

# *The Role of the Government's Internal Supervisory Apparatus in Preventing Corruption In Indonesia*

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**Abstract** –This research is motivated by the existence of weaknesses in the Internal Control System as well as problems of non-compliance with laws and regulations that need to be corrected in Ministries and Institutions in Indonesia. This problem will have an impact on organizational goals, namely not achieving effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. Therefore, a capable APIP is needed so that the organizational goals are achieved. This study aims to analyze the APIP Capability in Ministries/Institutions in Indonesia. The method used in this research is qualitative research design using literature study. Research data were taken from journals, books, previous research, scientific articles, literature and news from official websites and the research subjects were the Government Internal Supervisory Apparatus (APIP). The result of the research is that the internal audit function as a management partner plays a strategic role in fighting corruption. The transformation of the role of internal audit in terms of preventing, detecting and investigating fraud, especially corruption, was carried out in line with the increase in the maturity of the internal audit organization which was marked by an increase in the capability of the internal auditors.

**Keywords** – APIP Capability, Good Governance, Corruption

## I. INTRODUCTION

In Presidential Regulation Number 81 of 2010 concerning the Grand Design of Bureaucratic Reform 2010-2025, the Government of Indonesia is currently trying to implement good governance and clean government. This can only be achieved if governance is based on the principles of legal certainty, professionalism, visionary, efficiency, effectiveness, accountability, transparency and participation. The achievement of good governance requires reform in various fields, including bureaucratic reform. Bureaucratic reform in Indonesia is currently underway to create good governance in 2025. The objectives of this bureaucratic reform are: a. the realization of a government that is clean and free from corruption, collusion and nepotism, b. increasing the quality of public services to the community; c. increasing the capacity and accountability of bureaucratic performance. The application of the principles of good and clean governance such as accountability, transparency and law enforcement can limit opportunities for corruption, so that efforts to eradicate corruption become more effective.

Effective and efficient governance and clean governance cannot be separated from financial management. Management of state finances must also follow the provisions and produce outputs and outcomes that are effective in accordance with the objectives that have been set. According to Law Number 17 of 2003 concerning state finances, state finances are all rights and obligations of the state that can be valued in money, as well as everything either in the form of money or in the form of goods that can be owned by the state in connection with the implementation of these rights and obligations. State finances are authorized to

ministers or heads of institutions as budget users or goods users of state ministries or institutions they lead (kemkumham.go.id, 2020).

The President as the Head of Government regulates and administers the Internal Control System (SPI) within the government as a whole to support performance improvement, transparency and accountability in the management of state finances. The Government Internal Control System (SPIP) is an integral process of actions and activities carried out continuously by leaders and all employees to provide adequate assurance of achieving organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance against laws and regulations (Regulation of the Financial and Development Supervisory Agency (BPKP) Number 5 of 2021).

### II. METHODS

This study uses a qualitative research method, namely the presentation of data in the form of a description of words where the researcher tries to describe the problems that exist from the results of the study. The author uses data collection techniques through non-participant observation methods and documentation, where data is taken from journals, books, previous research, scientific articles, literature and news from official websites. The study of literature and data sources in this study was carried out by searching and studying various literatures, scientific articles, both in the form of books, journals and statutory documents related to Government's Internal Supervisory Apparatus in Preventing Corruption.

### III. RESULTS AND DISCUSSION

Government Regulation Number 60 of 2008 requires every Ministry/ Institution/ Local Government (K/L/D) to organize SPIP. Implementation of SPIP is expected to provide adequate assurance for the effectiveness and efficiency of achieving organizational goals, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. The implementation of SPIP is carried out by taking into account the principles of governance which include increasing the capability of the Government Internal Supervisory Apparatus (APIP), risk management and control of corruption as an inseparable unit.

K/L/D is responsible for carrying out internal control by carrying out identification to monitoring risks and improving control, including corruption control. Effective risk management and control of corruption can only be carried out with the support of a capable APIP role. Capable integration between risk management, corruption control, and APIP will ensure the success of achieving K/L/D objectives.

In the context of SPI implementation, there is the concept of internal control which includes audit, review, evaluation, monitoring and other supervisory activities on the implementation of organizational duties and functions which generally aim to realize good governance. In the organizational structure of the public sector in Indonesia, internal control activities are carried out by APIP.

