government Internal Control System (SPIP), analyzing the importance of APIP capacity building, analyzing the relationship between APIP capability and financial management performance, analyzing the impact of the effectiveness of implementing the Internal Audit Capability Model (IACM) in improving APIP capability. The steps suggested are practical analysis of the influence of APIP capability, including management commitment, SPIP improvement, competency improvement, focus on improving financial performance and application of IACM.



Introduction

In this modern era, recognizing the importance of integrating APIP efforts efforts (Falka, Sari, & Yusrizal, 2022) into their organizational structure. Within this framework, the analysis of APIP Capability development becomes an important focus in ensuring operational effectiveness.

APIP capability development in the context of internal control has a very important role in strengthening accountability and efficiency. Evaluation of APIP capability not only impacts on improving organizational performance, but also ensures that transparency and accountability standards are maintained and improved. (Gunawan, 2016). Therefore, increasing the value of the APIP Capability Model is relevant because it provides a comprehensive framework for analyzing and improving APIP capabilities on an ongoing and sustainable basis (Alpian & Kuntadi, 2023). By considering the history, context of accountability and APIP capability assessment, this research aims to provide

valuable insights for strengthening in carrying out their duties effectively, efficiently and transparently, so as to be able to answer the challenges and demands of an increasingly complex era.

Table 1
APIP Capability Achievements in 2022

Level 3	Level 3*	Level 2
297	297	245

In the context of internal supervision, increasing the capability of APIP has a very significant impact. (Riana, 2014). APIP's Capability Achievement in 2022 provides an overview of the readiness and effectiveness of internal supervision in various Ministries/Agencies. The data shows that as many as 297 Ministries/Agencies have achieved Level 3 according to the established standards, reflecting a strong commitment to strengthening the internal control system to improve accountability and efficiency. In addition, 297 Ministries/Institutions at Level 3, by the "Regulation of the Financial and Development Supervisory Agency (BPKP) Number 8 of 2021", indicate seriousness in complying with applicable regulations.

However, the data also reflects that 245 Ministries/Agencies are still at Level 2, indicating an opportunity to improve APIP capabilities further. Strategic measures are needed to overcome challenges that may arise in achieving higher levels of capability. Implementing the Internal Audit Capability Model (IACM) is expected to provide clear guidance to identify areas that need improvement and establish concrete steps to improve these capabilities.

In the context of maintaining the integrity and credibility, this research has an important purpose in strengthening the government's internal control system as a whole. By understanding the achievements and challenges in improving APIP capabilities, it is hoped that a strong foundation can be built to achieve effective, transparent and accountable internal control in the future. (Dewi & NPM, 2017). The significant contribution of this research is expected to be an important foundation in efforts to improve and increase the efficiency of the internal control system as a whole. From each achievement of the Capability score there are several things that need improvement or Areas Of Improvement (AoI), AoI refers to aspects that require an increase in APIP capability. The identification of AoI is the basis for formulating an action plan that aims to improve APIP's capability on an ongoing basis. The action plan will continue to be monitored by BPKP and APIP in various Ministries, Institutions and Regions (K/L/D), with the aim of achieving an optimal level of APIP capability. This process is an important step in maintaining and improving the effectiveness and efficiency of internal control.

Research Methods

This research method involves literature analysis as an integral part of efforts to understand the subject under study comprehensively. By extracting information from

various literature sources, this research can explore diverse viewpoints and enrich understanding of the topics discussed in more detail. This approach is expected to create a solid foundation for in-depth analysis and valuable findings in this research.

Researchers focus on applying APIP Capabilities using the IACM method. The study was descriptive, meaning that the researcher collected data to explain the observed problem clearly. Researchers aim to provide a comprehensive overview of the challenges and possible solutions for improving APIP capabilities through this descriptive approach. By gaining a deep understanding of the existing situation, it is hoped that this research can provide valuable insights for building more effective and efficient government internal supervision capacity.

