



Analysis of the Capability of the Government Internal Supervisory Apparatus (APIP) at the Inspectorate of Cianjur Regency, West Java Province, Indonesia

Fitri Dewi Laraswati¹(✉), Endang Wirjatmi Tri Lestari², Abdul Rahman², and Septiana Dwi Putrianti²

¹ Cianjur District Inspectorate, Cianjur Regency, West Java, Indonesia
Rafan.ghais@gmail.com

² Master Program, STIA LAN Bandung, Bandung, Indonesia

Abstract. The importance of increasing the capability of APIP itself is based on the government's aspirations to create good governance, clean, accountable and with integrity, by requiring the Government Internal Supervisory Apparatus in the regions to be at level 3 (integrated). The purpose of this study is to identify the current capabilities of the Government Internal Oversight Apparatus at the Cianjur Regency Inspectorate by using the Internal Audit Capability Model (IA-CM). This study uses a qualitative approach that refers to the IA-CM framework for assessing APIP capabilities at the Cianjur District Inspectorate. Data collection techniques used document review, literature study, and interviews with 8 officials who were considered representative so that they could provide accurate information on the problem under study. Based on the results of the study, it was concluded that the APIP capability at the Cianjur Regency Inspectorate had reached level 3 (integrated). Suggestions for improvement are: 1) Guidelines for audits with specific objectives that are "Current Issue"; 2) monitoring the follow-up of the results of the Performance Audit; 3) Prepare guidelines for the implementation of governance assurance, risk management and internal control of the organization; and 4) Carry out consulting practices on an ongoing basis.

Keywords: Capability · Supervisory Apparatus · APIP · Auditor

1 Background

The practice of good governance aims to create a government that is clean and free from corruption, collusion, and nepotism. Effective internal supervision influences and shows a positive direction towards the implementation of good governance so that it can improve local government performance [1]. This is a challenge for the government internal control apparatus (APIP) to continue to improve their competence to improve the quality of their audits. Improving audit quality is expected to increase the effectiveness of existing organizations in local government [2].

However internal control is still considered ineffective and is one of the causes of rampant corruption, collusion, and nepotism. This results in low performance accountability and poor quality of public services. In the 2018 National Conference and Deliberation of Indonesian Government Internal Auditors, BPKP stated that APIP was partly responsible for the emergence of corrupt behavior due to low competence and individual integrity (micro-individual), weak internal control, governance and corruption risk management and not yet optimal synergy and collaboration between institutions managing corruption risk in Indonesia [3].

Meanwhile, the Indonesian Corruption Watch (ICW) in 2019 stated that the corruption perception index (IPK) in Indonesia was still in position 85 out of 180 countries, with the most cases being carried out by the state civil apparatus (ASN) based on their position. The Anti-Corruption Clearing House (ACCH) stated that during 2018, the KPK received 6468 public complaints about corruption issues and 2349 reports related to gratuities. The most reported cases of gratification were carried out by ministries/agencies and then districts/cities. ICW noted that corruption cases that occurred in City Governments and Regency Governments were ranked as the fifth highest. In semester 1 of 2020, the value of state losses stated by ICW was IDR 605.8 billion for the Regency Government and 64.5 billion for the City Government.

Public administration policies and good governance structures are part of several factors that support success in administering a government put forward by the Organization for Economic Cooperation and Development. The role of an effective internal audit is one of the important things in the implementation of good governance. In its role as an independent evaluator in terms of providing assurance and consulting, internal auditors must become an integral part of the organization's governance structure.

Presidential Regulation Number 2 of 2015 concerning the 2015–2019 National Medium-Term Development Plan (RPJMN), which is part of the 2024 Long-Term Development (PJP), one of which focuses on continuous improvement of APIP capabilities by requiring that the minimum level of APIP capabilities be at the level 3. BPKP as the supervisor of the functional position of the auditor has issued BPKP head Regulation Number 8 of 2021 concerning the assessment of APIP capabilities in Ministries/Agencies and Regional Governments. The regulation refers to the Internal Audit Capability Model (IA-CM) developed by The Institute of Internal Auditor (IIA).

