

Effectiveness of the Government Internal Supervision Apparatus (APIP) in Agency "A"

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ABSTRACT

Keywords: government internal supervisory apparatus (APIP), internal audit effectiveness, IPPF standards, audit standards for internal auditors of the government of Indonesia.

Supervision is the most important element in a management system in government. One of the main factors that can support the successful implementation of control is the effectiveness of the role of the government's internal supervisory apparatus (APIP). This study aims to evaluate the effectiveness of the government's internal supervisory apparatus based on three factors consisting of the audit environment or position (management support, Independence, Objectivity), audit implementers (Skills, Human Resources Development), and audit processes (Quality control, Activity planning, Activity coordination, Scope of work, Implementation of activities, and Communication of results) using the Professional Standards of Internal Audit Practice (International Professional) Practices Framework – IPPF issued by The Institute of Internal Auditors (IIA). This research is a case study with a qualitative approach and data triangulation method obtained from interviews, documentation, and observation. The results of the study show that from the environment/position of APIP agency A, there are still several points that are not effective, such as limited human resource support and a non-independent organizational/reporting structure. The skills and competence of audit implementers can be said to be effective, but except for inadequate auditors, it is not proportional to the scope that must be done so the audit assignment is not optimal and there are still some audit processes that are not comprehensive. The results of this study are expected to provide input to relevant agencies to be considered in improving the institution of government internal supervision apparatus so that they can realize effective APIP.



Introduction

Supervision is the most important component of the government management system (Seftiani, 2018). The government is committed to achieving good leadership, so

government performance must be immediately improved through a better monitoring system and an increase in the functions and roles of APIP. Internal supervision is responsible and functions to monitor, audit, evaluate, review, and other supervisory activities (BKN 2018). This is done to provide sufficient assurance that the activities carried out are consistent with the indicators that have been made. Audit is a form of internal oversight that assesses and improves internal control systems, governance processes, and risk management to help organizations achieve their goals (Natalisa, 2016).

Based on the current government conditions, the public continues to file complaints related to alleged corruption in the administration of government. The Corruption Eradication Commission (KPK) stated that in 2022, it received up to 4,623 alleged public complaints about alleged corruption. (Suwanda, Rusdia, & Hamid, 2023). According to Indonesia Corruption Watch (ICW) monitoring data, law enforcement officials have handled 579 corruption cases in 2022. Meanwhile, law enforcement has found state financial losses that can reach Rp 42,747,547,825,049 (Rp 47.747 trillion), bribes and gratuities worth Rp 693,356,412,284 (Rp 693 billion), illegal levies or extortion worth Rp 11,926,507,750 (Rp 11.9 billion), and money laundering worth Rp 955,980,000,000 (Rp 955 billion) (ICW 2023).

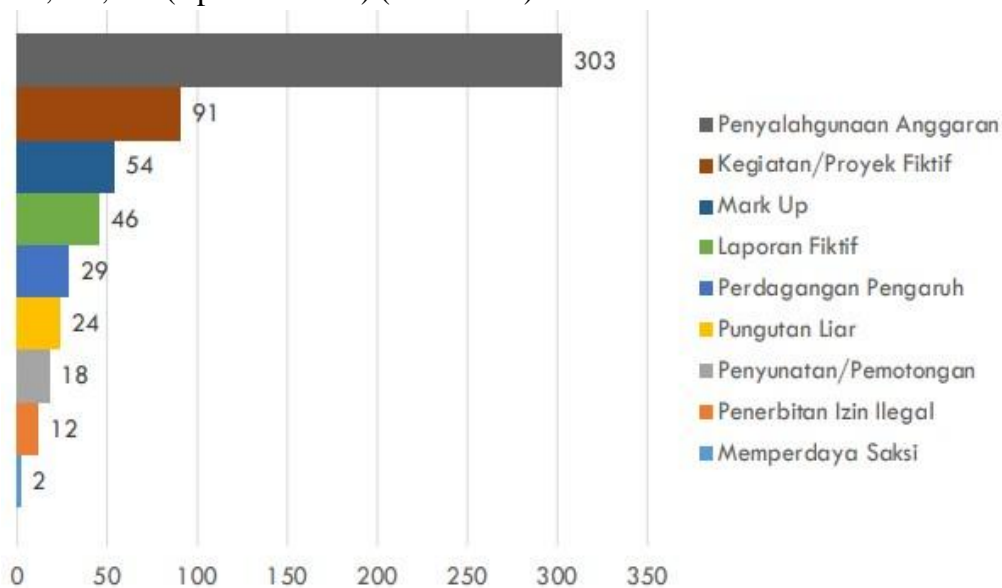


Figure 1 Mapping of corruption cases by mode in 2022

Source: (ICW 2023)

ICW found that in 2022, the most commonly found mode was budget abuse. This model is related to the use of funds that are not allocated by plans or anomalies that are directly related to the state budget, including those related to the public interest such as community assistance funds (Ishtiaq, 2019). In addition, price inflation or markups, and fake operations or projects are other types that occur frequently. The state supervision system in development projects is still poor, and there are some signs of

corruption in the procurement of goods and services. These are the three most common methods of operation used by corruptors (ICW 2023) (Falka, Sari, & Yusrizal, 2022).