Results and Discussion

Internal Audit Capability Model (IACM)

An essential foundation in advancing public sector internal oversight (MacRae & Sloan, 2018). The framework aims to improve the effectiveness of internal control, providing organizational guidance in developing supervisory processes by governance and professional standards. With a focus on achieving efficiency and effectiveness, this framework is crucial in ensuring that the internal control process aligns with organizational objectives and professional standards. As governance and management practices evolve, they provide a solid foundation for organizations to strengthen their internal control functions and meet stakeholder expectations of transparency and accountability.

At level 4, there are significant changes in the organizational structure related to internal control activities. Such activities have now become integral to organizational governance and risk management. The position of internal control leader is increasingly strengthened. The leader provides strategic advice and dramatically influences the organization's official and unofficially management. This indicates an evolution in the role and recognition of the contribution of internal control in strengthening organizational governance.

In addition, at this level, there is a tendency for independent supervisory institutions to be responsible for the independence and quality of internal supervision. This aims to ensure that the supervisory process occurs objectively and efficiently, without any influence from interested parties. The existence of this kind of supervisory institution is an essential marker in upholding ethical and professional standards in internal control practices and strengthening the integrity of the entire organizational supervision process.

APIP Capabilities

APIP capability is a key aspect of performing an effective oversight function. This includes the ability to conduct internal control to a high standard, which supports good governance. A comprehensive assessment of internal control capability, based on the IACM framework developed by the Institute of Internal Audit (IIA), provides an essential foundation for understanding the extent to which APIP can achieve these standards.

Considering the principles and guidelines in the IACM, assessing APIP capabilities can help identify strengths and weaknesses in the internal control system.

A literature review of several previous studies provides an essential foundation as an introduction to the study, providing the necessary insights into its context.

No	Researcher/Year	Research Relevance
1.	(Parulian et al., 2023)	The study aims to determine the relationship or influence between variable factors that affect the level of APIP capability.
2.	(Airlangga & Rossieta, 2023)	This study aims to improve the internal supervision capability of government agencies.
3.	(Djamil, 2023)	The research objective is to understand the role and contribution of APIP in the implementation of SPIP maturity.
4.	(Saragih & Kuntadi, 2023)	This study aims to identify and analyze the factors that influence APIP capability, with a primary focus on three main factors, namely competence, supervisory experience and management support.
5.	(Nurhamsyah et al., 2022)	This study aims to see the influence of APIP Capability on Financial Management Performance.
6.	(Sumanti, 2020)	This research aims to implement IACM as a framework to improve Aceh's APIP capabilities. IACM provides a structured framework for evaluating and improving the quality of internal oversight function performance.

From some of the previous studies above, it can be explained as follows:

1. (Parulian, Deliana, & Kuntadi, 2023) Reviewing previous research, researchers can understand the theoretical and practical context relevant to their research topic. Previous research was used to strengthen theories and explain relationships between variables. In research on internal control, a literature review helps to understand key concepts such as supervisory competence, independence and experience, as well as how these factors relate. Based on the supervisory literature, this article reviews the factors affecting internal surveillance capabilities. The goal is to develop hypotheses for future research. By identifying factors that influence the internal capabilities of

supervision, this article seeks to contribute to an understanding of the critical factors affecting the quality of supervision. The literature review results show that supervisory competence, independence and experience affect the internal capabilities of supervision. Competency affects the supervisor's ability to conduct supervision effectively; independence is essential to produce objective supervisory reports and supervisory experience improves the quality of internal supervision.

