



Analysis of Improving the Capabilities of Government Internal Supervisory Apparatus Based on The Internal Audit Capability Model (IACM) at The Inspectorate of Central Sumba District

Shella Gracea Rambuu Rija^{1*}, Minami A. Dethan², Yohanes Demu³

^{1,2,3} Accounting Study Program, Faculty of Economic and Business, Universitas Nusa Cendana, Kupang, Indonesia

*graceashella@gmail.com

Abstract. The goal of this study is to assess the progress made in the APIP capability of the Inspectorate of Central Sumba Regency. This research adopts qualitative methods and involves individuals holding structural positions within the Inspectorate of Central Sumba Regency. The statements and inquiries align with the APIP capability guidelines established by BPKP. The analysis revealed that the Inspectorate of Central Sumba Regency's APIP capability remains at level 2, indicating that the organization's culture and relationships, as well as the APIP's weak role and services, inadequate HR management, and lack of professional practices still require improvement. Challenges such as inadequate implementation of SPIP among regional apparatus, inconsistent follow-up on supervision outcomes by regional apparatus, insufficient human resources, and inadequate facilities and infrastructure to support supervision activities hinder the progress of APIP.

Keywords: APIP Capability, Internal Government Supervision, Internal Audit Capability Model, Inspectorate

1 Introduction

According to the Republic of Indonesia (2008), Law No. 60 of 2008, commonly referred to as SPIP, requires government agency leaders at both the central and local levels to oversee various aspects, such as the accuracy of financial statements, safeguarding state assets, and adherence to laws and regulations. To ensure that the control environment, risk assessment, control activities, information communication, and control monitoring components of SPIP are effectively integrated into government agencies' operations, they must be implemented with utmost effectiveness. As stated in Article 47 of the regulation, the Government Internal Supervisory Apparatus (APIP) is responsible for ensuring state financial accountability and internally supervising the execution of government agencies' duties.

The Financial and Development Supervisory Agency (BPKP), the Inspectorate General (Itjen), the Provincial Inspectorate, and the Regency / City Inspectorate are all members of APIP, a government agency in charge of internal supervision within the central and/or local governments. According to the Financial and Development Supervisory Agency, each APIP is unique in its governance and resource availability. According to The Institute of Internal Auditors (IIA)'s Internal Audit Capability Model (IACM), Indonesia's APIP capabilities differ from one country to the next (Sella, 2019). The IACM, which serves as the foundation for APIP capability, assigns five levels of capability to the six parts of the internal audit process: initial, infrastructure, integrated, managed, and optimizing. Maximizing, which is the foundation for the efficiency of internal control in the public sector (BPKP, 2015).

Since the post-reform era, beginning with Law Number 28 of 1999, the government has issued laws to empower APIP in order to improve their capabilities. No. of a government regulation The APIP's role in internal supervision through audit, review, evaluation, and monitoring is further emphasized in Act 60 of 2008. However, the BPKP Representative of East Nusa Tenggara Province's performance report for 2020 reveals that the NTT local government's APIP capability remains low, with only three out of five APIPs reaching level 3 (BPKP, 2020).

Local inspectorates, as an integral component of APIP, assume a crucial role in guaranteeing the ethical, transparent, and accountable functioning of local governments. The Inspectorate's primary responsibility is to assist regional apparatus in carrying out tasks and providing direction and oversight of government operations under regional authority. However, the Inspectorate of Central Sumba Regency faces a number of challenges in carrying out its responsibilities, including the implementation of SPIP, the improvement of APIP capabilities, supervision activities, human resource quality, facilities and infrastructure, and the follow-up on supervision results (Central Sumba Regency, 2022).

APIP capability and SPIP maturity at the Inspectorate of Central Sumba Regency are rated as "moderately successful" in the 2018 report from the BPKP RI Representative of NTT. However, in order to comprehend the current state of APIP capability and overcome the challenges that the Inspectorate of Central Sumba Regency faces in enhancing APIP capability, a more in-depth analysis is required. It is of utmost importance to support the Inspectorate of Central Sumba Regency in carrying out its obligations and functions more efficiently within the framework of the government.

