

Analysis of Internal Control in Enhancing Performance's Accountability in Local Government Work Unit through Risk-Based Audit (ISA)

Case Study at Banjarbaru's Inspectorate

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Abstract

The aim of this study to find out implementation of RBA (Risk Based Audit) and compliance with statutory regulations on the report on the implementation of the supervisory function, public service, governance, financial management and goods of local government in Banjarbaru's Inspectorate. The method used in this research is qualitative descriptive analysis method. The result showed that the supervision done by the Inspectorate as the supervisor element is running optimally, resulting in improvements in the implementation of SAKIP SKPD. The Inspectorate is not only conducting evaluations but also coaching. Coaching is carried out by picking up the ball or doing a *road show* to each SKPD about the implementation of SAKIP. Internal control on every organizational unit is The fundamental factor so task principal and function every one organization in order to done corresponding with regulations applicable legislation. The better the government's internal control system is the more effective in achieving the vision and mission of the government.

Keywords: internal control, risk-based audit, inspectorate

Introduction

The emergence of OTT (hand-catching) operation carried out by the KPK proves that government measures to eradicate corruption are getting stronger. According to Ministry of Home Affairs, until October 2017 KPK has conducted OTT in 17 cases with a total of 63 suspects. This strong foundation is based on Law Number 28 Year 1999 concerning the Implementation of a Clean and Free State of Corruption, Collusion and Nepotism (State Gazette of the Republic of Indonesia of 1999 Number 75. Various cases relating to the Government of Indonesia, in 2016 Indonesian central government released a program that delivering comprehensive information on government policies, issues that develop in the community and responding appropriately, doing enough, and helping the media and the public to get true and complete information.

In the program, the Supreme Audit Agency (BPKP) in 2017 released it to improve the ability of the Government Internal Supervisory Apparatus or Aparat Pengawasan Intern Pemerintah (APIP) through the grand design of APIP capability enhancement that had begun. By carrying out a mandatory grand design, they set an APIP target of 85% to level 3 of IACM in the next 5 years.. The Indonesian President's Communication Team uses several missions by the government in the current digital era. The challenge is information that is used in the era of information technology, public information, performance of ministries / institutions that are not yet known to the public, opinions about social media are distorted, and perceptions of low government performance..

The Government is aware that the implementation of this solution is able to maintain a transparent climate of good financial statements and free from fraud risks by implementing a Risk-Based Audit. According to PSA 1 (SA 110) revision, states that : "The auditor has the responsibility to plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. It caused of nature of audit evidence and material characteristics of fraud, the auditor should be able to obtain reasonable assurance, but not absolute, that a material misstatement has been detected. Professional skepticism. PSA 04 (SA 230) requires auditing in the

design to generate sufficient confidence to detect both material and fraudulent errors in the financial statements. Professional skepticism is a critical thinking and critical judgment of audit evidence. Therefore, good internal controls are required to prevent corrupt practices in government offices anticipated and anticipated.

For government supervisors, assessing the ability of audit objects to measure risks, responding and reporting is an important consideration in determining the level of accuracy, adding procedures or adding analysis time. Meanwhile, for the leadership of the Government Internal Supervisory Apparatus (APIP), the oversight capability in managing risks can be used to determine priorities and be considered most appropriate in the effort to allocate time and supervision over limited human resources.

Risk-Based Audit (ABR) or Risk-Based Audit is an audit method developed since the 2000s. This method objective is to provide assurance that risk has been managed within the limits of risk established by management. This method is considered most effective for uncertain environmental conditions. Indonesia has ratified provisions to implement the International Standards on Auditing (ISA) beginning in early 2013. ISA fully adopts a Risk-Based Audit approach that contains 3 (three) key steps:

1. Risk Assessment,
2. Risk Response and
3. Report

Currently, the implementation of ABR for the regulatory authorities is important. Therefore, the Inspectorate of Kota Banjarbaru tries to develop its application in Standard Operating Procedure (SOP). The ABR method is better known by the Functional Officers of the Auditor who are given training on the subject matter in Pusdiklat BPKP, while the method is not well known by the functional officers of the Superintendent of Local Government Affairs Organizer (P2UPD) and the Civil Service Auditor whose presence is in Inspectorate Kota Banjarbaru.