2. (Airlangga & Rossieta, 2023) Internal supervisors must have adequate capacity, authority and competence in their duties. This study aims to evaluate the efforts made by the Inspectorate General of Ministry X to achieve level 4 capability level for Government Internal Supervisory Officers. Level 4 capability level signifies excellent organizational governance, risk and control. This research uses qualitative methods with a case study approach, using document reviews and interviews as data sources. The results show that some efforts have been made, but elements still need to be improved to reach level 4. Periodic evaluation and implementation of the Company's Risk Management is essential to strengthen internal supervision capabilities. This study's results can guide other organizations in eyeing level 4 proficiency levels. It is essential for internal oversight to provide adequate assurance and have a deep understanding of best practices in the field. With high capabilities, internal control can improve organizational effectiveness in facing complex challenges. This requires considerable investment in developing human resources, infrastructure, technology and solid organizational leadership support.
3. (Djamil, 2023) There are still challenges in the Government's Internal Control System (SPIP) in Indonesia, which is reflected in the Audit Board (BPK) findings on its weaknesses. This research focuses on the role of the Government's Internal Supervision Apparatus (APIP) in implementing SPIP Maturity in the South Solok District Inspectorate. Using quantitative methods, this study involved all internal government supervisory apparatuses with data collection through questionnaires. The results show that the roles of leadership, internal supervisors, consultants and catalysts have a positive impact, while quality assurance hurts the implementation of SPIP maturity. This research highlights the importance of APIP in ensuring efficiency and transparency in state resource management and strengthening SPIP at the local level. Quantitative methods provide detailed analysis, while the validity and reliability of research instruments are tested to ensure data reliability. The practical implications can help formulate policies and strategies for SPIP improvement at the local level.
4. (Saragih & Kuntadi, 2023) Previous research plays a vital role in developing scientific research. Data and findings from previous studies reinforce existing theories and explain relationships between variables. This article reviews the factors that affect APIP Capabilities, such as competence, experience and management support. The goal is to identify relationship patterns between these variables and APIP capabilities and develop hypotheses for future research. Competence, experience and management support significantly affect APIP capabilities. Supervision experience increases skills and confidence, while management support creates a conducive work environment.

This research emphasizes the importance of developing APIP capabilities to improve governance and support their role in internal control.

5. (Nurhamsyah et al., 2022) This study explores the impact of the government's internal supervision capability on its constituent elements, using IACM, on the performance of regional financial management. The importance of regional financial management in the context of good governance is highlighted. A sample of 103 internal supervision practitioners in West Papua Province used a primary data approach through questionnaires. Data analysis using multiple linear regression shows that APIP Human Resource Management partially has a positive and significant effect on regional financial performance. Other factors also had a positive, although not statistically significant, impact. These results strengthen an understanding of the critical role of internal supervision capabilities in improving regional financial performance (Abbas et al., 2023).
6. (Sumanti, 2020), APIP's crucial role in government internal supervision is recognized, but not all APIPs in Aceh Province have optimal capabilities. BPKP Aceh representatives are trying to improve APIP capabilities through IACM. The case study, which included official interviews with the BPKP Aceh Representative, highlights improvements to the six elements of APIP capability. Of the 24 key process areas within the IACM, all are fulfilled after coaching. The results showed an increase in capability in 67% of APIP Local Government in Aceh. These findings have the potential to help APIP coaching practices in other areas.

Conclusion

The overall conclusions of these six literature reviews affirm the importance of developing the capabilities of the government's internal supervision apparatus in improving the effectiveness of internal supervision, both at the national and local levels. Management support, competency improvement and extensive supervisory experience are vital factors influencing APIP's capabilities, as follows:

First, through the analysis of previous research, it can be understood in the theoretical and practical context. Reviewing internal supervision literature can help identify factors that affect APIP capabilities, such as supervisory competence, independence and experience. Second, in improving internal supervision capabilities, efforts to achieve this level of capability require a strong commitment from management and the handling of existing obstacles, such as the Inspectorate General of Ministry X seeks to improve the capabilities of the government's internal supervision apparatus. Third, weaknesses in the government's internal control system (SPIP) still need to be solved in Indonesia, which demands an active role from the government's internal supervision in creating an effective and sustainable control system. Empirical research shows that the role of APIP significantly influences the implementation of SPIP Maturity. Fourth, a literature review of factors that affect APIP capabilities, such as competence, supervisory experience and management support in improving the effectiveness of

internal control in the organization. Fifth, empirical research shows that the level of capability of the government's internal supervision apparatus significantly impacts financial management performance. Factors such as human resource management, roles and services, professional practices, accountability, culture, organizational relationships, and governance structures contribute to improving regional financial management performance. Sixth, through comprehensive guidance and implementation of the Internal Supervision Capability Model, supervisory institutions such as BPKP Aceh Representatives have succeeded in improving APIP capabilities.