This study aims to enhance our comprehension of APIP capability and its utilization within the Internal Audit Capability Model (IACM), broaden our understanding of how regional government administration is guided and supervised, contribute significantly to the development of APIP capability, and serve as a reference for other researchers looking to study APIP capability.

2 Literature Review

2.1 Internal Audit

The internal audit function, which operates independently within the organization, has the objective of systematically examining and assessing the activities that are conducted and their contribution towards achieving the goals. As stated by Agoes (2017), the internal audit section of this investigation looks at accounting records, financial statements, compliance with management policies, and applicable professional provisions.

Evaluations of internal control and the effectiveness of carrying out organizational tasks are also part of the internal audit function, with the goal of assisting management with analysis, evaluation, suggestions, and comments regarding the activities examined (Mulyadi, 2010). The internal control system, the way responsibilities are carried out, and the accuracy of financial and operational data are all examined in this audit. Planning, testing and evaluating information, delivering results, and following up are all stages of internal audit (Hiro, 2006; Hiro, 2014). In order to carry out the internal audit function and provide management with benefits, these steps are essential.

2.2 Government Internal Control System (GIC)

Internal control is defined by the Public Accountant Professional Standards (SPAP) as a system of organizations, methods, and provisions that work together to protect company assets, guarantee the accuracy of accounting data, increase efficiency, and enforce management policies. According to Government Regulation Number 60 of 2008, all employees and leaders are required to carry out government internal control on an ongoing basis as part of every action and activity. Its goal is to provide a reasonable guarantee that the organization's goals will be achieved through reliable reporting, safekeeping of state assets, effective and efficient activities, and compliance with laws and regulations.

Based on PP No. 60 of 2008, the internal control system has four main goals. First, to maximize resource utilization by making operational activities more effective and efficient. Second, to use appropriate procedures to guarantee the accuracy of financial reporting. Third, controlling the management process to protect state assets. Lastly, making sure that laws and regulations are followed by directing how government agencies carry out their responsibilities and responsibilities in accordance with the rules in place.

2.3 Internal Audit Capability Model (IACM)

The Internal Audit Capacity Model (IA-CM) is a system created by The Establishment of Interior Evaluators Exploration Establishment (IIARF) to universally reinforce and work on the viability of public area inside control. The APIP's characteristics and capabilities in carrying out its auditor role within the Inspec-

torate institution are reflected in the IACM's five capability levels, which range from Initial to Optimizing. The organization's level of development and integration of internal control activities is represented by each level. Higher capability levels indicate integrated, more efficient internal control of the organization's governance and risks.

2.4 Government Internal Audit Agency (APIP)

The primary function of the government agency known as the Government Internal Supervisory Apparatus (APIP) is supervision. The Financial and Development Supervisory Agency (BPKP), the Inspectorate General, the Inspectorate of Ministries/Institutions, the Provinces, and the Districts/Cities are all included in this group. In government management and achieving government goals, APIP plays a strategic role.

A well-functioning APIP improves the transparency and accountability of local financial management, prevents fraud, and generates valuable input for stakeholders both internal and external. In the management of government organizations, oversight plays a crucial role in assisting in the comprehension and correction of errors as well as encouraging improved performance from the state civil apparatus. As part of APIP, the Regional Inspectorate ensures that activities are carried out effectively, efficiently, and in accordance with the rules to achieve organizational goals, with a focus on corrective and preventative measures.

3 Research Method

A quantitative descriptive approach is utilized in this research method. It is evident that the qualitative descriptive method is used to study natural objects with researchers as the primary instrument. In this study, the data include APIP performance reports, Inspectorate strategic plans, and BPKP opinions. Instruments like observation sheets, interview guides, and literature study sheets are used to describe or illustrate the data. The qualitative data types used in this study are those in which the data are expressed in words rather than numbers. Direct interviews and survey responses are examples of primary data sources, while information gathered by data collection institutions like APIP performance reports, Inspectorate strategic plans, and BPKP opinions are examples of secondary data. At the Inspectorate of Central Sumba Regency, this study was conducted.