Banjarbaru City Inspectorate has not applied the ARB approach to all Specific Functional Officers who carry out Supervision in their respective fields in overcoming reporting of gap quality. A good internal control system is a system that is able to provide added value to the survival of a company. Through the Risk-Based Audit process, companies are expected to be effective in preventing the weaknesses of internal controls and minimizing risks so that the company's objectives are achieved and able to provide appropriate trust in the company's financial presentation reports in accordance with the regulations and policies applicable in a company.

Inspectorate Kota Banjarbaru is part of the government in Indonesia holding trust from Country to check implementation organization administration general government covers Policy area, clerk regional, institutional, financial area and goods area. The focus is on the implementation of government conducted SKPD with aspects aspects, tasks principal and function management source power human (staffing), management finance and goods areas of order, reasonable assurance to Policy and regulations government. So that with background back problem this, the author explained how implementation RBA (Risk Based Audit) and obedience to regulations legislation to report implementation function supervision, public service, data manage governance, financial management and goods government area in Inspectorate Banjarbaru?

Methods

The method used in the design of this research is descriptive analytical where the writer tries to explain, summarize the condition of objects and variables that are found to be significant in the moment research. The author also studies literature to meet the assessment of internal control and audit-based risk implementation in the implementation of the supervisory process function, public services, governance of good governance and financial management and goods of regional government in the Banjarbaru Inspectorate. The data source used in this research is secondary data were obtained by looking for theories and ideas principal mind from books, literature, articles, reports finance and related journals.

These data collected through studies literature by collecting and learning books, writing scientific, records or report written and directed for earn base theory to be used in analyzing system internal control and things that have relationships with the problem under study, the Regulations legislation, Letters Decision Government and regulations related others

Results and Discussion

Performance Achievement

Banjarbaru's Inspectorate is a supervisory element that has the main task to help the Major supervise the implementation of government affairs and regulate the guidance of local government activities in accordance with applicable laws. In accordance with the duties and functions, the Inspectorate of Banjarbaru has a vision of "Realization of Integrity Supervision". In order to implement the vision, the Inspectorate of Banjarbaru City undertakes the mission "Implement Bureaucratic Reform-Oriented to Public Service and Governance Based on Information Technology".

In achieving the vision and mission, two goals are set, namely improving the accountability of local government performance and Improving Accountability Professionalism APIP Banjarbaru. To achieve this goal, the government set 5 strategic objectives and 5 Main Performance Indicators (IKU) as a benchmark for achieving success or failure of the defined strategic objectives.

In general, the results of the assessment of the performance of the year 2017 show that the 5 IKU has met the target performance of 2017. In fact, 4 out of 5 IKUs exceeded the set targets. In summary, performance achievement in 2017 can be explained in the following table.

Table 1 Summary of the Year 2017 Performance Achievements

Strategic target	Key Performance Indicators (IKU)	Performance Achievements	Achievement Category
Increased performance accountability of SKPD	The value of SAKIP SKPD assessed in year n on the performance of year n-1	140,74%	Very satisfactory
Increased follow-up of external examination results (BPK) completed by SKPD in accordance with the provisions	Percentage of External Examination Result Recommendation (CPC) completed by SKPD Following Provisions	105.50%	Very satisfactory
Increased compliance SKPD to the provisions and/or legislation	Percentage of External Audit Result Determination	185.20%	Very satisfactory
Increased implementation of 5 elements of Government Internal Control System (SPIP) by SKPD	Maturity Level of SPIP Kota Banjarbaru	103.68%	Very satisfactory
Increased APIP Capability Banjarbaru City	Level of APIP Capability Banjarbaru City	100%	Very satisfactory

In general, the performance that exceeds the target is supported by APIP proactive monitoring and guidance to SKPD. This is in line with the Inspectorate Mission to increase the role of APIP Kota Banjarbaru as *Quality Assurance*. Although the performance exceeded the target in 2017, is expected to continue to boost the performance in the years to come. Thus, it is hoped that by the end of the year, Renstra will be able to achieve the set targets

Accountability Performance

a. Performance Overview

Performance Report of Inspectorate Banjarbaru City is the second year performance accountability in Renstra 2016-2021. In the Renstra of the period 2016-2021, the Inspectorate sets out two objectives which are then outlined in five strategic objectives with five IKUs as benchmarks for the performance achievements of the current year. Based on the results of performance measurement, the realization of strategic target achievement in 2017 can be summarized in the following table.

