

APIP CAPABILITY ANALYSIS IN NORTH SUMATRA INSPECTORATE

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Abstract

This research is motivated by the importance of increasing the capability of the Government Internal Supervisory Apparatus (APIP) in achieving effective internal control to achieve good organizational governance. This study aims to determine the factors that influence APIP capability, namely to determine the effect of HR competence, leadership commitment and budget on APIP capability. The object of this research is The Inspectorate of North Sumatra Province. This research is a case study research. The results of the study show that HR competence, leadership commitment and budget play a very important role in enhancing APIP's capabilities in achieving effective internal control to achieve good organizational governance.

Keywords : *APIP's Capability, Competence, Leadership Commitment, Budget.*

1. INTRODUCTION

One of the missions of bureaucratic reform contained in the Grand Design of Bureaucratic Reform is to organize and strengthen the organization, governance, apparatus human resource management, supervision, accountability, quality of public services, mind set and culture set. The expected result of the Bureaucratic Reform in the field of supervision is the improvement of clean and KKN-free governance Supervision (controlling) is one of the important management functions in the administration of government, the main purpose of supervision is to maintain and ensure that the administration can achieve the goals and objectives that have been set economically, effectively and efficiently and in accordance with laws and regulations. Government Regulation Number 12 of 2017 concerning Development and Supervision of Regional Government Administration, article 16 states that supervision of local government implementation carried out by APIP must be based on competencies possessed related to the implementation of supervision of government affairs which become regional authorities in accordance with their functions and authorities and in accordance with laws and regulations.

The effective realization of APIP's role in article 11 of Government Regulation Number 60 of 2008 concerning the Government Internal Control System (SPIP) must at least:

1. Provide adequate assurance of compliance, savings, efficiency, and effectiveness in achieving the objectives of carrying out the duties and functions of Government Agencies;
2. Provide early warning and improve the effectiveness of risk management.

In order to realize the effective role of APIP in accordance with PP 60 of 2008, the Financial and Development Supervisory Agency (BPKP) as the supervisory agency for the Auditor Functional Position (JFA) within APIP issued In order to realize the effective role of APIP in accordance with PP 60 of 2008, the Financial and Development Supervisory Agency (BPKP) as the supervisory agency for the Auditor Functional Position (JFA) within APIP issued a Regulation of the Head of BPKP Number PER-1633 / K / JF / 2011 concerning Technical Guidelines Increased Capability of Government Internal Supervision Apparatus (APIP) and last amended by BPKP Regulation Number 8 of 2021 concerning Capability Assessment of Government Internal Supervision Apparatus in Ministries/Institutions/Local Governments. APIP capability improvement is an effort to strengthen, improve, develop APIP institutions, governance/business processes/management and human resources in order to carry out APIP's effective roles and functions.

APIP's capability improvement model refers to the Internal Audit Capability Model (IA-CM), a model developed by The Institute of Internal Auditors (IIA), a framework that identifies the fundamental aspects needed for effective internal control in the public sector to meet the requirements of professional organizational governance. IA-CM demonstrates steps to progress from less robust levels of internal control toward conditions of robust, effective, general internal control capabilities, associated with more mature and complex organizations.

In the IA-CM concept, there are five levels of capability, namely (1) initial; (2) infrastructure; (3) integrated; (4) managed; (5) Optimizing. BPKP in 2016 mapped 628 APIPs (consisting of 86 Central APIPs and 542 Regional APIPs), of which 404 APIPs or 85.23% were at level 1, 69 APIPs or 14.56% level 2 and only 1 APIP or 0.21% level 3 (intergrated), namely the Ministry of Finance. Further mapping conducted in 2016 on 628 APIPs showed that as many as 445 APIPs or 70.86% were still at level 1, 176 APIPs or 28.03% were at level 2 and 7 APIPs or (1.11%) were at level 3 (BPKP, 2016).

Why is capability level important in Indonesia? There are high expectations of APIP professionals from stakeholders, for example: a. Indonesia implements Village Funds and APIP is expected to have an important role in overseeing these village funds. b. Regional leaders need strategic partners in improving compliance, and APIP is a work unit that plays a role in that. c. For external auditors, better APIP capabilities will have an impact on the quality of the internal control system.

