

The Value-Added of Internal Audit Function in Government of Indonesia

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Abstract

The purpose of this study is to evaluate the value-added of the internal audit provided by Inspektorat Jenderal to Direktorat Jenderal X. The motivation of the research is due to research on the value-added is still needed, especially in the Indonesian government sector. Data collection techniques were carried out through questionnaires, interviews, and documents relevant to the research. The data analysis was carried out by referring to the conceptual framework to measure the value-added of internal audit. The results of this study indicate that the internal audit activities of Inspektorat Jenderal have contributed to providing value-added for Direktorat Jenderal X. The creation of value-added provided by Inspektorat Jenderal is influenced by the evaluation of the effectiveness of Governance, Risk Management, and Internal Control (GRC) at Direktorat Jenderal X and the effectiveness of internal audit activities.

Keywords

internal audit; value-added; governance; risk management; internal control



I. Introduction

Supervision of public services is a topic of concern nowadays (Wibowo, 2019). The existence of an internal audit function in every Ministry, Institution, and Local Government, called by Government Internal Supervisory Apparatus (APIP), is a form of public services supervision. With the internal audit function, it is hoped that the organization can carry out its duties and functions better and achieve the goals and objectives (Baiden et al., 2016; Postula et al., 2020).

Based on the Professional Practice Framework for Government Internal Audit (KP3IP) and the Government of Indonesia Internal Audit Standards (SAIPI), value-added in internal audit occurs when internal audit activities have been able to contribute to improvements in Governance, Risk Management, and Internal Control (GRC). In addition, value-added can be provided when internal audit activities consider strategies, objectives, and risks and objectively provide assurance services.

The Ministry of Law and Human Rights has a mission to provide quality public services in law. In the Strategic Plan of the Ministry of Law and Human Rights for 2020 to 2024, the Ministry of Law and Human Rights seeks to improve the quality of legal services that are easy, fast, and reach all levels of society. One of these legal services is carried out by Direktorat Jenderal X. Direktorat Jenderal X has the duties and functions of legal administration services that can create a favorable investment climate for Indonesia by improving the Ease of Doing Business (EODB) rating. In addition, Direktorat Jenderal X also contributes to state revenue through Non-Tax State Revenue (PNBP).

Governance needs to be a concern to create excellent and quality public services within Direktorat Jenderal X. To ensure that the governance of Direktorat Jenderal X has been

running by the goals and objectives, Inspektorat Jenderal as the internal audit function supervises Direktorat Jenderal X. So the supervision carried out by Inspektorat Jenderal is expected to provide value-added.

Research on the value-added of internal audit needs to be carried out considering that specific organizations will have different factors forming the value-added of internal audit (Roth, 2002). Eulerich & Eulerich (2020) have conducted a literature study to describe the value of internal audit and stated that discussion on value-added is still needed in the future.

Nonetheless, Chen & Lin (2011) have mapped out a conceptual framework to measure the value of internal audits. The value of this internal audit is determined by the perceived contribution of the internal audit activity. Internal audit performance and various other factors can also influence this contribution. The contribution measurement uses a survey method, namely questionnaires and interviews with the auditors of Inspektorat Jenderal and the management of Direktorat Jenderal X.

The novelty of this research is that researcher will look at various factors, namely the perceived contribution of internal audit activities, evaluation of the effectiveness of internal audit, and assessment of GRC in the organization. GRC assessment in this study will also be more actual in the government sector. This research will use a direct representation of the three things, namely Bureaucratic Reform (RB), Government Internal Control System (SPIP), and the application of risk management in government. In the implementation of government politics in the regions, it is not possible to only prioritize one aspect (economics) but it is important to pay attention to other aspects, namely environmental sustainability so that the implementation of green government is very important in supporting environmental sustainability in the political process of government in the regions (Dama, 2021). The Government of the Republic of Indonesia was formed to protect the whole of the Indonesian people (Angelia, 2020).