In-depth interviews, observation, and documentation studies were the methods of data collection utilized in this study. This type of interview aims to get candid feedback from interviewees as well as their ideas and opinions. In addition, employees and staff at the Central Sumba Regency Inspectorate Office are observed to learn how well they are able to carry out their responsibilities, and the documentation method was chosen to get clear data about efforts to improve the Government Internal Supervisory Apparatus (APIP) at the Central Sumba Regency Inspectorate.

In qualitative research, inductive data analysis is used. The following methods are used:

1. Data reduction
The process of summarizing, choosing the most important points, and concentrating on the most important things all contribute to the identification of themes and patterns. The picture becomes clearer as a result, making it easier for researchers to locate crucial data.
2. Presentation of data
Data can be presented in a variety of ways in qualitative research, including succinct descriptions, charts, relationships between categories, and flowcharts. However, the narrative text that describes the findings is the most common method of data presentation.
3. Verification
In qualitative data analysis, verification is a crucial step. It involves establishing the veracity of the findings and drawing conclusions from them. In qualitative research, new findings that were not previously known are referred to as conclusions.

4 Result and Discussion

4.1 Research Result

Level Achievement of Each Element

Based on the results of data analysis, the fulfillment of KPA on each element can be displayed in the table:

Table 1. Level Achievement of Each Element

No	Elements	Key Process Area (KPA)	Level	Statement Number	Achievements	
					%	Level Per Element
1	APIP roles and services	<ul style="list-style-type: none"> • Compliance audit • Performance audit • Consultation service 	2 3 3	1-9 10 - 16 17 - 19	100,0 0 100,0 0 33,33	2
2	HR Management	<ul style="list-style-type: none"> • Identification and re- 	2	1-5	100,0 0	

		<ul style="list-style-type: none"> cruitment of competent human resources Individual professional development Team coordination Professional quality employees Build the team and its competencies 	2	6-12	100,00	
			3	13-15	83,33	2
			3	16-24	94,44	
			3	25-32	87,50	
3	Professional practice	<ul style="list-style-type: none"> Supervisory planning based on management priorities Professional practice and supervision framework 	2	1-6	100,00	2
			2	7-13	100,00	
4	Accountability and performance management	<ul style="list-style-type: none"> APIP activity planning APIP activity operational budget APIP management reporting Cost information Performance measurement 	2	1-7	100,00	3
			2	8-10	100,00	
			3	11-16	100,00	
			3	17-21	100,00	
			3	22-29	100,00	
5	Organizational culture and relationships	<ul style="list-style-type: none"> APIP organization management Integral team management components Coordination with other parties that provide advice and assurance 	2	1-6	100,00	3
			3	7-15	100,00	
			3	16-20	100,00	

6	Governance structure	<ul style="list-style-type: none"> • Reporting relationship • Full access to organizational information, assets and people 	2	1-	100,00	2	
			2	5-6-	100,00		
		3	<ul style="list-style-type: none"> • Funding mechanism • Management oversight of APIP activities 		9-13		60,00
				3	14-21		50,00

Source: data processed 2023

Based on the level achievement data for each element, it can be explained that element 1 (roles and services) is at level 2 with an achievement of 2 FTCs 100% and 1 FTC 33.33%. Element 2 (HR management) is at level 2 with an achievement of 2 FTCs 100% and 3 other FTCs 83.33%, 94.44%, and 87.50% respectively. Element 3 (professional practice) is at level 2 with 2 FTCs achieving 100%. Element 4 (accountability and performance management) is at level 3 with an achievement of 5 FTCs 100%. Element 5 (organizational culture and relationships) is at level 3 with an achievement of 3 FTCs 100%. Element 6 (governance structure) was at level 2 with an achievement of 2 FTCs 100%, and the other 2 FTCs were 60.00% and 50.00% respectively. Based on the level achievement of each element, the APIP capability level of the Inspectorate of Central Sumba Regency is still at level 2.

