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## **Evaluation of Internal Audit Implementation: A Case Study at the Papua Province Inspectorate Office**

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**Abstract.** This study aims to discuss the evaluation of the implementation of internal audit with a case study at the Papua Province Inspectorate Office. This research is a type of quantitative research with a case study approach. The focus of this research is the evaluation of the implementation of internal audit based on the Regulation of the Minister of State for Administrative Reform Number: Per/05/M.Pan/03/2008 concerning Audit Standards for Government Internal Supervisory Apparatus in Standards for the Implementation of Performance Audits at the Provincial Inspectorate. The primary data in this study were obtained from questionnaires distributed to respondents at the Papua Province inspectorate. The results showed that the analysis of the implementation of the internal audit at the Provincial Inspectorate in Papua as a whole had effectively carried out its role. In the implementation of the internal audit the Papua Province inspectorate team had planned well. In the implementation of the internal audit, it is known that the audit supervision at the Papua provincial inspectorate has been running well and effectively. In the implementation of the internal audit, it was found that the Papua Province inspectorate team had carried out the procedures for collecting audit evidence well.

**Keywords.** evaluation, internal audit, Inspectorate, Papua

### **Introduction**

The weak internal control system of government agencies is one of the factors causing corruption. "Immune system" theory compares corruption to a "virus" and the internal control system to an "immune system". The theory states that the internal control system must be sensitive to all risks and "viruses" that can hinder the economic and social development of a country, so it is hoped that the internal control system carried out by the APIP Government Internal Control Apparatus emphasizes the role of prevention and restoration (by conducting identification, analysis, and risk mitigation) rather than detection of deviations (Alfianto, 2019).

According to Government Regulation of the Republic of Indonesia Number 60 of 2008 concerning Government Internal Control System, Government Internal Supervisory Apparatus (APIP) must at least be able to provide adequate assurance on compliance, economy, efficiency, and effectiveness in achieving the objectives of implementing the duties and functions of Government Agencies, providing early warning and improve the effectiveness of risk management in carrying out the duties and functions of Government Agencies and maintain and improve the quality of good governance in the administration of government.

The Government Internal Supervisory Apparatus (APIP) in this study is the Papua Province Inspectorate in accordance with Government Regulation Number 60 of 2008 where the job description of the Papua Province Inspectorate is contained in the Papua Governor Regulation

Number 27 of 2016 concerning the Description of Duties and Functions of the Papua Province Inspectorate in Chapter II Description Duties and Functions of the First Section of the Inspectorate Article 2 (1) The Inspectorate has the main task of supervising the implementation of government affairs in the Provinces, the implementation of guidance on the administration of Regency/City regional governments and the implementation of government affairs in the Regency/Municipal regions. (2) To carry out the tasks as referred to in paragraph (1), the Inspectorate has the following functions: a. monitoring program planning; b. formulation of policies and facilitation of supervision; c. inspection, investigation, testing and assessment of supervisory duties; and D. supervision of the administration of the Provincial and Regency/City Governments.

According to Bhayangkara (2013) Effectiveness is the achievement of an organization's goals with output as a measure. An organization is said to be effective if the goals and objectives can be achieved in accordance with what is expected from the original plan Hartanti (2013). Therefore, internal control is very necessary because it is an important management function in achieving organizational goals in government (Fauzi, 2018).

The effectiveness of a good internal audit will be more successful in overcoming and preventing fraud or corruption and improving governance compared to an ineffective internal audit (Endaya & Hanefah, 2013; Ahmad et al., 2009). The effectiveness of internal audit is shown from how the process of activities takes place in achieving goals (Djukic & Djordjevic, 2015). Therefore, the government needs to pay attention to the existence of auditors in order to have good performance (Gamar & Djamhuri, 2015). Based on the data above which states APIP Capability, 65.70 means that the supervision carried out by the Papua Province APIP has been carried out, but it still needs to be improved so that this research focuses on studying the Evaluation of Internal Audit Implementation with Case Studies at the Papua Province Inspectorate Office.

### **Methods**

This research is a type of quantitative research with a case study approach. This research is a type of quantitative research, namely research that is structured to provide an overview of scientific information originating from the subject or object of research.

The focus in this research is the evaluation of the implementation of internal audit based on the Regulation of the Minister of State for Administrative Reform Number: Per/05/M.Pan/03/2008 concerning Audit Standards for Government Internal Supervisory Apparatus in Standards for the Implementation of Performance Audits at the Provincial Inspectorate. The research was conducted at the Papua Province Inspectorate office, which is located at the Papua Governor's office, Dok II Jayapura.

Types of primary data in this study were obtained from questionnaires distributed to respondents at the Papua Province inspectorate which the respondents answered and then returned to be processed into information and secondary data sourced such as books, newspapers and research journals.