II. Review of Literatures

2.1 Internal Audit

The Indonesian Government Internal Auditor Association (AAIPI) has issued Peraturan Ketua Umum Asosiasi Auditor Intern Pemerintah Indonesia No. PER-85/AAIPI/DPN/2019 concerning the Professional Practice Framework for Government Internal Audit (KP3IP). This KP3IP was prepared by adopting and modifying the International Professional Practices Framework (IPPF), which was then adapted based on the needs in Indonesia. KP3IP is expected to be a liaison so that the concept of internal audit is contextual with conditions in the field. In the end, KP3IP becomes a working reference for implementing internal audits.

The internal audit function has a mission to provide value-added to achieve goals, both central and local governments. One of the things that can be done to realize this mission is by increasing the effectiveness of risk management and internal control and the quality of organizational governance. This internal audit mission can be achieved through assurance and consulting roles.

To maintain the quality of internal audit results, AAIPI issued Regulation No. PER-01/AAIPI/DPN/2021 concerning Indonesian Government Internal Audit Standards (SAIPI). This standard becomes criteria in the implementation of internal audit activities. Thus, SAIPI must be implemented by the head of the internal audit function and all auditors. In addition, this standard can also be used as a basis for evaluating the effectiveness of internal audit activities. SAIPI has two primary standards, namely attribute standards and performance standards. Attribute standards regulate the attributes of organizations and individuals in carrying out internal audits. Meanwhile, the performance standard governs the

the implementation of internal audits and the criteria for evaluating internal audit activities. In line with KP3IP, SAIPI explained that value-added in internal audit occurs when internal audit activities have improved GRC. In addition, value-added can be provided when internal audit activities consider strategies, objectives, and risks and objectively provide assurance services.

2.2 Value-Added of Internal Audit

a. Value-Added of Internal Audit Measurements

Based on KP3IP (AAIPI, 2019) and SAIPI (AAIPI, 2021), internal audit activities can provide value-added to the organization when they can provide objective and relevant assurances for the organization's activities carried out. These activities have value-added when they can contribute to the effectiveness and efficiency of GRC in the organization by considering the organization's strategy, objectives, and risks. It can be interpreted that the value of an organization can increase when internal audit activities can help improve the organization's performance, so in the end, it can achieve organizational goals.