The 2018 Quality Assurance results carried out by BPKP for the Cianjur Regency Inspectorate are at level 2 (infrastructure), so they have not been able to meet the targets of the 2015–2019 BPKP Strategic Plan and the Cianjur Regency Inspectorate Strategic Plan 2016–2021 and 2022–2026 which require that APIP capabilities is at level 3 (integrated).

Based on this background, to encourage the improvement of APIP's capability, the IA-CM roadmap is used as a guideline, where any improvements made by the Cianjur Regency Inspectorate tend to imitate or resemble (isomorphism) other APIPs that are already better according to the guidelines issued by BPKP. The institutional isomorphism carried out is an implication of targets and pressure from the central government to institute a similar capability development roadmap to measure and strengthen APIP capabilities in Indonesia.

This research is expected to provide a practical contribution as a reference and suggestion in increasing capabilities, formulation, and determining policies in the Cianjur



Fig. 1. Internal Audit Capacity Model (IACM).

Regency inspectorate. This research is also expected to make an academic contribution by contributing new knowledge regarding the description or condition of APIP which varies in each place so that the phenomena raised can become a reference for realizing effective internal control through increasing APIP capabilities.

2 Literature Review

2.1 APIP Capability

Amir explains that capability is the ability to exploit both the resources that are owned within oneself and within the organization, as well as one's potential to carry out certain activities or series of activities [3]. The capability of the Government Internal Supervisory Apparatus (APIP) is the ability of APIP to carry out supervisory activities supported by good supervisory support so that it can encourage quality supervision results so that it can realize its role effectively [4].

2.2 Internal Audit Capacity Model (IACM)

Internal Audit Capability Model (IA-CM) is a model developed by The Institute of Internal Auditors Research Foundation (IIARF) in 2006 to help measure the capability of an oversight organization in the public sector [5].

In IA-CM, the APIP capability level consists of 5 levels, each of which shows the characteristics that must be achieved. The capability levels consist of level 1 (initial), level 2 (infrastructure), level 3 (integrated), level 4 (managed) and level 5 (optimizing). BPKP then adjusted the IA-CM level with APIP conditions in Indonesia (Fig. 1).

In the IA-CM matrix there are six elements in internal audit activities. These elements are roles and services, human resource management (HR), professional practice, accountability and performance management, organizational culture and relationships, and governance structures. In each element there is a Key Process Area (KPA) as a criterion that must be maintained at a level of capability and criteria that must be achieved in order to obtain a level of capability at the next level.

2.3 Institutional Theory

The study of capabilities within a government organization uses institutional theory because it refers to the concept of similarity (isomorphism) in the APIP environment.

In this study, the isomorphism is due to uniformity with the grand design, policies, and regulations that are used as guidelines and must be carried out by all APIPs in Indonesia.

DiMaggio & Powell stated that an organization that emphasizes legitimacy tends to try to adapt to social ambitions or external ambitions where the organization is located and tends to have similarities with other public organizations when facing similar environmental conditions. Organizations that adopt a system, element, arrangement, practice, or idea to be able to make the organization similar to other organizations in the same environment is an isomorphism process, and the process that encourages the organization to be similar (homogeneous) to the organization it imitates is called *isomorphic pressures*.

2.4 APIP Capability Improvement with IACM

Improvements using the IA-CM model have been widely practiced internationally and successfully. This model was successfully tested in measuring the level of internal audit capability of South African public sector organizations by testing it first and adapting it according to the country's policies.

BPKP as the Trustee of APIP issued Regulation of the Head of BPKP Number 16 of 2015 concerning technical guidelines for increasing APIP capabilities referring to the Internal Audit Capability Model (IA-CM) by making adjustments to the conditions of the bureaucracy and the existing order in Indonesia. In these guidelines, several stages of APIP capability improvement are listed, namely self-assessment, quality assurance, self-improvement, and monitoring.

3 Results and Discussion

APIP capability assessment using the IA-CM consists of 6 elements consisting of roles and services, human resource management, professional practice, accountability and performance management, organizational culture and relationships, and governance structure.

3.1 Role and Services

Elements of roles and services consist of 4 topics, namely compliance audit, performance audit, assurance on governance, risk management, and organizational control (Good Governance and Compliance/GRC) and consulting services. The results of the assessment on the elements of roles and services, among others.

