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Analysis implementation system control internal government in Indonesia

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Abstract

Law No. 1 of 2004 concerning the Treasury of the State shall preserve the President as the Head of Government regulating and organizing the Government's Internal Control System in Indonesia. In 2008, the Government of Indonesia issued Government Regulation Number 60 of 2008 concerning the Government's Internal Control System to implement the provisions of Article 58 paragraph (2) in Law Number 1 of 2004. The internal control system adopted in Indonesia was adopted from the concept of internal control was made by the 1992 Committee of Sponsoring Organizations of the Treadway Commission (COSO). Since the enactment of Government Regulation Number 60 of 2008 counted for 10 years the regulation has come into force. However, the policy contained in Government Regulation Number 60 Year 2008 has not been fully implemented in government governance in Indonesia. This can be seen from the results of the government internal control system maturity evaluation conducted by BPKP until March 2018 which shows the maturity level of SPIP which is still far from the target with the majority of Institutions still below level 3 or far from level 5 (optimum level) and weaknesses of the Internal Control System The government found by the Supreme Audit Agency in the examination of 2015-2017. Factors that can hinder the implementation of the government's internal control system in Indonesia include: (a) Weakness in terms of content and context of the Policy, (b) Absence of sanctions, (c) Inadequate judgment (d) Errors in translating orders, (e) Management neglect, (f) Collusion.

Keywords: Internal Control; Government Internal Control System; Environment Control; Evaluation Risk; Activity Control; Information and Communication; Monitoring

1. Introduction

Every organization in his journey confronted on challenge Good from in and outside the organization. The challenges faced organization can affect the achievement or failure of organizational goals. Controlling or control is one of the functions of organizational management that is carried out to ensure that the organization is still running in the right direction according to organizational goals. [1] divides control into two types, namely internal control and external control. Internal control involves everyone involved in the organization from the lowest to the highest position whereas control external involving person in outside organization Which have an interest in the organization. Both internal and external control have an equally important role for an organization. This is also related to the demands of accountability that must be given by the organization to stakeholders and shareholders.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) (1992) defined control internal is A process Which done by board directors, management and other personnel designed to provide reasonable assurance in achievement objective organization between other: realization effectiveness And operational efficiency of the organization, reliability of financial reports and compliance with applicable regulations. Law Number 1 of 2004 concerning State Treasury in Article 58 paragraph (2) mandates the President as Head of Government to regulate and organize System Control Internal in environment Government in a way comprehensive. Implementation System Control Internal done with objective increase performance, transparency and accountability.

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On year 2014, President Jokowi through Presidential Instruction Number 9 Year 2014 instructing the Ministers of the Working Cabinet, the Cabinet Secretary, the Chief of the Indonesian National Police, Attorney General, Commander of the Indonesian National Armed Forces, Head of Government Institutions Non Ministry, Leader Secretariat Institution Country, The Governors, Regents/Mayors to Accelerate the effectiveness of the implementation of the government's internal control system in managing state/regional finances and national development according to the scope of their respective duties and functions.

In the national medium-term development plan (RPJMN) the Government also stipulates the Implementation of Internal Control Systems as one of the targets to be achieved. Government in plan development term intermediate national (RPJMN) 2015-2019 targets the implementation of the Internal Government Control System in Indonesia at least Already reach level three on year 2019. Objective main making writing This namely to find factors that cause the Government Internal Control System to not be implemented adequately. The writing is based on a study of several literatures.

2. Literature Review

Discussion of control cannot be separated from discussion of management because control is one part of the function of organizational management. In the development of management science, experts have developed several times draft latest function management start from draft POCCC by [2] which consists of planning, organizing, commanding, coordinating, controlling; then the POAC concept by [3] which consists of planning, organizing, actuating and controlling; to the POSDCORBC concept by [4] which consists of planning, organizing, staffing, directing, coordinating, reporting, budgeting and controlling.