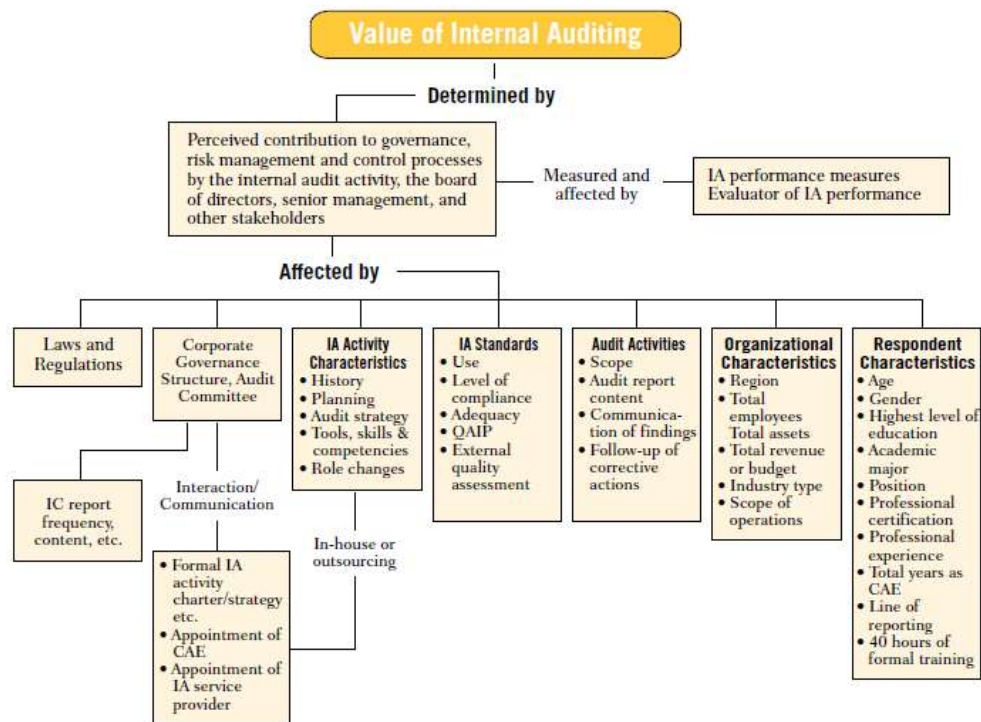


Figure 1. Conceptual Framework for Measuring the Value of Internal Audit
Source: Chen & Lin (2011)

Following Figure 1, the way to measure internal audit performance is to understand the contribution of internal audit activities. This contribution is measured and influenced by the results of internal audit performance. It is also influenced by several things, such as laws and regulations, governance structure, organizational characteristics, activity characteristics, standards, and activities carried out by internal audits. To measure this contribution, it can be done through a questionnaire containing 15 (fifteen) statements describing various aspects of value-added from internal audit activities for the organization.

b. Effectiveness of GRC Evaluation

In line with the definition of internal audit, it is necessary to look at the contribution of the internal audit activity, which is influenced by a systematic approach related to evaluating the effectiveness of GRC and adding value to the governance process in the internal audit function itself. Evaluating organizational governance will affect the effectiveness of internal audits (Wibowo, 2019).

Internal audit has an active role in organizational governance by monitoring governance (Drogalas et al., 2016; Sarens et al., 2012). For this reason, internal audit is one of the most important key factors of the governance process, which is a valuable support for the organization (Boța-Avram, 2012). By strengthening organizational governance, ultimately, internal audits can create value-added for the organization (Eulerich & Eulerich, 2020).

The function of internal audit in the government sector in evaluating governance is regulated in Peraturan Menteri Pendayagunaan Aparatur Negara dan Reformasi Birokrasi No. 26/2020 concerning Guidelines for Evaluation of the Implementation of Bureaucratic Reform. Inspektorat Jenderal acts as the Internal Assessment Team (TPI)/Assessor verifying the unit level assessment results. Inspektorat Jenderal may reject/correct and communicate the verification results to the work unit. In other words, internal audit has a role in evaluating the effectiveness of existing governance in the organization.

Furthermore, organizations face pressure to identify and disclose all risks on their business processes (Drogalas & Siopi, 2017). Meanwhile, stakeholders need assurance that the organization's risk management processes have been implemented effectively. For this reason, the role of internal audit is required to assure the effectiveness of risk management (AAIPI, 2021). Internal audit helps management implement risk management (Al-Twaijry et al., 2003). In the end, internal audit evaluating organizational risk management will affect the effectiveness of the internal audit activity itself (Wibowo, 2019).

The last element is about internal control. Based on SAIPI 2130, internal audit activities must include evaluating the adequacy and effectiveness of internal control in responding to risks to organizational governance, operations, and information systems (AAIPI, 2021). The evaluation results can provide recommendations to organizations that can assist in designing and implementing an effective internal control system to provide value-added to the organization (Baiden et al., 2016).

In the government sector, Inspektorat Jenderal conducts an independent assessment of the maturity of SPIP to strengthen the effectiveness of the implementation of SPIP. This assessment is regulated in Peraturan Badan Pengawasan Keuangan dan Pembangunan (BPKP) No. 4/2016 concerning Assessment Guidelines and Strategies for Increasing the Maturity of the Government's Internal Control System. The maturity assessment results are objective assurance regarding the management's ability to administer SPIP.

c. Effectiveness of Internal Audit

Based on the questionnaire statement, the concept of value-added of internal audit activities needs to look at the contribution of internal audit activities influenced by the effectiveness of internal audit activities, including related to organizational status for achieving that effectiveness. The concept of internal audit effectiveness will later have direct relevance to creating value-added for internal audit (Roth, 2002). It is in line with Wibowo (2019), which reveals that internal audit can be effective when it can provide value-added, both in assurance and consulting activities. The extent to which the value-added created by internal audit impacts the organization will depend on the effectiveness of internal audit (Mihret & Yismaw, 2007).