- APIP has conducted a compliance audit to ensure that all audited procedures/areas comply with the applicable rules, regulations, and procedures. However, the guidelines for conducting audits are still global in nature and not specific current issue.
- APIP has carried out an audit to ensure efficiency, effectiveness, and economic aspects as well as risk management and control of objectives/programs/activities. However, recommendations on the results of the performance audit have not been followed up.

- APIP carry out supervisory activities in order to provide opinions on the effectiveness and adequacy of governance, risk management, and overall organizational control processes (Assurance on Good Governance, Risk & Compliance/GRC) through reviewing Local Government Implementation Reports (LKPD), reviewing Agency Performance Reports Government (LKjIP), review of Bureaucratic Reform Implementation Self-Assessment (PMPRB), review of Work Plan and Budget (RKA) and evaluation of Government Agencies Performance Accountability System (SAKIP). However, the technical guidelines for implementing the GRC assurance have not yet been prepared.
- APIP has aided other parties in the form of service activities, the nature and scope of which are mutually agreed upon by APIP and work partners, which aim to add value and improve the governance, risk management and internal control processes. However, the implementation of these consulting services has not been institutionalized.

3.2 Human Resources Management

Elements of human resource management consist of 2 topics, namely APIP human resources planning and development of APIP professional human resources. The results of the assessment on the elements of HR management, among others:

- For APIP human resources planning, the Cianjur District Inspectorate has identified human resources needs and recruited competent HR to carry out supervision. The recruitment process has referred to the job analysis document and has been carried out in an open, fair, transparent, and credible manner. However, when referring to the results of the identification of the need for auditors by the BPKP at the Cianjur Inspectorate in 2020, the number of auditors is still less than the requirement. Due to these weaknesses, the Cianjur Regency Inspectorate has prepared projections of auditor needs for the next 5 years and coordinated with the Cianjur Regency Personnel and Human Resources Development Agency (BPKSDM).
- For the development of professional human resources, APIP has prepared competency maps, fulfilled competencies according to supervision needs, both basic competencies and professional certification supporting supervision, fulfilled the annual minimum training hours, provided awards to individuals and teams who achieved achievement criteria and APIP HR had participated in the organization supervisory professions including fraud auditing and risk management.

3.3 Professional Practice

Elements of professional practice consist of 2 topics, namely planning supervision and quality assurance and improvement programs. The results of the assessment of elements of professional practice, among others:

- For control planning, APIP has developed a risk-based internal control plan to establish internal control in accordance with organizational goals.
- For quality assurance and improvement programs, APIP has implemented and documented internal and external quality assurance and improvement programs with APIP colleagues, namely the Sukabumi City Inspectorate and Sukabumi District Inspectorate in 2018 and 2022.

3.4 Accountability and Performance Management

Accountability and performance management elements consist of 4 topics, namely APIP work plan and budget, budget execution, APIP performance measurement system, and reporting to management (Local Government). The results of the assessment on the elements of accountability and performance management, among others:

- For work plans and budgets, APIP has prepared and determined work plans and budgets that include the allocation of the required resources, the activities carried out and the expected results.
- For budget execution, APIP has implemented an adequate budget execution system to manage APIP activities economically and efficiently.
- For a performance measurement system, APIP has developed performance indicators and measurement tools, performance reporting, and monitoring (evaluation) of achieving performance targets.
- For reporting to management (Local Government), APIP has communicated information on daily operational activities to support decision-making processes, as well as build APIP accountability.

3.5 Organizational Culture and Relationships

Elements of culture and organizational relations consist of 3 topics, namely internal APIP communication management, APIP relations with management (Local Government) and coordination with other parties who provide advice and guarantees.

- For the management of internal communication, APIP has carried out the development of effective and dynamic internal communication relations in its environment.
- For APIP's relationship with management, APIP has participated actively in communication forums with management to provide added value to the organization while maintaining APIP's independence and objectivity.
- For coordination with other parties who provide advice and assurance, APIP has carried out activities of sharing information, coordination, and assurance and consulting activities with other parties to ensure adequate coverage of supervision and minimize duplication of supervision.

3.6 Governance Structure

Elements of the governance structure consist of 3 topics, namely funding mechanisms, full access to organizational information, assets, and human resources, and reporting relationships.