APIP unit capability level achievement

The achievement of the capability level of the APIP unit of the Inspectorate of Central Sumba Regency based on the results of the assessment of 6 elements using the IA-CM standard is as shown in the table:

Table 2. APIP Unit Capability Level Achievement

No.	Elements	Level	Description
1	APIP roles and services	2	Fulfilled
2	HR Management	2	Fulfilled
3	Professional practice	2	Fulfilled
4	Accountability and performance management	3	Fulfilled
5	Organizational culture and relationships	3	Fulfilled
6	Governance structure	2	Fulfilled
Level conclusion		2	

Source: data processed 2023

Based on the data on the achievement of the APIP capability level as stated in table 4.8, it can be explained that 4 elements, namely the "APIP roles and services" element, the "HR management" element, the "Professional practices" element, and the

"Governance structure" element are still at level 2, while the "Accountability and performance management" element, and the "Organizational culture and relationships" element have reached level 3. Almost all elements are at level 2, and only 2 elements are at level 3, so the APIP unit capability level is stated to still be at level 2. It can be concluded that the level of capability level of the APIP unit of the Inspectorate of Central Sumba Regency is still level 2.

4.2 Discussion

APIP Capability Level at the Inspectorate of Central Sumba Regency Based on IACM Standards

The IACM concept, as defined by the 2015 BPKP Head Regulation, outlines five levels of APIP capability: Initial, Infrastructure, Integral, Managed, and Optimizing. Each level delineates the specific characteristics and capabilities of APIP based on the varying complexities and risks associated with government institutions. This directly pertains to the distinct organizational governance structures implemented at each capability level.

Previous research concluded that improving APIP Inspectorate capability involves 5 stages, including commitment, capability, implementation, measurement, and verification. The results of the latest research show that the APIP Inspectorate of Central Sumba Regency is at level 2 of the 5 capability levels. This indicates progress in providing assurance of regulatory processes and the ability to detect corruption.

In addition, routine supervision of OPD units is focused on compliance audits, consultations, and program evaluations. However, there are still some aspects that need to be improved, such as human resource management, professional practices, and relationships with other parties that provide advisory and assurance services. Similarly, some elements such as reporting relationships, budgeting mechanisms for supervisory activities, and supervision by the management of local government organizations have not been fully met. In conclusion, the Central Sumba Regency Inspectorate APIP has made significant steps in improving its capabilities, but it still needs further efforts to achieve higher capabilities and cover all aspects required in the IACM.

Barriers Affecting the Lagging Capability of APIP at the Inspectorate of Central Sumba Regency

The Central Sumba Regency Inspectorate APIP capability assessment has revealed that they are currently at level two in six measured elements according to the IACM standard. Despite achieving 100% compliance in all Key Performance Areas (KPA) at level 2, only two elements, namely "Accountability and performance management" and "Organizational culture and relationships," have successfully reached level 3.

The APIP capability of the Central Sumba Regency Inspectorate is hindered by several obstacles. These obstacles include the suboptimal supervision activities conducted by the local government, the insufficient quantity and quality of human resources, inadequate supporting facilities and infrastructure, and weak implementa-

tion of the Government Internal Control System (SPIP). In addition, consistency in the implementation of follow-up on supervision results by regional apparatus also needs to be improved.

Similarly, various Key Performance Areas (KPA) including "APIP Roles and Services," "Human Resource Management," "Professional Practices," and "Governance Structure" have not achieved level 3. This is due to ongoing preparations and enhancements in aspects like Standard Operating Procedures (SOPs), Internal Audit Charters (IAC), work plans, and PKPT.