It is essential to study the importance of measuring the effectiveness of internal audits (Cohen & Sayag, 2010; Yeboah, 2020). To measure it, indicators are needed to help

organizations see the effectiveness of internal audit activities (Turetken et al., 2020). Based on SAIFI 2000, internal control can be said to be effective when (AAIFI, 2021):

- a. The internal audit charter includes the objectives and responsibilities of internal audit;
- b. Internal audit activities can achieve their goals and responsibilities;
- c. Internal audit activities are following standards;
- d. Auditors comply with the code of ethics and standards;
- e. Internal audit activities can consider current and critical issues that can impact the organization.

III. Research Methods

This study uses a descriptive narrative approach with qualitative research methods. This research uses a single embedded case study design type, namely a single case study with multiple units of analysis. The research object is the internal audit activity carried out by Inspektorat Jenderal of the Ministry of Law and Human Rights to Direktorat Jenderal X.

The main research object is Inspektorat Jenderal because this study aims to evaluate the value-added carried out by internal audit activities. Furthermore, Direktorat Jenderal X is the object of supporting research that will provide additional information to confirm the value-added provided by Inspektorat Jenderal's internal audit activities.

The researcher enters the research object in this study by conducting surveys and interviews. The surveys and interviews given to people who are related and knowing the internal audit activities carried out by Inspektorat Jenderal to Direktorat Jenderal X. Determination of survey respondents and selection of interview sources were carried out purposively, namely selected by specific considerations and goals.

The researcher contacted Inspektorat Jenderal and Direktorat Jenderal X to request research and data/information collection permission. In the context of research topic sensitivity, the researcher explained that would maintain the anonymity and confidentiality of the respondents and sources and all data and information on the organization. Both objects are willing to provide access and required information, including conducting surveys, interviews, and using relevant documents.

The survey was conducted by distributing questionnaires to the internal auditors associated with Direktorat Jenderal X, RB team, SPIP team, and Risk Management team at Direktorat Jenderal X. The questionnaire was distributed via google form with a total of 42 (forty-two) respondents, consisting of 30 (thirty) people of Inspektorat Jenderal and 12 (twelve) people of Direktorat Jenderal X.

After data collection through questionnaires was completed, the following data collection technique was interviewing. Interviews were conducted to confirm the questionnaire results and dig for more profound information about the themes discussed in the questionnaire. Interviews were conducted in a semi-structured manner, i.e., the researcher had prepared questions before conducting interviews but was still open to the opportunity to develop relevant questions following the responses from the interviewees. Interviews were conducted with 9 (nine) resource persons, consisting of 5 (five) people of Inspektorat Jenderal and 4 (four) people of Direktorat Jenderal X, as described in table 1.

Table 1. List of Interviewees

| Description | Number of Interviewees | | Total |
|---------------------------------|------------------------|-----------------------|----------|
| | Inspektorat Jenderal | Direktorat Jenderal X | |
| PMPRB Evaluation Team | 2 | 1 | 3 |
| Risk Management Assistance Team | 2 | 3 | 6 |
| SPIP Maturity Assessment Team | 1 | | |
| Total | 5 | 4 | 9 |

The interviewees of Inspektorat Jenderal were selected based on their experience who had carried out the PMPRB evaluation, risk management assistance, and SPIP maturity assessment to Direktorat Jenderal X. The interviewees of Direktorat Jenderal X were the team that received Inspektorat Jenderal's PMPRB evaluation, risk management assistance, and SPIP maturity assessment. At Direktorat Jenderal X, the team that handles risk management and SPIP is the same.