A clear understanding of the meaning of control is very important. Several experts define control, including: [2] argues that control is an effort to check whether all activities occur in accordance with the plans set, the orders issued, and the principles adopted. [5] define control as the process of directing a set of variables For reach objective or target Which has set previously; And [6] defines control as a process to ensure that actual activities are in accordance with those planned. [7] defines control as a process to ensure that actual activities are in accordance with those planned. as supervision plus action corrective, or can also it is said supervision is control minus action corrective.

Based on explanation on can concluded that control in organization is a corrective action that is very necessary so that the implementation of programs or activities takes place in accordance with the organization's goals. Without control, the organization will be chaotic and cannot run according to the organization's goals. In 1992, COSO published the "Internal Control-Integrated Framework". According to [8], control internal is a process which can influenced by an entity's board of commissioners, management and other personnel designed to provide reasonable assurance regarding the achievement of objectives in various categories, including:

- Effectiveness And efficiency activity
- Reliability reporting finance
- Obedience on regulation And provision Which applicable

In addition to COSO, the International Organization of Supreme Audit Institutions (INTOSAI) created exposure draft Which titled "Guidelines for internal control Standards for Public Sector". The definition of internal control according to INTOSAI is an integral process that influenced by management organization And employee And designed For address risks and to provide adequate assurance in achieving the organization's mission, by achieving the following general objectives:

- Implementation activity Which orderly, ethical, economical, efficient and effective;
- Fulfilled obligation accountability;
- Compliance to law And regulation Which applicable;
- Protected source Power from lost and abuse

From the definitions of internal control formulated above, it can be concluded that internal control is a process that is outlined in a policy and/or procedure as a tool to ensure the achievement of an organization's goals through the implementation of effective and efficient operational activities, presentation of reports finance Which accountable and reliable, compliance with regulations legislation and the existence of asset security. Internal control is expected to prevent acts of misappropriation that are detrimental to the organization.

Control framework The internal control implemented in Government Agencies in Indonesia refers to the [8] integrated internal control framework. The control components internal along with principles control internal according to [8] is described as follows:

2.1. Environment Control

Environment Control is condition Which influence effectiveness internal control [6], [9] The control environment is a component that most important in framework control internal. Control internal No will be likely to be effective without a control environment. The control environment is designed to provide reasonable assurance that the entity's objectives are being achieved. The control environment is the foundation for the entire internal control system. According to [8], to understand and assess the control environment, the principles of the control environment must be considered, which consist of: Sub-elements in the control environment elements are:

- Integrity and ethical values
- Commitment to competence
- Tone at the top (Philosophy And operating style management)
- Structure organization
- Policy And Practice Source Power Man

2.2. Evaluation Risk

All organizations, regardless of size, structure, nature or industry, faces risks in all levels in in organization they. Risk influence ability every organization to survive, affect the success of the organization in competition, affect the organization's finances and affect the positive public image and affect the quality of all products, services and people in the organization. Management must determine how much risk is acceptable with Be careful And try For control risk the. Assessment risk is a stage beginning in development infrastructure control. Evaluation risk is identification process And analyze Which relevant risk to achievement objective entity and determine the appropriate response. Risk assessment consists of:

- Identification risk
- Evaluation risk
- Evaluate risk Which Can accepted by organization
- Handling risk

2.3. Activity Control

Activity control is policy And procedure Which set For address risks and to achieve the entity's objectives. To be effective, control activities must be appropriate, function consistently according to plan throughout the period and be effective, comprehensive, reasonable and directly related to control objectives.

Control activities occur throughout the organization at all levels and in all functions. The organization's leaders determine control activities that are outlined and embedded in the form of policies and procedures for implementing activities to reduce risk [10] Control activities consist of:

- Procedure authorization And agreement
- Separation function
- Verification
- Reconciliation
- Review operational performance
- Operational review, process And activity
- Supervision

2.4. Information and Communication

Information and communication are essential in achieving all internal control objectives. One of the objectives of internal control is to fulfill public accountability obligations. This can be achieved by developing and maintaining relevant financial and non-financial information and communicating it information with disclosure Which fair in report Which timely. Information and communication are related to organizational performance. In many cases information must provided or communicated for the sake of comply rule law and established regulations.