- For the funding mechanism, APIP has implemented a strong and transparent funding process to ensure the availability of resources to carry out monitoring activities.
- For full access to organizational information, APIP has been given the authority to gain access to all organizational information, assets and organizational human resources needed in carrying out supervisory duties.
- For reporting relationships, APIP has carried out formal reporting of internal control activities and strengthening independence through reporting mechanisms and direct communication to management (Local Government).

4 Research Methods

This study uses a qualitative approach that refers to the IA-CM framework to assess APIP capabilities at the Cianjur District Inspectorate. This method is appropriate because it provides information complete and deep from the research object researched.

The research data is primary data. Primary data obtained from interviews with 8 (eight) officials who are considered representative so that they can provide accurate information about the issues to be investigated. Collection instrument the data of this research are questionnaires, review documents and interviews. Researcher provide a questionnaire containing questions which describes APIP capabilities at the Cianjur Regency Inspectorate.

Document review becomes a mechanism re-verify whether the answer results the questionnaire has supporting data/evidence the strong one. Further interviews were conducted related to incompatibility of the results of the questionnaire with supporting data. From all the data collected, the researcher will filter and verify the data to get clean data as a basis for analysis. Then the researcher will measure APIP capabilities at the Cianjur District Inspectorate capabilities using the Internal Audit Capability Model (IA-CM) for the developed public sector Institute of Internal Auditors (IIA).

5 Conclusion

The result of this study indicates that condition of the APIP capability level at the Cianjur Regency Inspectorate is already at level 3 with a note. Some of the weaknesses in increasing APIP capabilities found in this study include: 1) the Audit Implementation Guidelines are still global in nature and not specific yet “*current issue*”; 2) monitoring of the follow-up of the results of the Performance Audit has not been carried out; 3) guidelines for implementing Assurance on Governance, Risk Management and Organizational Control have not been prepared; and 4) consultancy practice has not been institutionalized.

6 Recommendation

For some of the weaknesses found, the researcher proposes the following recommendations: 1) develop audit guidelines with specific objectives that are “*Current Issue*”; 2) monitor the follow-up of the results of the performance audit to ensure the achievement of the outcome of the performance audit; 3) prepare guidelines for the implementation of governance assurance, risk management and internal control of the organization (Good Governance and Control/GRC) including guidelines for reviewing Work Plans and Budgets (RKA), reviewing Regional Government Implementation Reports (LPPD), reviewing Government Agency Performance Reports (LKjIP), evaluation of the Government Agency Performance Accountability System (SAKIP) and Integrated Government Internal Control System Quality Assurance (PK-SPIP); and 4) carry out consulting practices on an ongoing basis.

This research only explores perceptions from internal auditors at the Cianjur Regency Inspectorate, did not explore the perceptions of the Auditi and Organizational Management. For the improvement of further research, it is necessary to add to the perceptions of organizational management and auditees as service users in increasing APIP capabilities.

References

1. Darmawiguna, I.M.Y.: Pengaruh Peran Aparat pengawaas Intern Pemerintah terhadap Penerapan Good Governance dan Implikasinya pada Kinerja Pemerintah. *E-Jurnal Akuntansi Universitas Udayana*, 18 (3), 2172-2201 (2017).
2. Gunanjar, G. G., Nurhayati, S., Mujiyanto, & Rachman, Y. P.: Pengawasan Dengan Partisipasi Masyarakat dan Penerapannya Di Indonesia. *Jurnal Pengawasan*, 1(1), 18–28 (2019).
3. Badan Pengawas Keuangan dan Pembangunan.: Peraturan Kepala BPKP Nomor PER-1633/K/JF/2011 tentang Pedoman Teknis Peningkatan Kapabilitas Aparat Pengawasan Intern Pemerintah (APIP). Badan Pengawas Keuangan dan Pembangunan, Jakarta (2011).
4. Badan Pengawasan Keuangan dan Pembangunan.: Peraturan Kepala BPKP Nomor 6 Tahun 2015 tentang Grand Design Peningkatan Kapabilitas Aparat Pengawasan Intern Pemerintah 2015–2019, BPKP, Jakarta (2015).
5. Institute of Internal Auditors Research Foundation.: *Internal Audit Capability Model for the public sector*. Altamonte Springs, Florida (2009).

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