Interviews for the informants of Inspektorat Jenderal were conducted face-to-face, while interviews for the informants of Direktorat Jenderal X were conducted online via Zoom. The average interview lasted for one hour.

Furthermore, the researcher also analyzes documents using the report on the results of the PMPRB evaluation, SPIP maturity assessment, risk management assistance at Direktorat Jenderal X, and other documents relevant to the research. Inspektorat Jenderal provided the report document to the researcher.

Data analysis followed the path of Miles et al. (2014), namely data reduction, data presentation, and concluding/verification. The data analysis used descriptive narrative analysis and content analysis. Focusing on evaluating the value-added of an internal audit conducted by Inspektorat Jenderal to Direktorat Jenderal X. In the early stages, the questionnaire results were analyzed. They drew preliminary conclusions based on the initial stages of 15 (fifteen) statements in the questionnaire. The analysis of the results of this questionnaire is presented in the form of descriptive statistics.

Then, the researcher groups the answers from interviewees and does data reduction to sort out information that can be used and information that has appeared repeatedly. The data reduction results are presented in a narrative form and verified with the supervisory report document data collected previously.

IV. Discussion

4.1 Analysis of The Value-Added of Inspektorat Jenderal's Internal Audit

Based on the conceptual framework for measuring the value of internal audit, as shown in Figure 1, the value of internal audit is determined by the perceived contribution of internal control activities. This contribution is measured through a survey method by distributing a questionnaire containing 15 (fifteen) statements filled out by 42 (forty-two) respondents, as shown in table 2.

Table 2. Questionnaire Results Perceived Contribution of Internal Audit Activities

| Statements | Score |
|------------|-------|
| A1 | 4.24 |
| A2 | 4.33 |
| A3 | 3.88 |
| A4 | 4.19 |

| | |
|-------------|-------------|
| A5 | 4.24 |
| A6 | 4.29 |
| A7 | 4.26 |
| A8 | 3.93 |
| A9 | 4.17 |
| A10 | 4.45 |
| A11 | 4.45 |
| A12 | 4.12 |
| A13 | 4.40 |
| A14 | 4.45 |
| A15 | 4.26 |
| Mean | 4.25 |

The mean score of the questionnaire is 4.25. It shows that respondents agree that the internal audit activities' perceived contribution has various value-added aspects for Direktorat Jenderal X. Then, the researcher had interviewed to see the internal audit's performance and explore more in-depth information. It is based on the classification of five sub-themes adopted from the research of Chen & Lin (2011). The interview questions are structured based on these sub-themes and pay attention to the factors that influence the contribution of internal audit activities following the conceptual framework.

Regarding the respondent's characteristics that influence the perceived contribution of internal audit activities and ultimately determine the value of internal audit, the researcher uses cross-tabulation analysis of age, gender, education level, academic major, position, and length of work using the SPSS application.

After the researcher had seen the interview results and to make the analysis more focused, the researcher formulated it into 3 (three) sub-themes, namely:

1. The value-added of Inspektorat Jenderal's internal audit activities;
2. Evaluation of the effectiveness of GRC Direktorat Jenderal X;
3. The effectiveness of Inspektorat Jenderal's internal audit activities.

The creation of value-added of Inspektorat Jenderal's internal audit to Direktorat Jenderal X is bound to its function as an internal audit function that performs assurance and consulting services. Therefore, it is necessary to understand the role of Inspektorat Jenderal. Understanding the role of assurance and consultation is crucial for auditors to understand and for Direktorat Jenderal X. However, Direktorat Jenderal X has not understood the different roles of assurance and consultation provided by Inspektorat Jenderal. Likewise, Internal Audit Charter, owned by Inspektorat Jenderal, has not defined consulting services that can be provided.

Independence and objectivity are critical factors in creating value-added for Inspektorat Jenderal's internal audit to Direktorat Jenderal X. Following SAIPI 1100, internal audit activities must be independent and objective (AAIPI, 2021). It is also following the research of Chen & Lin (2011) and D'Onza et al. (2015), which states that the independence and objectivity of the internal audit function are positively related to value-added.