The cause of the low level of APIP capability in the North Sumatra Provincial Inspectorate in general, there are at least two causes, namely the lack of capacity and knowledge from APIP management in managing APIP resources. This has an impact on the lack of capability of APIP personnel and not optimal assurance and consulting functions provided by APIP. As well as a lack of awareness, understanding, commitment from top management regarding the benefits and role of APIP. Therefore, this study will discuss the influence of HR competence, leadership commitment and budget on APIP capabilities.

There are differences in the results of previous research such as Rabbany, et al (2017) revealed in the results of their research that HR Competence, HR Quantity, Communication, APIP budget, Information systems have a positive and significant effect on APIP Capability. This is also supported by Meilanwua et al (2020) in the results of their research which states that HR competence, especially in education and experience indicators, has a positive and significant effect on APIP capabilities. Fitriana (2015) Commitment of Regional Heads, Quantity of Human Resources, APIP Capability improvement Team, APIP Leadership Commitment and positive and significant coordination towards APIP Capability. The results of this study are also supported by the research of Bakri, et al (2019), Girindra, et al (2021), Safitri and Halim (2017).

2. LITERATURE REVIEW

APIP Capabilities

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1. APIP HR Competency

Spencer and Spencer (1993) say that competence as a basic characteristic related to the effectiveness of individual performance in their work, in accordance with what the organization expects in achieving its goals. There are five basic characteristics of competence (core competency) according to Spencer and Spencer (1993) which include: Knowledge, Skills, Disposition, Motives, Self-Concept.

Competence is a basic characteristic possessed by a person that directly affects a person's success at work, or can predict excellent performance. According to the Regulation of the State Minister of State Apparatus Empowerment No. PER/05/M.PAN/03/2008 dated March 31, 2008, the Auditor must have the knowledge, skills and other competencies necessary in carrying out their responsibilities. Furthermore, it is explained that APIP auditors must have a minimum formal education level of strata one (S-1) or equivalent. In addition, auditors must also have technical competencies, including auditing, accounting, government administration and communication, sufficient technical expertise and training as auditors (Pirmansyah et al., 2019).

State Financial Inspection Standards (SPKN) as stipulated in the Regulation of the Audit Board of the Republic of Indonesia Number 1 of 2007. The first statement of the general standard of SPKN is "auditors collectively must have sufficient professional expertise to carry out audit tasks". Based on the general standard in the State Financial Examination Standard (SPKN) states that professional competence is not only measured quantitatively by how long the examination experience is, because it cannot accurately describe the type of experience the examiner has. The most important element for the Examiner is to maintain professional proficiency through a commitment to learning and development throughout the examiner's professional life.

Masdan et al (2017) in their article stated that from the results of the study, it was found that the competence of human resources at the Gorontalo Regency Inspectorate was still inadequate to be able to conduct performance audits so that this hindered the improvement of APIP capabilities at the Gorontalo Regency Inspectorate. WUA, H. W. M et al (2020) conducted a study that showed that competency variables had a positive and statistically significant effect on the level of capability in APIP in the Manado City Inspectorate and North Sulawesi Province. Mastery of competencies that include knowledge, attitudes and skills in a balanced manner will enable a person to be competent (competent) and show optimal performance (optimal performance) as the peak achievement (millestone) of competence.

2. The commitment of APIP leaders.

To improve APIP capabilities, commitment is required from the organizational leaders of Ministries/Institutions/Local Governments, APIP leaders, auditors and all employees within APIP in the form of formal appointments, written APIP Capability Improvement Work Team. According to Verhage and Lambertus (2009: 85) leadership commitment is the willingness of top management to provide the necessary resources and authority for project success.

Sukrisno Agoes (2013) states that there should be strong support from top management to the internal audit department, without strong support from top management. Fitriana (2020) concluded that the commitment of the leadership affects the capabilities of APIP, a manifestation of the commitment of the APIP leadership, among others, by placing the capability improvement program into a priority program and placing the right people to support the program as program implementers. Philips et. Al (2004) stated that top management support is an action to influence the success of established organizational programs. Mihret & Yismaw (2007) stated that top management support includes management's response to audit findings and management's commitment to strengthen internal audit. In line with that, Girindra, I. B. R., & Malik, M. (2021) observed that the commitment of the leadership has a positive effect on improving APIP capabilities, this can be seen from the commitment of the leadership of the Ombudsman of the Republic of Indonesia which is realized by the signing of the IAC which gives authority for APIP to be able to access all information,

information systems, records, documentation, assets and personnel in all work units within the Ombudsman of the Republic of Indonesia