Information is needed at all levels of the organization. the purpose of having effective internal control and achieving the entity's objectives. Therefore, all relevant, reliable information must be identified, captured, The information must be relevant and reliable and presented to the right party in the right content and on time, so that it allows the person concerned to carry out internal control and its operational responsibilities [11].

2.5. Monitoring

Internal control monitoring is intended to ensure that controls are implemented as intended and are modified appropriately to address changes that occur. Monitoring Also must evaluate whether, in chase mission entity, objective general that set in definition control internal currently achieved. Monitoring Internal Control System is conducted through continuous monitoring, separate evaluation and follow-up of audit result recommendations, and other reviews. Continuous monitoring is conducted through routine activities, supervision, comparison, reconciliation, and other actions related to the implementation of tasks. Separate evaluation is conducted through self-assessment, review, and testing of the effectiveness of the internal control system which can be conducted by internal supervisory apparatus or external parties using the internal control test list [12].

System control internal Which made by [8] emphasize three matter, that is as follows:

- System control internal is component operation organization or a continuous built-in component of operations. An internal control system is a series of actions and activities that occur in all organizational activities and run continuously. An internal control system is not a separate entity in an organization, but must be considered an integral part of every system used by management to regulate and direct its activities. The internal control system is a process and is integrated with the process and is integrated with the operational activities of the organization and is the basis for the implementation of activities. The internal control system is very effective when built into the infrastructure of an organization and becomes part of essence organizations known as built in (built within and becoming one unit);
- Internal control is influenced by people. The internal control system is influenced by management and other personnel in an organization. The internal control system is achieved by people in the organization, through what is done. funds And said. People the set objective organization and make mechanism its control. In practice often found that an organization has a good internal control system manual, but it is not implemented properly. As a result, the internal control system that has been designed does not provide a positive contribution to the organization. The effectiveness of the internal control system is very dependent on the people who implement it. The responsibility for the implementation of the internal control system lies with management. Management sets objectives, designs and implements control mechanisms, monitors and evaluates control. Thus, all employees in the organization play an important role in implementing the internal control system effectively; and
- Internal control provides only reasonable assurance, not absolute assurance. The design of an internal control system is based on consideration cost-benefit. However the good thing is design And implementation of an internal control system in an organization, the system can provide absolute assurance that the organization's goals can be achieved. The possibility of achieving goals remains due to the limitations inherent in all system control internal like error man, consideration which is wrong and there is collusion.

2.6. Methods

This research was conducted with the aim of analyzing the implementation of internal control systems in government agencies in Indonesia and analyzing the factors that influence the implementation of internal control systems, internal on agency government in Indonesia. The analysis focuses on the implementation of the Government's internal control system in Indonesia. The analysis technique used in this study is qualitative descriptive analysis. The method used in searching for data and information is library research and reviewing secondary data. According to [13], secondary data is data Which obtained in a way No direct, in the form of information Which There is relation to the research. Secondary data was obtained through a literature review. In addition, data was obtained from the official website of the Government of the Republic of Indonesia such as data from the National Planning Agency (BAPPENAS), the Financial and Development Supervisory Agency (BPKP), the Audit Board of Indonesia (BPK).

3. Results and discussion

The implementation of the internal control system is assessed by the Financial and Development Supervisory Agency (BPKP) as the supervisor of the national internal control system and the Government Internal Supervisory Apparatus (APIP) in each Government Agency. To assess the implementation of the government's internal control system, BPKP uses the concept of maturity. Maturity (Maturity) own meaning developed full or optimal [11]. [14] stated that the

concept of maturity in an organization aims to direct the organization in an optimal condition to achieve its goals. According to the [15] the maturity model describes the stages of the process that are believed to lead to better output and outcomes.