Bibliography

- Abbas, Irfan, Hamzah, Muh Nasir, & Didiharyono, Didiharyono. (2023). Analisis Good Governance dan Kualitas Pegawai terhadap Kinerja Pengelolaan Keuangan Daerah Melalui Kejelasan Sasaran Anggaran pada Kantor Sekretariat Daerah Provinsi Sulawesi Selatan. *Jurnal Sains Manajemen Nitro*, 2(2), 138–152. <https://doi.org/10.56858/jsmn.v2i2.161>
- Airlangga, Dewi Kurniati, & Rossieta, Hilda. (2023). Peningkatan Kapabilitas Internal Audit Instansi Pemerintah. *Owner: Riset Dan Jurnal Akuntansi*, 7(4), 3028–3040.
- Alpian, Vini Aulia, & Kuntadi, Cris. (2023). Faktor-Faktor yang Mempengaruhi Kapabilitas Internal Audit: Kompetensi, Pendidikan, dan Pengalaman Audit. *Jurnal Impresi Indonesia*, 2(1), 23–28.
- Dewi, Utami, & NPM, S. H. (2017). Kedudukan Badan Pemeriksa Keuangan Dan Pembangunan (Bpkp) Dalam Penentuan Unsur Kerugian Keuangan Negara Dalam Kaitanya Dengan Optimalisasi Pengawasan Pengelolaan Keuangan Daerah (Studi Kasus Di Kalimantan Barat). *Jurnal Nestor Magister Hukum*, 4(4), 209597.
- Djamil, Nasrullah. (2023). APIP dalam Pelaksanaan Maturitas SPIP: Government Internal Supervisory Apparatus in Implementing the Maturity of the Government Internal Control System. *JAAMTER: Jurnal Audit Akuntansi Manajemen Terintegrasi*, 1(2), 76–88.
- Falka, Abrari Rizki, Sari, Elidar, & Yusrizal, Yusrizal. (2022). Efektifitas Pelaksanaan Koordinasi Aparatur Pengawasan Internal Pemerintah Dengan Penegak Hukum Dalam Upaya Pencegahan Penyalahgunaan Wewenang Pejabat Pemerintah. *Suloh: Jurnal Fakultas Hukum Universitas Malikussaleh*, 10(2), 340–362.
- Gunawan, Dimas Rizky. (2016). Penerapan sistem e-budgeting terhadap transparansi dan akuntabilitas keuangan publik (Studi pada Pemerintah Kota Surabaya). *AKRUAL: Jurnal Akuntansi*, 8(1), 72–102.
- MacRae, E., & Sloan, B. C. (2018). *Internal audit capability model (IA-CM) for the public sector*. Altamonte Springs, IIA.
- Parulian, Riatno Jonni, Deliana, Deliana, & Kuntadi, Cris. (2023). Faktor-Faktor yang Mempengaruhi Kapabilitas Internal Audit: Kapabilitas Internal Audit, Kompetensi, Independensi, Pengalaman Audit. *JURNAL MANAJEMEN PENDIDIKAN DAN ILMU SOSIAL*, 4(2), 699–706. <https://doi.org/10.38035/jmpis.v4i2.1600>
- Riana, Dwi Seftihani. (2014). Standar akuntansi pemerintahan dan sistem pengendalian

intern sebagai anteseden kualitas laporan keuangan pemerintah daerah. *STAR*, 11(1), 15–32.

Saragih, Richardo, & Kuntadi, Cris. (2023). Faktor-faktor yang mempengaruhi Kapabilitas APIP: Kompetensi, Pengalaman Audit dan Dukungan Manajemen. *Jurnal Manajemen, Akuntansi Dan Logistik (JUMATI)*, 1(1), 144–153.

Sumanti, Rati. (2020). Upaya Peningkatan Kapabilitas Aparat Pengawasan Intern Pemerintah (APIP) di Aceh Melalui Internal Audit Capability Model (IACM). *Jurnal Borneo Administrator*, 16(2), 137–158. <https://doi.org/10.24258/jba.v16i2.654>