Related to the implementation of this role, the capability and effectiveness of APIP are considered as two important indicators to see the extent to which APIP as an institution has been able to define the role of internal control and contribute to the achievement of organizational goals. In order to measure the effectiveness and capability of APIP, a generally accepted assessment procedure and mechanism is needed so that there are professional qualification standards and characteristics of capable and effective APIP in public sector organizations in Indonesia.

As stipulated in Presidential Regulation Number 192 of 2014, BPKP has the mandate to carry out APIP capability development. In carrying out this mandate, BPKP issued BPKP Head Regulation Number 16 of 2015 concerning Technical Guidelines for APIP Capability Improvement which is one of the important translations of BPKP Head Regulation Number 6 of 2015 concerning the Grand Design of APIP Capability Improvement for 2015-2019. These technical guidelines have become important instruments in building APIP capability infrastructure and Internal Supervision for APIP in all K/L/D.

In the 2015 National Coordination Meeting (Rakornas) for Government Internal Supervision, the President gave four directions related to APIP, namely 1) so that in the next five years the APIP Capability level is targeted to reach 85% level-3 and 1% level-1, 2) APIP makes a system early warning, 3) APIP provides solutions to various problems, and 4) enhances the capability of the government's Internal Oversight (pusbinjfa.bpkp.go.id, 2015).

In the 2023 Draft State Budget, state revenue of IDR 2,443.6 trillion is estimated to come from tax revenues of IDR 2,016.9 trillion, Non-Tax State Revenue (PNBP) of IDR 426.3 trillion and grants of IDR 0.4 trillion. Meanwhile, state spending of

IDR 3,041.7 trillion will be used for central government spending of IDR 2,230 trillion and Transfers to Regions and Village Funds (TKDD) of IDR 811.7 trillion. Budget financing of IDR 598.2 trillion or 2.85% of GDP. The 2023 deficit will be the first year the deficit has returned below 3% since the Covid-19 pandemic, in accordance with the mandate of Law no. 2 of 2020 (kemenkeu.go.id, 2022).

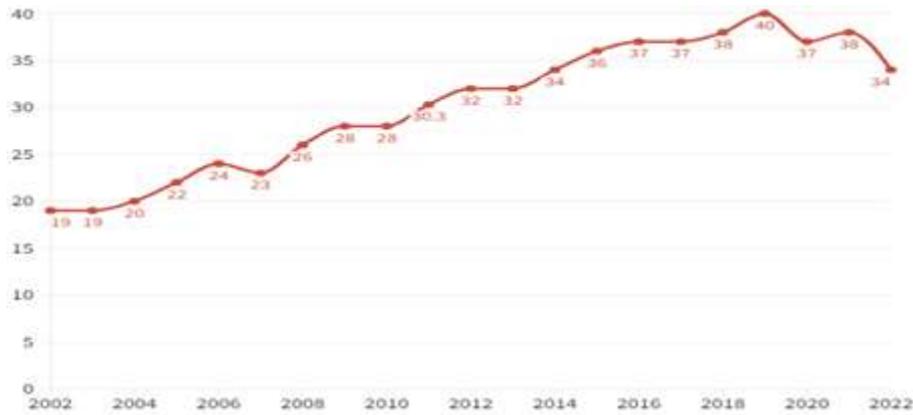


Fig.1. Indonesia's Corruption Perceptions Index

According to data from Transparency International (TI), Indonesia's Corruption Perception Index (CPI) has experienced an increasing trend from 2002 to 2018. From 2018 to 2022 there has been a downward trend, and in 2022 the value of public perception of corruption is at 34 points in 2022, down four points from the previous year. This index is also the lowest since 2014. Indonesia's GPA has reached the highest level of 40 points in 2019.