With the existence of maturity levels, it will be easier to assess the achievement of the implementation of the government's internal control system in a measurable manner. Maturity level / maturity of the control system internal consists of on six level Which started from level zero until level five. The characteristics of the maturity level of the implementation of the government's internal control system are described in the following table:

Table 1 Level Maturity SPIP and its Characteristics

Remember	Characteristics System Control Internal Government
Level 0 Not Yet There is	Ministry/Institution/Government Area The same very Not yet own policy And procedure Which required For carry out internal control practices
Level 1 Pioneering	There are internal control practices, but the approach risk and control what is needed is still ad-hoc and not organized with Good without communication And monitoring so that weaknesses are not identified
Level 2 Developing	Ministries/Institutions/Regional Governments have implemented internal control practices but they are not well documented and their implementation is very dependent on individuals and has not involved all parties. unit organization. Effectiveness control Not yet evaluated so that many weaknesses occur which have not been adequately addressed.
Level 3 Defined	Ministry/Institution/Government Area has carry out practice control internal And documented with Good. However evaluation on internal control is carried out without adequate documentation
Level 4 Managed and Scalable	The Ministry/Institution/Regional Government has implemented effective internal control, each personnel implementing the activity always control activity on achievement objective the activity itself and the objectives of the Ministry/Institution/Regional Government. Has there is an evaluation formal And documented
Level 5 Optimum	Ministries/Institutions/ Regional Governments have implemented controls internal Which sustainable, integrated in implementation activity as well as supported by monitoring automatic with using information technology applications

Source: Module Evaluation Maturity SPIP Year 2016

The Financial and Development Supervisory Agency (BPKP) as the supervisor of the national internal control system and the Government Internal Supervisory Apparatus (APIP) in each Agency Government do evaluation on implementation system control internal government. The results of the assessment of the implementation of the internal control system nationally carried out BPKP up to you March 2018 show that majority implementation The government's internal control system in Indonesia is still below level three with the characteristics of non-existent/initiative/still developing. Of the 623 Government Agencies whose internal control system maturity level was assessed, only 12.68% were at level three and above. This condition shows that the implementation of the internal control system in Indonesia in general cannot be expected to contribute to providing adequate assurance of achieving organizational goals. Details of the results of the SPIP maturity assessment up to March 2018 are as follows:

Table 2 Results Evaluation Maturity SPIP

K/L/D	Population	Not Yet Rated/In Process	Already Rated	Level Maturity				
				L<1	L1	L2	L3	L4
K/L	86	5	81	1	11	48	20	1
Province	34	-	34	-	11	15	8	-
District/City	508	-	508	24	239	195	50	-

Amount	628	5	623	25	261	258	78	1
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Source: Body Supervision Finance And Development (BPKP)

Since the issuance of Government Regulation Number 60 of 2008 concerning the Government Internal Control System, this regulation has been in effect in Indonesia for ten years. However impact real from the determination policy system control internal cannot be seen yet. This can be seen from the many findings of weaknesses in the Government Internal Control System found by the Audit Board in its annual audit. Summary data from the Audit Board's audit results from 2015 to 2017 show Still the amount findings weakness system control internal. Details data findings BPK Which show existence weakness System Control Internal The government in the last three years (2015-2017) is presented in the following table:

Table 3 Data Findings BPK Related Weaknesses of SPIP in Indonesia

Year	Amount Weakness Findings SPI	Percentage From Total Findings
2015	7.544	48.88
2016	7.661	49.21
2017	7.284	48.57

Source: Overview Results Inspection Semester BPK Year 2015- 2017

The Urgency of the Government Internal Control System in Indonesian Governance And achievement implementation system Control Internal Government Which Still Far from the target initiating the creation of this article. The next important question that must be discussed in this article is what factors can make the implementation of the Government Internal Control System not yet in accordance with the government's target. Here are some factors that could be the cause of the less than optimal implementation of SPIP in Indonesia:

Policy Content and Context. According to [16] there are two variables that determine the success of policy implementation, namely content of policy (content of policy) and context of implementation (implementation environment). Content of policy (policy content) includes: (1) Interest Affected (interests affected by the policy); (2) Type of Benefits (Type of benefits); (3) Extent of Change Envision (degree of desired change); (4) Site of Decision Making (position of policy maker); (5) Program Implementer (program implementer); (6) Resources Commitment (resources used).