### **Results and discussion**

Planning an audit at the Papua provincial inspectorate that not the entire audit team has conducted a preliminary survey when conducting an audit, it can be illustrated from the respondents' answers that as many as 7 respondents or 15.6 percent answered disagreed, while 12 respondents or 26.7 percent answered enough or neutral. , but overall the audit planning with 5 questions has an average value of 4.184 which is in the good category, this indicates that the audit planning has been carried out well.

### **Supervision**

Based on the results of the study, it is known that the audit supervision at the Papua provincial inspectorate with 4 questions has an average score of 4,095 in the good category, this indicates that respondents assess the importance of audit supervision and it has been running well and effectively.

### **Audit Evidence**

It is known that the audit evidence carried out by respondents at the Papua provincial inspectorate when conducting an audit believed more in evidence from internal parties than evidence from external parties, this is illustrated by the respondents' answers that as many as 14 respondents or 31.1 percent answered disagree, while 14 respondents or 31.1 percent answered fairly or neutrally, while in general respondents considered that not all of the internal controls on the entity or object being examined were effective or reliable, from 45 respondents it was known that 16 respondents or 35.6 percent answered disagree. and 15 or 33.3 percent answered fairly or neutrally while in general respondents considered that not all respondents were able to collect and assess audit evidence in accordance with the specified time from respondents. 45 respondents it was known that 6 respondents or 13.3 percent answered disagree and 4 or 8.9 percent answered enough or neutral.

Respondents considered that when the audit period ended, but the evidence obtained was considered to be still not reliable, in general respondents were reluctant to continue further investigations to obtain reliable evidence, this can be seen from the respondents' answers that 7 respondents or 15.6 percent answered that they did not agree to continue the investigation to obtain reliable evidence when the time has expired and 12 respondents or 26.7 percent answered moderately or neutrally. However, overall audit evidence with 12 questions has an average value of 3,775 in the good category, this shows that respondents' perceptions of audit evidence.

### **Development of Audit Findings**

It is known that the development of audit findings at the Papua provincial inspectorate with 3 questions has an average value of 4,193 which is in the good category, this indicates that respondents' perceptions in making audit findings are in accordance with standards in auditing.

### **Audit Documentation**

It is known that the audit documentation at the Papua provincial inspectorate with 2 questions has an average value of 4.11 in the good category, this indicates that the respondents have done the documentation in the audit implementation well.

Based on the results of data analysis that has been carried out using descriptive statistical analysis to evaluate the implementation of the audit at the Papua provincial inspectorate using the average value, then the actual condition of the audit at the Papua Province inspectorate can be seen which is in the good category, but still requires some improvements in several areas because there are still weaknesses and shortcomings that hinder the creation of an effective internal audit within the Papua province inspectorate.

Based on the results of the analysis of the five elements in the implementation of internal audit, the highest element is the element of developing audit findings as measured by 3 questions with an average value of 4,193 being in the good category, this indicates that respondents' perceptions in making audit findings are in accordance with the standards in the implementation audits. While the lowest element of audit implementation is in the audit evidence element with an average value of 3.77 overall, although it is in the good category,

there are still some indicators that still need to be corrected. evidence from external parties, this is because the assignment time is sometimes insufficient to obtain and compare data from external parties, this is illustrated by the respondents' answers that not all respondents have been able to collect and assess audit evidence in accordance with the specified time. , which then makes the auditor reluctant to continue further investigation even though the evidence obtained is still not reliable, even though from the respondent's data it is known that not all audit entities have an adequate control system, of course this will take quite a lot of time. In addition, the assignment of audit implementation has not been based on the background and competence possessed by the auditor objectively so that the determination of officials in positions under supervision is not based on the knowledge, expertise and abilities concerned in filling existing positions (Jelic, 2012; Setiawan, 2018) . It can be proven that there is no clear pattern regarding employee transfers within the Papua Province inspectorate.

From the respondent's data, it is known that the majority of respondents in positions have an age of less than 1 year as many as 19 employees or 42.22 percent. See that their abilities are still very limited so that not all teams can carry out audits effectively and efficiently, it can be seen from respondent's answer that with the limited time given by the Papua Province inspectorate management, not the entire audit team conducted a preliminary survey on the audit planning so as to make the audit implementation work less effective and make much more time and resources spent.

### **Conclusion**

Analysis of the implementation of the internal audit at the Provincial Inspectorate in Papua as a whole has effectively carried out its role. In the implementation of the internal audit, the Papua Province inspectorate team has planned well, the average score of 4,184 is in the good category. In the implementation of the internal audit, it is known that the audit supervision at the Papua provincial inspectorate has been running well and effectively, the average score of 4,095 is in the good category. In the implementation of the internal audit, it is known that the Papua Province inspectorate team has carried out procedures in collecting audit evidence with an average value of 3,775 which is in the good category.

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