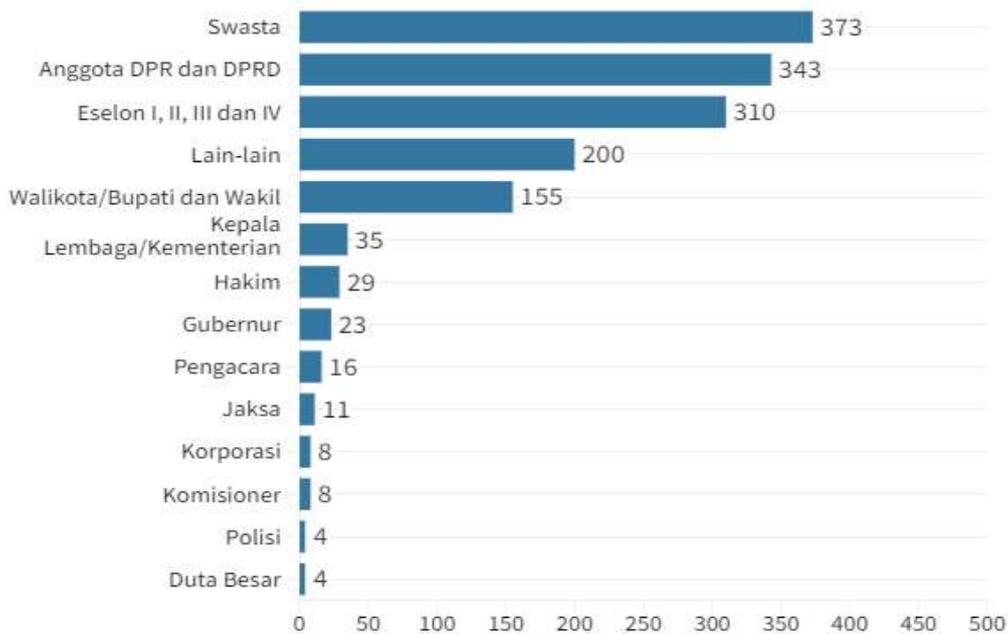


Fig.2. Corruption Crime Based on Position/Profession

Based on data from the Corruption Eradication Commission on corruption crimes based on position/profession, most of the perpetrators of corruption came from the private sector, followed by members of the DPR and DPRD, echelon officials, others and also regional heads and heads of institutions or ministries.

### 3.1 Good Governance

The term good governance comes from the main European language, namely Latin, namely gubernare which is absorbed by English to become govern, which means steer (driving, controlling), direct (directing), or rule (commanding). The adjective of

govern is governance which is defined as the action of manner of governing or the action (implementing) the procedure for controlling. The Global Governance Commission defines governance the sum of the ways in which individuals and institutions, both private and public, manage their affairs together (Rahayu, 2014)

Meanwhile, the Indonesian Public Administration, through LAN (2000), translates Good Governance as good governance and defines Good Governance as a state administration that is solid and responsible, as well as efficient and effective, by maintaining the synergy of constructive interactions between state domains, the private sector, and society.

According to Mardiasmo (2018), good governance can be interpreted as a way of managing public affairs properly. The principles of good governance are:

1. Community participation, namely all members of the community have a voice in decision-making either directly or indirectly.
2. The upholding of the rule of law, namely the legal framework must be fair and applied indiscriminately, including laws relating to human rights.
3. Transparency, which is built on the basis of the free flow of information. All governance processes, institutions and information are accessible to interested parties, and the information available must be sufficient to be understandable.
4. Care for stakeholders, namely institutions and all government processes must try to serve all interested parties.
5. Consensus-oriented, namely good governance can bridge different interests in order to build an overall and best consensus for community groups.

Good governance or good governance is the basis for administering government and carrying out public service functions by the government. The implementation of public services based on the principles of good governance, the implementation of public services is not solely based on the government or the state, but must involve all components, both private (private or corporate) and the community itself (Wibawa, 2019).

Ali and Pertiwi (2018) state that the concept of good governance is also contained in Law Number 28 of 1999 concerning State Administration that is clean and free from corruption, collusion and nepotism regarding the general principles of good state governance, namely:

1. The principle of legal certainty.
2. The principle of orderly administration of the state.
3. The principle of public interest.
4. The principle of openness.
5. The principle of proportionality.
6. Principles of professionalism.
7. The principle of accountability .

### 3.2 Government Internal Control System (SPIP)

Article 47 of Government Regulation Number 60 of 2008 states that Ministers/ Heads of Institutions and Heads of Regions are responsible for the effectiveness of the implementation of the Internal Control System within their respective organizations. The Internal Control System is implemented in order to provide adequate assurance for the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. Government Internal Control System, hereinafter abbreviated as SPIP, is an Internal Control system that is implemented as a whole within the central government and regional governments. SPIP implementation maturity is the maturity level of SPIP in achieving control objectives which include effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations.