The results of Khelil & Khlif (2021) suggest that the concept of independence needs to be strengthened in the internal audit function in the public sector in its role as a guarantee provider. In SAIPI 1100, threats to independence must be managed (AAIPI, 2021). The management of this independence threat applies at the individual auditor level and includes the management of supervisory, functional, and organizational activities in general. It is

intended to ensure that internal audit activities are free from conditions that may affect the internal audit function to impart its roles and responsibilities.

In particular, under SAIPI 1110, independence can be achieved effectively when the head of Inspektorat Jenderal can report directly to the Minister of Law and Human Rights and support the internal audit activities carried out. Furthermore, in SAIPI 1110, it is stated that the support can be in the form of approval of the internal audit charter, annual audit plan (PKPT), budget, and receipt of the results of internal audit activities (AAIPI, 2021).

Based on the summary of the interview results, several efforts can be made to manage threats that affect the independence of Inspektorat Jenderal. At the individual level, the auditors of Inspektorat Jenderal must work professionally and at the same time affirm their integrity and commitment in maintaining their independent attitude,

“Independensi bisa saja terpengaruh, tapi kembali lagi ke personel (sikap auditor). Kalau bisa netral, kita tidak bisa dipengaruhi hal apapun. Salah satunya kita bekerja profesional. Meskipun kita mempunyai hubungan baik, tapi kita bisa mengesampingkan hubungan itu. Jadi kita tetap bekerja sesuai dengan tugas kita sebagai audit. Kalaupun di luar itu berteman, ya dibedakan antara sebagai teman dan sebagai auditi.” (Interview, Auditor of Inspektorat Jenderal)

To accommodate the independence and objectivity, Inspektorat Jenderal makes an Audit Policy annually. It includes the statement that all audit activities Inspektorat Jenderal must be independent, free from any involvement to produce quality reports.

To maintain organizational independence, Inspektorat Jenderal needs support from the principal leaders of the Ministry of Law and Human Rights in terms of budget allocation and approval of PKPT. To maintain objectivity, auditors need to prioritize professionalism and use their professional skills and accuracy in implementing internal audits. In addition, Inspektorat Jenderal also needs to implement a system or conflict of interest reporting on every internal audit activity.

4.2 Evaluation of The Effectiveness of GRC Direktorat Jenderal X

In accordance with SAIPI 2100, internal audit activities of Inspektorat Jenderal must be able to evaluate the effectiveness of GRC Direktorat Jenderal X (AAIPI, 2021). Inspektorat Jenderal should use a systematic, disciplined, and risk-based approach to evaluate its effectiveness. It will increase the value-added provided by Inspektorat Jenderal to Direktorat Jenderal X. Based on the results of interviews, Inspektorat Jenderal has taken a systematic approach in terms of evaluating PMPRB and the maturity assessment of SPIP.

Based on the interview results, the evaluation of governance through PMPRB can be practical because it looks at supporting data in the form of documents and evidence in the format of documents that are verified and tested for the correctness of its implementation. However, Direktorat Jenderal X hopes that Inspektorat Jenderal will be more collaborative when conducting evaluations by providing input and direction so that the evaluation process can be more constructive.

As seen in PKPT, Inspektorat Jenderal is still limited to providing assurance services or adequate RB implementation confidence. It means that Inspektorat Jenderal has taken an active role in governance through monitoring. The internal audit function has an active role in organizational governance by carrying out a monitoring role (Drogalas et al., 2016; Sarens et al., 2012).

However, based on the content analysis of the evaluation results, it can be seen that the recommendations for improvement given by Inspektorat Jenderal are still in the form of recommendations to complete the supporting data by the guidelines. Thus, the expectation of Direktorat Jenderal X to get more constructive input and direction cannot be achieved optimally. Internal audit is one of the most important critical factors of the governance

process, which is a valuable support for the organization (Boğa-Avram, 2012). By strengthening organizational governance, the internal audit function can ultimately create value-added for the organization (Eulerich & Eulerich, 2020).