Table 2 Summary of the Year 2017 Performance Achievements

Strategic target	Key Performance Indicators (IKU)	Target	Realization	Achievements
Increased performance accountability of SKPD	The value of SAKIP SKPD assessed in year n on the performance of year n-1	50% BB	70.37% BB	140, 74%
Increased follow-up of external examination results (BPK) completed by SKPD in accordance with the provisions	Percentage of External Examination Result Recommendation (CPC) completed by SKPD Following Provisions	70%	73.85%	105.50%
Increased compliance SKPD against provisions and/or legislation	Percentage of External Audit Result Determination	10%	18.52%	185.20%
Increased implementation of 5 elements of Government Internal Control System (SPIP) by SKPD	Maturity Level of SPIP Kota Banjarbaru	Growing	Defined	103.68%
Increased APIP Capability Banjarbaru City	Level of APIP Capability Banjarbaru City	Level 2	Level 2	100%

Overall performance achievement in 2017 measured based on 5 IKU earned the "very satisfactory" title with performance achievement exceeding the target. Even 4 out of 5 IKUs exceeded the set targets.

b) Performance evaluation

The realization and performance of strategic target performance indicators based on the strategic objectives and objectives of the City Inspectorate of Banjarbaru are described based on each of the following strategic objectives.

target strategic 1 is "Increased Accountability Performance SKPD"

Achievement of the strategic objectives of "Increased Performance Accountability of SKPD" is measured using the Main Performance Indicator (IKU) of SKPD SAKIP Value assessed in year n on the performance of the n-1 year. This indicator was chosen to demonstrate the implementation of SAKIP at the SKPD level within the scope of Banjarbaru Municipal Government conducted in 2017 on the performance of SKPD in 2016. The evaluation was conducted on 5 (five) assessment components from the planning stage to performance achievement. The weight of the evaluation assessment is described in the following table.

The weight of the assessment in table 3 is based on the Regulation of the Minister of Administrative Reform and Bureaucratic Reform of the Republic of Indonesia Number 12 the Year 2015 on Guidelines for Evaluation of Implementation of Performance Accountability System of Government Institutions. The conclusion of the review result on the SKPD performance accountability is done by adding up the weighted number of each component. The final value of the sum of the components will be used to determine the level of accountability of the respective SKPD to

its performance. Permenpan RB No. 12 the Year 2015 the level of performance accountability is divided into the following categories.

Table 3 Assessment Weight of SAKIP SKPD

Assessment Components	Weight	Sub Component Assessment
Performance Planning	30%	a. Strategic Plan (10%) Includes the fulfillment of Renstra (2%), Renstra quality (5%), & Renstra implementation (3%) b. Annual Performance Planning (20%) Includes Annual Performance Planning (4%), Annual Performance Planning (10%), & Performance Planning Performance (6%)
Performance Measurement	25%	a. Measurement Measures (5%) b. Quality Measurement (12, 5 %) c. Implementation Measurements (7, 5 %)
Performance Reporting	15%	a. Reporting Fulfillment (3%) b. Presentation of Performance Information (7, 5 %) c. Utilization of Performance Information (4, 5 %)
Performance evaluation	10%	a. Fulfillment of Evaluation (2%) b. Quality Evaluation (5%) c. Utilization of Evaluation Results (3%)
Performance Achievements	20%	a. Reported Performance / output (5%) b. Reported Performance / Outcome (5%) c. Current Year Performance / benchmark (5%) d. Other Performance (5%)

The result of the evaluation Year 2017 SAKIP SKPD in Banjarbaru City Government Environment for 2016 performance in March 2017 shows that in 2017 it is targeted that 50% of the 27 SKPDs evaluated earn SAKIP B value. However, after evaluation in February March 2017, the results show that 19 SKPD (70.37%) received B and only 8 SKPD (29.63 %) obtains a CC value.

The condition shows that the guidance done by the Inspectorate as the supervisor element is running optimally, resulting in improvements in the implementation of SAKIP SKPD. The Inspectorate is not merely conducting evaluations but also coaching. Coaching is carried out by picking up the ball or doing a *road show* to each SKPD about the implementation of SAKIP. So in the end, little by little the stakeholders in SKPD realize the importance of implementation of SAKIP and committed to supporting the implementation of good performance.