3. APIP Budget

Accountability and Performance Management refers to the information needed to manage, implement, and control internal control activities as well as accountability for the performance and results of internal control activities. The Accountability and Performance Management element at Level 2 has two KPAs, namely APIP activity planning and operational budget of APIP activities, with the development process as follows:

- a) KPA Development : APIP activity planning
The purpose of this KPA is for APIP to draw up an annual supervision plan, including details of resource support and expected outcomes. To achieve these objectives, APIP carries out the following main activities, namely setting goals and expected results, determining the amount of support for human resources, finance, materials, equipment and information technology, preparing a schedule for the supervision start plan and completion plan for the supervisory report, as well as determining the necessary resource support, developing the necessary detailed plan, obtaining approval for the plan that has been prepared.
- b) KPA Development : Operational budget of APIP activities
The purpose of this KPA is to allocate operational budget for supervisory activities. To achieve this goal, APIP carries out main activities, namely preparing realistic operational budgets, obtaining approval from the leaders of Ministries/Institutions/Local Governments for operational budgets that have been prepared, reviewing operational budgets periodically/ continuously to ensure that they are realistic and accurate, and to identify and report irregularities.

Safitri's research (2017) shows that one of the causes of non-fulfillment of KPA, fulfillment of competent human resources (element 2) and risk-based planning (elements 1 and 4) is due to lack of budget for non-supervisory activities. The budget that is considered insufficient is the budget for education and training (training) and the preparation of risk-based PKPT so that the author concludes that the budget has an effect on improving APIP capabilities.

In agreement with the research above, Bakri, B. (2019) found that the problem that has occurred so far is the limited budget for the program to improve the professionalism of inspectors and supervisory apparatus in Takalar Regency. Meanwhile, there is training and development as an effort to reduce or eliminate the gap between the auditor's ability and the objectives of APIP. With an adequate budget, APIP capabilities are expected to increase.

3. RESEARCH METHODS

This research uses the Case Studies method, which is where researchers explore in depth the programs, events, processes, activities, of one or more people. A case is bound by time and activity and researchers collect detailed data using various data collection procedures and in a continuous time. The data collection method uses theory and previous research results as well as report data on the results of the APIP capability self-assessment at the North Sumatra Provincial Inspectorate. The data analysis method uses descriptive statistical methods, which are methods related to collecting and presenting a dataset so as to provide useful information.

4. RESULT AND DISCUSSION

Result

The APIP capability improvement program is an ongoing action and includes several stages within it. One and the first in this stage is the capability assessment step to determine the level of capability at the time the assessment is carried out. The assessment must be carried out independently (Self Assessment). As is known, the logical framework for APIP capability assessment developed in Indonesia basically refers to the Internal Audit Capability Model (IACM) developed by The Institute of Internal Auditors (IIA). Taking into account the assessment framework, the APIP capability assessment tool developed in Indonesia has been adjusted so that it will be easier to understand in its implementation. All (six) elements of APIP capabilities namely Roles and Services, HR Management, Professional Practice, Accountability and Performance Management, Organizational Culture and Relations, and Governance Structure are assessed using statement

fulfillment (240 statements) developed for all KPAs (41 KPAs). Based on the results of the assessment, a general conclusion of APIP capabilities will be obtained, which is grouped into five levels, namely Level 1 (Initial), Level 2 (Infrastructure), Level 3 (Integrated), Level 4 (Managed), and Level 5 (Optimizing).

The APIP capacity self-assessment of the North Sumatra Provincial Inspectorate resulted in a score of 3,060 or Level 3 (delivered). Meanwhile, the evaluation desk on the results of the self-assessment resulted in a potential APIP Capability achievement score of 3,060 or Level 3 (delivered) with the following details:

Table 1
Results of the APIP Capacity Assessment of the North Sumatra Provincial Inspectorate in 2022

No.	Element	Self-Assessment		Evaluation Desk	
		Score	Level	Score	Level
1	HR Management	0.540	3	0.540	3
2	Professional Practice	0.540	3	0.540	3
3	Accountability and Management Performance	0.240	3	0.240	3
4	Culture and Organizational Relations	0.180	3	0.180	3
5	Structure Governance	0.360	3	0.360	3
6	Role and Service	1.200	3	1.200	3
	Entity Conclusion	3.060	3	3.060	3

Source: North Sumatra Provincial Inspectorate APIP Capability Self-Assessment Report (2022)

Level 3 is called Integrated if an APIP organizational unit concludes that the level of capability owned reaches level 3, this shows that professional practice and internal audit have been uniformly established and have been aligned with standards, with outcomes APIP is able to assess the efficiency, effectiveness, and economy of a program / activity and is able to *provide consultation on governance, risk management and internal control*.