In addition, based on the results of the interviews with Direktorat Jenderal X, which stated that they still needed more constructive input. Furthermore, the results of document content analysis, which showed that the recommendations had not provided suggestions for constructive improvement (still in the form of fulfilling supporting data), the evaluation of the effectiveness of governance has not been able to provide value-added. Following the research of Baiden et al. (2016), it is stated that the internal audit function has shown good performance in terms of adding value to the governance process.

In SPIP evaluation, the results of the interview stated that SPIP evaluation had used a systematic approach with evaluation instruments provided by BPKP. The evaluation is also carried out in several stages. However, based on the interview results, it was also found that the approach was said to be not compelling enough because Inspektorat Jenderal had not been able to fully ensure that the data and information provided Direktorat Jenderal X were valid. The results of the SPIP maturity assessment have not been able to describe the maturity level of the existing internal control in Direktorat Jenderal X,

“Saran dan rekomendasi dari Itjen sudah cukup membantu perbaikan pengendalian di Dirjen, tapi kita berharap Itjen bisa lebih membantu Dirjen dalam pelaksanaan SPIP yang lebih baik lagi. Kita masih perlu membangun awareness terkait pengendalian internal, belum lagi kesibukan di teknis juga jadi kendala. Selama ini pelaksanaan SPIP cuma jadi kewajiban. Kalau bisa Itjen membantu dengan memberi masukan untuk buat timeline pelaksanaan SPIP. Jadi kita tahu apa yang bisa dilakukan per periode. Gak cuma saat evaluasi aja, tapi juga bisa jadi mitra yang ngasih arahan dan memantau pengendalian di sini.”
(Interview, Management of Direktorat Jenderal X)

Based on the results of interviews and document analysis, it can be said that Inspektorat Jenderal has been able to increase the maturity of the internal control system. It supports the research of Breesch et al. (2012), which states that the organization will continue to use the internal audit function because it improves the organization's internal control system.

The assessment report provides strategic steps that Direktorat Jenderal X can take. So the results of this study do not support the research of Baiden et al. (2016), which states that the internal audit function has not been able to demonstrate its performance in the design and implementation of internal control. It also does not support Wibowo (2019), which states that the internal audit function has not significantly created the effectiveness of internal audit thorough evaluation of the organization's internal control. Analysis results show that Inspektorat Jenderal's internal audit has been able to provide value-added in terms of evaluating internal control. However, Direktorat Jenderal X still has expectations of Inspektorat Jenderal to assist the implementation of SPIP even better.

Based on the interview, the informant stated that Inspektorat Jenderal's internal audit activities had not used a systematic approach to evaluate risk management. It is because risk management has just begun to be implemented, and Direktorat Jenderal X has never assisted. So that the role of assurance or the evaluation process has not been carried out, Inspektorat Jenderal provides consulting services first to Direktorat Jenderal X.

Based on the results of risk management assistance, Inspektorat Jenderal provides recommendations regarding things that can be done to improve Direktorat Jenderal X. With the recommendation to improve the process, Inspektorat Jenderal has helped provide value in terms of contributing to risk management. It shows that this study does not support the results of Purnomo (2017), which states that monitoring activities carried out by PPATK's internal audit have not included increasing the implementation of risk management. This study also

does not support the research of Baiden et al. (2016) and Chen & Lin (2011). They concluded that the internal audit function had not shown good performance in adding value to its risk management process.

Internal control and risk management are an integral part of governance implementation. Inspektorat Jenderal's internal audit activities in creating value-added in the governance process have a key factor, such as compliance with SAIPI and the code of ethics.