Context of implementation (environment implementation) includes: (1) Power of Interest and strategy of actor involved (Power, interest And strategy actor Which involved); (2) Institution and Regime Characteristics (characteristics institution ruler And regime those in power); (3) Compliance and Responsiveness (level of compliance and response from implementers). [16] also stated that the success of public policy can be measured from the process of achieving the final results (outcomes).

The measurement of this policy is seen from two things, namely: (1) From the process by asking whether the policy is in accordance with the specified design, (2) whether objective achieved, Which seen from the impact on public in a way individual and groups, the level of change that occurs, and the acceptance of the target group and the changes that occur.

Absence of Implementation of Sanctions. Another thing that can also affect the implementation of the government's internal control system policy is the implementation of sanctions. If we look at its very important function in governance, the government's internal control system is one of the policies that can be implemented in term long period of time. It is clear that the government's internal control system remains There is in Plan Government Term Long (RPJMN) Good RPJMN year 2010-2014 and 2015-2019. Although the government's internal control system policy has been implemented since 2008 and is included in the RPJMN, until now there have been no sanctions applied by the Government to Government Agencies that do not comply with it. This condition is not like the bureaucratic reform policy which provides rewards and punishments in the form of performance allowances. So it is not surprising that there are still many Agency Government Which Not yet carry out SPIP in a way adequate. According to [17] policy national can applied without sanctions if its implementation is only until the second year. However, if the national policy is still implemented in the third year and beyond, it must be implemented in full.

Not enough Ripe A Consideration (Judgment). Effectiveness control often limited by existence limitations man in taking decision. A decision taken by management is generally based on considerations which include, among other things, available information, available time and several other factors. variable other Good internal and also external (environment). In in fact, often found that a number of decision Which taken with condition there are limitations time And information will give results Which not enough effective compared to what was expected [18].

Errors in Translating Commands. Even though the controls have been designed as well as possible, failures can occur due to employees mistranslating a command. Errors in translating a command can be caused by ignorance or carelessness employee Which concerned. Failure even worse happens if there is an error translating orders is carried out by the head of the organization [18].

Management Neglect. Internal control systems can run effectively if all parties or element in organization start from highest level lowest carry out tasks And its function in accordance with authority And not quite enough he answered. Although an organization has an adequate internal control system, the control is not will can reach the purpose If staff or leader ignore control [18]. Neglect can be caused by interests outside the interests of the organization, such as the personal interests of employees.

Collusion. Collusion is one of the threats to effective control. Although the separation of functions has been carried out, if employees collude for personal interests or certain interests other than the interests of the organization, then the best control will not be able to detect or prevent an action that is detrimental to the organization [18]. With the achievement of the implementation of the internal control system which is still far from optimal and the factors that influence the implementation of the internal control system policy internal government on so matter Which need discussed is what policy is need carried out by the Government increase implementation control system control internal government. Question This naturally only Can answered through further research.

4. Conclusion

Conclusion Which can withdrawn from study This that :

- The government's internal control system policy has not been fully implemented in government governance in Indonesia. This can be seen from the results of the evaluation of the maturity of the control system. internal government conducted by BPKP until March 2018 which show level maturity SPIP Which Still Far from target with The majority of agencies are still below level 3 or far from level 5 (the optimum level) and the weaknesses System Control Internal Government Which found by Body Financial Auditor in the 2015-2017 audit; and
- Factors that can cause weak implementation of the internal control system include: (1) Policy content and context, (2) Lack of application of sanctions, (3) Inadequate judgment, (4) Errors in interpreting orders, (5) Management neglect, and (6) Collusion.

Based on conclusions the, suggestion Which can formulated as following:

- The government needs to strengthen the position of BPKP as an institution that fosters the government's internal control system by giving it the authority to evaluate the government's internal control system policy to see whether the content and context of the policy are in accordance with the current state of government in Indonesia; and
- The government conducts periodic evaluations of the implementation of the government's internal control system in all central and regional agencies and applies rewards and punishments to encourage the acceleration of the implementation of an optimal government internal control system.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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