In order to attain an enhanced level of proficiency, additional endeavors are required to enhance the aspects that have not been fulfilled and surmount the barriers impeding the enhancement of the APIP capability of the Inspectorate of Central Sumba Regency.

5 CONCLUSION

5.1 Conclusion

1. The Central Sumba Regency Inspectorate APIP unit is currently operating at level 2 in terms of capability. Out of the 6 elements, only 2 have reached level 3, namely accountability and performance management, and organizational environment and culture. However, the remaining 4 elements, which include APIP roles and services, human resource management, professional practices, and governance structures, are still at level 2.
2. The APIP Capability of Central Sumba Regency is constrained by various crucial factors, namely Roles and Services, Human Resource Management, Professional Practices, and Governance Structure. The primary challenges encompass subpar supervision activities, inadequate quantity and quality of human resources, and insufficient supporting facilities. Furthermore, the implementation of SPIP in regional apparatus requires further enhancement, and there is still a lack of complete realization in consistently following up on supervision outcomes.

5.2 Suggestion

1. In order to reach level 3, the APIP unit of the Central Sumba Regency Inspectorate must give priority to essential components including roles and services, HR management, professional practices, and governance structures. This objective can be accomplished by enhancing implementation through the establishment of audit quality standard supervision rules, creating a written action plan, and adhering to the Technical Guidelines for Enhancing APIP Capability as outlined in BPKP Head Regulation Number 16 of 2015.
2. The Inspectorate of Central Sumba Regency is actively working on enhancing its strategies and targeted improvement plans. The primary objective is to address areas that need to enhance their capabilities. The Annual Supervisory

Work Program (PKPT) not only prioritizes compliance audits but also encompasses all audit activities based on the 3E principles: economy, efficiency, and effectiveness.

References

- Republik Indonesia. (2008). Peraturan Pemerintah Republik Indonesia Nomor 60 Tahun 2008 tentang Sistem Pengendalian Intern Pemerintah (Vol. 49, Issue 1, pp. 69–73). https://www.bpkp.go.id/public/upload/unit/sakd/files/PP60Tahun2008_SPIP.pdf
- Sella, A. P. (2019). Analisis Peningkatan Kapabilitas Aparat Pengawasan Intern Pemerintah menggunakan *Internal Audit Capability Model*. *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*, 8(1). <https://jimfeb.ub.ac.id/index.php/jimfeb/article/view/6101>
- BPKP. (2015). Peraturan Kepala Badan Pengawasan Keuangan dan Pembangunan Republik Indonesia Nomor 16 Tahun 2015 Pedoman teknis Peningkatan Kapabilitas Aparat Pengawasan Intern Pemerintah (p. 4). BPKP. <https://www.bpkp.go.id/uu/filedownload/8/132/3291.bpkp>
- BPKP. (2020). Laporan Kinerja Perwakilan BPKP NTT (Performance report 2020) (Issue 9, pp. 56–57). [https://www.bpkp.go.id/public/upload/unit/ntt/files/Laporan Kinerja Perw.BPKP Prov.NTT 2020.pdf](https://www.bpkp.go.id/public/upload/unit/ntt/files/Laporan%20Kinerja%20Perw.BPKP%20Prov.NTT%202020.pdf)
- Kabupaten Sumba Tengah. (2022). Peraturan Bupati Nomor 17 Tahun 2022 tentang kedudukan, Susunan Organisasi, Tugas dan Fungsi Serta Tata Kerja Inspektorat Kabupaten Sumba Tengah.
- Agoes, S. (2017). *Auditing: Petunjuk Praktis Pemeriksaan Akuntan oleh Kantor Akuntan Publik*. Salemba Empat.
- Mulyadi. (2010). *Sistem Akuntansi*. Salemba Empat.
- Hiro, T. (2006). *Standar Profesional Audit Internal*. Kanisius.
- Hiro, T. (2014). *Pandangan Baru Internal Auditing*. Kanisius.

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.