Andersen and Jessen (2003) state that the concept of maturity in organizations aims to direct the organization in optimal conditions to achieve its goals. In addition, according to the Institute of Internal Auditors (2013) the maturity model describes the

stages of the process that are believed to lead to achieving better outputs and outcomes. The maturity level of SPIP implementation is the maturity level of SPIP in achieving Internal Control objectives in accordance with Government Regulation Number 60 of 2008. This maturity level can be used as a basis for improvement in SPIP implementation.

Since Government Regulation Number 60 of 2008 was issued, BPKP has been appointed as SPIP advisor who is responsible for preparing technical technical guidelines, outreach, education and training, SPIP guidance and counseling, as well as increasing APIP competence. The appointment as an advisor is intended to strengthen and support the effectiveness of SPIP (Sutaryo and Sinaga, 2018).

According to BPKP Regulation Number 5 of 2021, the assessment process is carried out to measure the maturity level of SPIP implementation which focuses on three components, namely the quality of goal setting, structure and process implementation, and achievement of goals that reflect the results of SPIP implementation. Assessment of the quality of goal setting is carried out to ensure the goals and objectives set are in accordance with the organization's mandate, result oriented, and take into account strategic issues. Assessment of the structure and process is carried out on the five elements of control which are then broken down into 25 (twenty five) sub elements of control. Each of these sub-elements has parameters that indicate the quality of internal control, risk management, and efforts to control corruption.

The achievement of organizational goals is assessed through the achievement of the four SPIP objectives, namely effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. Effective and efficient activities are assessed through the output and outcome of the organization. The reliability of financial reporting is assessed through the attainment of opinions on the financial reports. The security of state assets is assessed through the achievements of administrative security, legal security and physical security of assets. Compliance with laws and regulations is assessed through the number of non-compliance findings in the Audit Board of the Republic of Indonesia's Audit Report and the occurrence of corruption cases.

SPIP is an integral process of actions and activities carried out continuously by leaders and all employees to provide adequate assurance of achieving organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. Elements that affect SPIP are the control environment, risk assessment, control activities, information and communication, and monitoring. For these elements, the maturity level of SPIP is given based on its level, namely level 1 (pilot), level 2 (developing), level 3 (defined), level 4 (managed and measurable), level 5 (optimum).

### **3.3 APIP Capability Improvement Relations, SPIP and Governance**

According to Mardiasmo (2018), good governance can be interpreted as a way of managing public affairs properly. In addition, good governance is the basis for administering government and carrying out public service functions by the government. APIP needs to improve the quality of internal audit results and improve its organizational capabilities. This can be done by intensifying the role of APIP in order to improve quality, transparency and accountability in the management of state/regional finances and national development as well as increasing efforts to prevent corruption in accordance with Presidential Instruction Number 9 of 2014 concerning Improving the Quality of the Internal Control System and the Reliability of Implementation Internal Control Function in the Framework of Realizing People's Welfare.

In Presidential Regulation Number 60 of 2008 concerning the Internal Control System in article 11 it is stated that the embodiment of the role of the government's internal control apparatus to create an effective Internal Control System as referred to in Article 4 letter g must at least: a. provide adequate assurance on obedience, thrift, efficiency, and effectiveness in achieving the objectives of carrying out the duties and functions of Government Agencies; b. provide early warning and increase the effectiveness of risk management in carrying out the duties and functions of Government Agencies; and c. maintain and improve the quality of governance of the implementation of duties and functions of Government Agencies.

This is certainly in accordance with the objectives of bureaucratic reform in the area of supervision, namely the realization of a government that is clean and free from Corruption, Collusion and Nepotism (KKN). By doing this, of course, it will accelerate the achievement of good governance. The internal audit function as a management partner plays a strategic role in fighting corruption. The transformation of the role of internal audit in terms of preventing, detecting and investigating fraud,

especially corruption, is carried out in line with increasing the maturity of the internal audit organization which is characterized by increased capabilities of internal auditors.

### IV. CONCLUSION

APIP has a key role in ensuring good governance and preventing corruption within the organization. They are responsible for examining, evaluating and providing recommendations related to effective and transparent governance. By involving internal auditors in the organization's governance process, organizations can strengthen their internal control systems, reduce the risk of corruption, and ensure adherence to the principles of ethics and integrity. Internal auditors help maintain organizational integrity and play an important role in preventing and dealing with corruption.

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