The following are the results of the self-assessment of APIP capabilities in the North Sumatra Provincial Inspectorate, namely:

a. HR Management Elements

The elements of HR management include 2 topics, namely the topic of HR planning still needs complete information/data/supporting evidence as fulfillment of formality aspects, quality, each of which includes Policies / Regulations regarding Position Analysis. Element (HR Management), APIP has not done its HR competency mapping and has not conducted a gap analysis. This causes APIP not to have and not implement training and education programs aimed at improving the competence of all APIP human resources, in order to eliminate the competency gap to be ineffective.

b. Elements of Leadership Commitment

Regarding Element 6 (Government Structure), most top management does not review and do not effectively supervise APIP to provide feedback on APIP activities. The obstacles faced in the Quality Assurance activity of the integrated SPIP Self-Assessment at the North Sumatra Provincial Government are the lack of leadership commitment in encouraging each assessor in OPD in the Self-assessment and the Quality Assurance Team at the North Sumatra Provincial Inspectorate to complete the elements of the SPIP maturity assessment.

c. Budget Elements

To carry out the above tasks, functions, programs and activities, the budget of the North Sumatra Provincial Inspectorate has been sufficient so that this has a positive effect on increasing the level of APIP capability of the North Sumatra Provincial Inspectorate to level 3 (integrated).

Discussion

Based on research on civil servants at the North Sumatra Provincial Inspectorate, it can be concluded that the competence of human resources that must be possessed is to use information technology (IT), good communication, analyze financial statements and provide expert information in criminal proceedings. This competency is considered to have been possessed by most civil servants in the North Sumatra Provincial Inspectorate so that the APIP capability assessment for the North Sumatra Provincial Inspectorate in 2022 has reached level 3 (integrated).

The commitment of the leadership in this case the North Sumatra Provincial Inspector is manifested in a commitment to improving integrity, a commitment to improving the quality of work, a commitment to increasing independence and a commitment to improving the facilities and infrastructure of the Institution. All civil servants of the North Sumatra Provincial Inspectorate understand that the commitment of the leadership in this case the North Sumatra Provincial Inspector has a positive effect on achieving level 3 (integrated) for the APIP Capability of the North Sumatra Provincial Inspectorate in 2022.

The tasks, functions, programs and activities that must be carried out by the North Sumatra Provincial Inspectorate include supervisory activities such as audits, reviews, evaluations, monitoring, while coaching activities such as providing consultation, assistance, FGD etc., besides that the North Sumatra Provincial Inspectorate also routinely conducts coordination meetings with stakeholders as well as training activities, bimtek, socialization etc. To carry out the above tasks, functions, programs and activities, the budget of the North Sumatra Provincial Inspectorate has been sufficient so that this has a positive effect on increasing the level of APIP capability of the North Sumatra Provincial Inspectorate to level 3 (integrated).

5. CONCLUSION

Based on the results of the discussion above, it can be concluded that HR competence, leadership commitment and budget have a very important role in improving APIP's capabilities in achieving effective internal control to achieve good organizational governance. The strategy needed to overcome the challenges of APIP Level 3 is to increase the needs of the Regional Head as top management regarding the benefits of increasing the ability of APIP, the Regional Head sees APIP as the organization's strategic business partner. The increasing need for APIP's role is also expected to build the commitment of Regional Heads as top management to provide adequate resources for APIP.

Furthermore, adequate resources are available to improve further capabilities such as the availability of training for APIP human resources, infrastructure, adequate IT, especially related to performance audits, risk-based audit planning, and Quality Assurance Improvement Programs (QAIP).

The form of increasing support (empowerment) of regional leaders to APIP is by regional leaders signing and understanding the Internal Audit Charter (IAC), conducting periodic reviews, to ascertain whether the IAC has been implemented, whether APIP's performance is in accordance with the needs of the region or needs to expand the scope of supervision by APIP. Regional leaders need to optimize APIP as a tool to improve governance performance, and accountability of government administration in their regions.

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