The results of the BPK audit showed that there were 9,261 findings worth Rp18.19 trillion which included inefficiency, inefficiency, and ineffectiveness (3E), weaknesses in the internal control system, and non-compliance that could result in losses, potential losses, and lack of revenue (BPK 2023). Based on the Overview of the Audit Results of the First Semester of 2023 by BPK, the internal control system of agency A has several shortcomings related to the implementation of the revenue and expenditure budget, one of which is the payment of work items that do not need to be carried out in the construction of buildings and advanced buildings of one of the work units under the auspices of agency A (Marlaini, Aliamin, & Indriani, 2018).

These cases and problems indicate that the implementation of state financial management is not by the objectives of Government Regulation of the Republic of Indonesia Number 60 of 2008 concerning the Government's Internal Control System. An internal supervisory body known as the Government Internal Supervisory Apparatus (APIP) is formed at both the central and local government levels within the Indonesian government system. The Government Internal Supervision Apparatus (APIP) is the unit responsible for carrying out internal supervision duties within the government environment. APIP is an important part of the Government's Internal Control System (SPIP) and plays a role in ensuring that government operations run by the principles of transparency, accountability, and effectiveness (Rustendi, 2017).

The effectiveness of the Government's Internal Supervisory Apparatus (APIP) can be measured through several factors and indicators. This effectiveness refers to the extent to which APIP is successful in carrying out its duties and responsibilities to ensure good government governance. The effective role of APIP will have an impact on governance such as helping to prevent abuse of power and unethical actions in government, providing recommendations for improvement that can improve government operational efficiency, helping the government integrate sustainable development principles in government policies and programs, helping to build public trust in the government, as well as the effective role of APIP through monitoring, evaluations, and recommendations, can help improve government performance. So that the government can achieve national goals more effectively.

Professional organizations serving the field of auditing, such as The Institute of Internal Auditors (IIA), have developed internationally applicable standards for internal audit practices. This standard is known as the International Professional Practices Framework (IPPF, 2017). The IPPF consists of standards, guidelines, and guidelines for internal auditors that aim to ensure that internal audit practices around the world operate with the highest level of professionalism and integrity. The standards and guidelines in the IPPF help ensure that internal auditors carry out their duties and functions independently, objectively, and by relevant standards. Professional organizations such as IIA are committed to developing and maintaining the IPPF to remain relevant and effective in supporting the work of internal auditors in various sectors and organizations

(IIA 2017). Factors to identify the effectiveness of APIP consist of the audit environment or position (Management support, Independence, Objectivity), audit implementers (Skills, Human resource development), and audit process (Quality control, Activity planning, Activity coordination, Scope of work, Implementation of activities, and Communication of results) (The Institute of Internal Auditors 2023).

Depending on the resources owned, managerial governance, internal supervision, and the environment around APIP, each agency has different prerequisites for APIP. (Supragita, 2017). The Overview of the Supervision Results of the First Semester of 2023 BPK, indicates that the inspectorate of Agency A has not effectively carried out its function as an internal supervisor because there are still BPK findings that are not detected by the inspectorate of Agency A, in addition to cases of arrest operations (OTT) by the leaders of agency A. Inadequate institutional supervision procedures from the inspectorate of agency A have created more opportunities for corruption. Based on previous interviews, uneven supervision is caused by human resources in the limited agency A inspectorate, handling 930 work units under agency A throughout Indonesia. Therefore, this study aims to assess the extent of the effectiveness of the government internal supervisory apparatus (APIP) in the environment of agency A. As well as what solutions can be done to overcome the obstacles of the government internal supervisory apparatus (APIP) in the environment of agency A.

Research Methods

This study focuses on case studies in evaluating the effectiveness of the government's internal supervisory apparatus (APIP) in agency A. Case studies are used to gain a deep understanding of the cases being studied, resulting in the findings of the reality behind the phenomenon studied. In addition, case studies are conducted naturally, comprehensively, and in-depth. Alamiah refers to the fact that data collection operations are carried out within the framework of actual events in real life. To be holistic, researchers must be able to collect data comprehensively, so that facts or actualities will be obtained from the data. To obtain comprehensive data, the researcher explored information from people around the research subjects, the subjects' daily activity records, and the subject's track records in addition to information collected from participants and primary informants through in-depth interviews. (Rahardjo, 2017).