4.3 The Effectiveness of Inspektorat Jenderal's Internal Audit Activities

The effectiveness of the internal audit can be affected by Inspektorat Jenderal's audit report that has not paid attention to the quality of communication-based on SAIPI. Based on SAIPI 2420, the audit report must pay attention to the quality, which must be accurate, objective, clear, concise, constructive, complete, and timely (AAIPI, 2021). The audit report has not been able to provide timely constructive recommendations following the needs of Direktorat Jenderal X. As a result, the recommendations given by Inspektorat Jenderal have not been fully conveyed clearly by Direktorat Jenderal X.

Inspektorat Jenderal does not yet have a formal mechanism to control or monitor overdue recommendations. It is caused by the absence of submission of limits or timeframes for implementation and compliance of follow-up recommendations explicitly in the audit report. Thus, it is impossible to know which findings are overdue but not followed up.

One of the weaknesses of Inspektorat Jenderal's internal audit activities effectiveness is that there are still inadequate resources in implementing audits. Namely, the number of auditors and the budget compared to the number of work units that must be audited and assurance and consulting activities carried out. Based on SAIPI 2030, the head of Inspektorat Jenderal must ensure that the resources owned are fair, adequate, and effective (AAIPI, 2021). To ensure that Inspektorat Jenderal's resources are fair, adequate, and effective, a comprehensive resource calculation or mapping is required.

Inspektorat Jenderal has compiled a Training Need Analysis (TNA) detailing the competency standards of auditors and an analysis of their educational and training needs. The preparation of the TNA takes into account employee performance targets, required competency levels, and organizational needs. However, the analysis has not shown the level of competence per auditor, and competency development needs to be needed. The TNA document is still analyzed in general terms to cause competency gaps in Inspektorat Jenderal's auditors.

Then, the weakness in the effectiveness of Inspektorat Jenderal's internal audit can be seen from the quality of current internal audit activities. This study looks at the results of an external assessment in the form of a peer review conducted by Inspektorat Jenderal of the Ministry of Maritime Affairs and Fisheries in 2018. This activity is following SAIPI 1300 and SAIPI 1312, which state that the head of Inspektorat Jenderal must carry out a guarantee program and improve the quality of internal audit activities with an external assessment carried out at least once in five years by an independent party outside the internal audit function (AAIPI, 2021).

The peer review concludes that Inspektorat Jenderal gets 75.34% for the suitability of internal audit activities with standards and codes of ethics. It shows that the audit activities carried out by Inspektorat Jenderal have complied with the standards and code of ethics in general, but there are still things that need to be improved. It is related to the monitoring of the code of ethics, the implementation of internal assessments in the context of ensuring the quality of internal audit activities, socializing the supervision assignment guidelines to Inspektorat Jenderal auditors, as well as making improvements to the audit implementation, including the presentation of the audit report.

V. Conclusion

The value-added of Inspektorat Jenderal's internal audit to Direktorat Jenderal X can be measured through the perceived contribution to internal audit activities. The amount of this contribution value is influenced by the characteristics of the questionnaire respondents, namely age, gender, education level, academic major, position, and length of work. Then the value-added of Inspektorat Jenderal's internal audit to Direktorat Jenderal X is influenced by the process and results of evaluating the effectiveness of GRC Direktorat Jenderal X and the effectiveness of the results of Inspektorat Jenderal's internal audit activities. Both of these things will run optimally with the use of SAUPI and a code of ethics, adequate organizational characteristics, characteristics of internal audit activities, and the results of their internal audit, as well as the attributes of internal auditors.

It is recommended that Inspektorat Jenderal conduct socialization and internalization regarding changes in the role of assurance and consulting, make policies regarding reporting or statements free of conflicts of interest for auditors on each assignment, improve the focus of internal audit activities by prioritizing consultation, disclose the audit report following SAUPI, expressly state the period completion and delivery of follow-up, comprehensive mapping of available resources, and following up on suggestions for improvement from the results of peer review. Suggestions for further research are to evaluate the value-added of internal audit from the side of the internal audit function as a strategic partner and to conduct research on objects that already have a second line and audit committee.

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