Broadly speaking, the performance of the SAKIP Value of SKPD assessed in year n on the performance of n-1 compared to the performance achievement of the previous two years and the target in the final year of Strategic Plan shows the comparison of achievement of IKU 1 with the last 2 years. In 2015, with a target of 100% SKPD obtaining SAKIP CC, the realization shows that 60% of SKPD earned SAKIP B and 40% SKPD obtained SAKIP CC score of a total of 28 SKPD evaluated. This condition represents a performance achievement of 160%. Furthermore, in 2016 showed performance achievement to 146, 43 %. In 2016, it is targeted that 100% of SKPD will get CC value but the realization shows 46.43% get SAKIP B and 53.57% get SAKIP CC score.

Referring to the data, IKU 1 performance compared to the last two years always exceeds the set target. This *trend* shows optimism to reach the target at the end of the Renstra year, which is 50% SKPD obtained SAKIP A. This is because of the commitment of the Mayor and the stakeholders of SKPD. In addition, the SAKIP Inspectorate Evaluation Team in accordance with the Action Plan of 2018 will be more *intense in* conducting guidance and monitoring of SKPD in relation to the implementation of SAKIP.

Table 4 Evaluation Rating of SAKIP

No.	SCORE	VALUE	INTERPRETATION AND CHARACTERISTICS OF INSTANCE
1	> 90 - 100	A A	<i>Very satisfactory</i>
2	> 80 - 90	A	<i>Satisfactory</i> Leads change, high performance, and highly accountable
3	> 70 - 80	BB	<i>Very good</i> Accountability performs well, has a reliable performance management system
4	> 60 - 70	B	<i>Good</i> Accountability is a good performance, has a system that can be used for performance management, and needs a little change
5	> 50 - 60	CC	<i>Adequate)</i> Accountability of performance is good enough, obedient policy, has a system that can be used to produce performance information for accountability, need a lot of fundamental improvements
6	> 30-50	C	<i>Less</i> The system and order are less reliable, have systems for performance management but need a lot of minor repairs and basic improvements
7	0 - 30	D	<i>Very less</i> The system and the order can not be relied upon for the implementation of performance management, it needs a lot of improvement, some very basic changes

Performance on IKU 1 is calculated based on the following formula.

$$\text{Performance Achievement of IKU} = \frac{\text{Percentage of SKPD earning SAKIP Value B}}{\text{Percentage of SKPD Targeted to Obtain SAKIP Value B}}$$

Based on the formula above, the calculation of performance achievement IKU 1 the year 2017 is as follows.

$$\text{Performance Achievement of IKU} = \frac{70.37\%}{50\%} = 140,74\%$$

Although it has exceeded the set targets, performance improvements will be made to not only meet the Inspectorate's performance targets but are able to contribute to the achievement of AKIP performance of Banjarbaru City Government. As a form of improvement on performance achievements in 2017, follow-up actions on the performance outcomes of IKU 1 take the form of the following strategies.

1. Implementing the orderly monitoring of SAKIP reporting administration every quarter;
2. Carry out a *Road Show* to each SKPD to encourage optimization of the implementation of SAKIP SKPD; and Coordinate with Bappeda and Organizational Section to encourage and foster the implementation of SAKIP SKPD

Conclusions

Inspectorate of Banjarbaru City is element supervisor who has task principal help Major watching implementation affairs government and coaching activities Local Government is appropriate with

regulations applicable legislation. Corresponding with task and function, Inspectorate Kota Banjarbaru has vision "Realization Integrity supervision". In order doing vision, The Inspectorate Banjarbaru carry on a mission" Implement Reform Bureaucracy Oriented to Service Public and Governance based Governance Technology Information ".In reach vision and mission the set two purposes, which enhances the accountability of local government performance and increases APIP Professionalism Accountability in Banjarbaru City. There are 5 strategic objectives and 5 Key Performance Indicators (IKU) as a benchmark for the success of the achievement or failure of strategic objectives that have not achieved this goal. The 2016-2021 Banjarbaru City Inspectorate Strategic Plan (Renstra) is attempted to be able to experience changes in deepattention that occur. With the formulation of this Strategic Plan (Renstra), an organization for the development of the Banjarbaru City Inspectorate's direction for appearing in the next Century within a period of 5 years (2016-2021) has been organized with the active role of all stakeholders.

Target performance achievement on the year 2017, is expected could continue spur performance on the years to come. Performance Report of Inspectorate The year 2017 is accountability performance Inspectorate in reach target strategic. Calculation achievements performance year 2017 has done through comparison realization with the appropriate target Agreement Performance, good by Echelon II, Echelon III, and Echelon IV.

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