This study uses qualitative research because it allows us to identify the phenomenon or condition of APIP in depth. The method used in qualitative research is to describe a symptom, event, or ongoing occurrence. (Hennink, Hutter, & Bailey, 2020). The researcher attempted to capture the incident in front of the camera and then provide a descriptive explanation of the incident as it is. The results of the identification can clarify issues related to the effectiveness of APIP and answer research questions.

Both primary and secondary data were used in this study. Transcripts of interviews with stakeholders involved in policy development and the implementation of internal audit activities in agency A are primary data. Information collected from pre-existing sources, such as government publications, non-governmental organizations,

records or documentation of APIP activities, websites, print and online media, and the internet, is used as secondary data.

In this study, data triangulation is used to achieve data accuracy. Comparing the data results with information collected from observations, documents, and interviews is a technical triangulation process. (Creswell, 2018).

Results and Discussion

The results of the evaluation and discussion were divided into several parts, each with an explanation of the APIP environment/position, internal audit implementers, and internal audit processes. The Internal Audit Performance Framework (IPPF) serves as a conceptual framework for evaluating internal audit performance. Compliance with IPPF standards can be the basis for determining effectiveness. The results achieved by the APIP function in agency A can be an indicator of its effectiveness. Table 1 displays a summary of the results of the analysis as follows.

Table 1
APIP Effectiveness Analysis Summary

No.	Factors Affecting Effectiveness	Status	Reason
1.	Environment/APIP Position	Not Yet Effective	There are still several points on the Environmental Factor/APIP Position that are not yet effective, <ol style="list-style-type: none"> 1. Limited human resource support, especially auditors. The comparison of the number of human resources with the scope of supervision in agency A is not comparable. 2. Non-independent organizational structure. So there is still room that cannot be used as an oblique.
2.	Audit Implementer	Effective with Exceptions	Judging from the skills and competencies, it can still be considered effective, but the exception for the quantity of audit implementers is inadequate, because although it is qualified, it is not proportional to the scope that must be done, it will not be an optimal assignment in terms of auditing.
3.	Audit Process	Not Yet Effective	There are still some audit processes that are not comprehensive. As there is no audit map in the annual performance plan, there is no risk-based audit formulation.

From the results of testing on factors that can determine the prerequisites for APIP effectiveness, it can be seen that APIP is not yet effective. APIP that has competent and professional audit implementers, quality audit procedures, and supportive environmental factors from APIP's point of view can be said to be effective. Effective APIP will produce value-added recommendations and findings that can improve better governance.

1. APIP Environment/Position

The evaluation results indicate that the APIP environment and position in Agency "A" are still ineffective. One of the main causes is the limited number of human resources, especially auditors. The ratio of auditors to the scope of supervision is not balanced, making the audit process less optimal. Additionally, the organizational structure of APIP in Agency "A" is not fully independent, as it is still under the agency's secretariat, which potentially reduces objectivity in supervision.

To improve APIP's effectiveness in this aspect, policies are needed to increase the number of auditors and restructure the organization so that reporting is made directly to the head of the agency instead of the secretary.

2. Audit Implementers

In terms of skills and competence, auditors in Agency "A" have adequate capabilities. However, the limited number of auditors remains the main challenge, making the audit process less effective. Even though the available auditors have the required expertise, their number is not proportional to the vast scope of supervision, resulting in suboptimal audit assignments.

To address this issue, there is a need for an increase in the number of auditors, with a fair distribution across all work units of Agency "A"—not only at the central office but also in various regions.

3. Audit Process

The evaluation of the audit process shows that the audit implementation in Agency "A" is not yet fully effective. Some of the challenges identified include:

- a. The absence of a risk map in the annual audit plan.
- b. Lack of implementation of risk-based auditing, which could enhance supervision effectiveness.
- c. Weak coordination and communication of audit results.

To improve the audit process, risk-based auditing should be implemented, along with a more comprehensive system for reporting and monitoring audit findings. By adopting a more systematic approach to the audit process, APIP's effectiveness is expected to improve significantly.

Conclusion

Based on the results of the study, it can be concluded that APIP in agency A is not yet effective. Several obstacles such as human resources and organizational/reporting structures still need to be improved, and a more comprehensive audit process is needed.

Improvement efforts that can be recommended such as the addition of human resources (Auditors) and the equitable distribution of auditors, not only in the inspectorate at the Center but also in various provinces or major cities in Indonesia. So that it can reach a wider range and provide supervision to all work units of agency A throughout Indonesia.

For efforts to improve the organizational structure/reporting, a shift in the supervisory role was carried out to report to the head of agency A, no longer to the Secretary of agency A. This is to strengthen the chain of command and ensure the supervisory role of the APIP independence of agency A in the future. In addition, programs such as integrated findings can be made for all work units within agency A, both findings from external sources such as BPK, and BPKP, and findings from internal, both from APIP/inspectorate, to help auditors monitor deficiencies or omissions in various work units in agency A throughout Indonesia.

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