Research Article

Internal Control System for Government Agencies

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Abstract.
Internal control is a part of each system used as procedures and guidelines for the operational implementation of a specific company or organization. Meanwhile, the internal control system is a collection of integrated internal controls that are interconnected and mutually supportive. According to Government Regulation No. 60 of 2008, the internal control system is defined as 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, the reliability of financial reporting, the safeguarding of state assets, and compliance with regulations.

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1. Introduction

Changes in the environment, especially in government organizations, including changes in regulations, greatly influence the smooth running of operational activities and have an impact on achieving the goals and targets that have been set. This change is submitted to consultation on the need for a strong internal control system to realize the realization of processes and results as intelligence. The type of control that commonly occurs in government is direct supervision. Supervisors are assigned to organizational units to carry out supervision, provided that centrally determined management policies are strictly implemented in these institutions. However, this supervisory control model is not without weaknesses, because supervision is limited by its capacity to regulate the overall activity process.

The internal control system is a process designed and implemented by the board of commissioners or managers to provide adequate guarantees that control objectives must be achieved so that the company's goals can be achieved properly. and applied to

companies where various aspects of a company's operational, financial, and managerial functions are managed independently and autonomously.

As a government agency tasked with implementing development, government agencies will connect the internal control system so that development goals can be achieved. Being at the forefront in achieving its own development goals, a government agency that relies on a strong internal control system. This system acts as a guideline, assuring that every policy, program and allocation of human resources is implemented accurately and in accordance with the development plan. Through the implementation of an internal control system, government institutions can identify and overcome risks, increase transparency and government accountability in managing public funds. Therefore, an internal control system is very important in encouraging increased business carried out by government institutions so that it produces a positive and sustainable impact on the wider community.

2. Literature Review

Intellectual control as a system no longer focuses solely on human factors; Instead, it involves everyone in the organization, including policies, regulations, standards, and procedures. The Internal Control System is an integral process of actions and activities carried out continuously by the leadership and all employees to provide efficient guarantees in achieving organizational goals through efficient and efficient activities, reliability of financial reporting, security of state assets, and compliance with regulations. s. Intellectual control is a process, carried out independently by the board of directors, managers, and other companies, designed to provide relevant assurance regarding the achievement of objectives in the following categories: Ownership and operating efficiency, Reliability of financial reporting, and Compliance with Applicable laws and regulations [2].

The Committee of Sponsoring Organizations of the Treladway Commission (COSO) is defined as a process, conducted by the board of directors, managers, and other managers of a company, designed to provide relevant approval regarding the achievement of objectives related to operations, reporting, and compliance. 3]. The COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework identifies five components of an internal control system [*ibid*]:

1. **Control Environment**: This component determines the direction of an organization and influences the control consciousness of the people. This includes factors such

as intelligence and ethical values, commitment to strength, board oversight, and the manager's operating philosophy and style.

2. **Risk Assessment**: Risk assessment involves identifying and analyzing risks that are relevant to the achievement of organizational goals. This includes a dynamic and iterative process to identify and assess risks to achieving objectives, determine appropriate responses, and manage risks over time.

3. **Control Activities**: Control activities are policies and procedures that help a company direct its management direction. These activities are carried out at various levels of the organization and in various business processes. It includes a series of activities such as approval, authorization, reconciliation and ductile separation.

4. **Information and Communication**: Information is very important for an organization to carry out its operations and achieve its goals. Relevant and quality information must be communicated internally and externally to support effective internal controls. Communication also involves a continuous flow of information by both managers and irresponsible parties.

5. **Monitoring Activities**: Monitoring activities assess the quality of overall system performance. Continuous monitoring occurs in the normal operating room, and cellular evaluation is performed periodically. These findings are assessed against employee performance criteria, and necessary corrective actions are taken.

The COSO Internal Control Framework has been widely adopted by organizations as the primary guide in designing, implementing, and evaluating internal control systems. This framework provides comprehensive guidance to assist organizations in establishing and maintaining effective internal environmental controls. Implementation of the COSO Intellectual Control Framework reflects recognition of its value and relevance in achieving organizational goals and mitigating potential risks.

In the context of intelligence control, the government has also adopted the COSO intelligence control framework known as the Government Intellectual Control System (System Government Intellectual Control or SPIP). The decision to adopt the Intellectual Internal Control Framework by COSO reflects the awareness that this framework provides comprehensive and relevant guidance for establishing and maintaining efficient internal control systems in the government sector.

According to Government Regulation No. 60 of 2008, the company's "Internal Control System" refers to an integral process of actions and activities carried out continuously by the leadership and all employees to provide efficient guarantees in achieving

organizational goals through independent and efficient activities, namely I reliability of financial reporting, safeguarding state assets, and compliance with regulations [4]. The Government Internal Control System, abbreviated as SPIP (Government Intellectual Control System), is a comprehensive Internal Control System implemented in central and regional government environments. On the other hand, Internal Oversight ELN covers all audit processes, evaluations, evaluations, monitoring, and other supervisory activities regarding the completion of organizational tasks and functions. The aim is to provide sulfur guarantees so that activities can be carried out effectively and efficiently, adhering to the standards set for the benefit of leaders in realizing good governance practices.

The use of the Government Intelligence Control System (SPIP) in government institutions is very important in efforts to increase justice, transparency, and accountability in the management of public resources. The implementation of SPIP is not only a practical need but also a strategic step to support good governance, so that aspects of planning, allocation, and utilization of public funds can be implemented optimally and per the principles of responsible financial management. By linking internal control policies and practices in SPIP, government agencies can build a strong foundation for achieving organizational goals, providing independent community services, and maintaining integrity and public trust in the management of human resources allocated for the common good.

3. Research Methods

To achieve the objectives of this research, a qualitative approach will be used. The choice of this approach is based on its ability to encourage government officials to solve problems in implementing internal control systems in government, by solving the challenges and opportunities that exist in the process. A quality railway work method is Document Analysis, which involves examining and interpreting documents, records, or other written materials relevant to the railroad's objectives. This method is used to understand and evaluate the information contained in the document. Documents that may be useful for systematic evaluation as part of research come in various forms [5]. Document analysis includes skimming (superficial examination), reading (thorough examination), and intelligence relations.

Data from documents will be analyzed using contextual analysis. This involves coding and categorizing data to identify various patterns and patterns. This process will

help highlight important ways in which internal control systems can assist government agencies in achieving their goals, as well as key challenges that must be addressed.

4. Results and Discussion

The government's internal control system is a structured framework of policies, processes, and processes implemented to provide relevant guarantees regarding the achievement of organizational goals. This system is designed to improve the quality, efficiency, and integrity of government operations. This is the main element in the Government's Internal Control System:

1. **Control Environment:** Leaders of government agencies are willing to create and maintain a control environment that fosters positive behavior and supports the implementation of an Intellectual Control System in their work environment, through the Imposition of Intelligence and Ethics, Commitment to Obligation, Federation of Obligations and Delegation of Power.

2. **Risk Assessment:** Risk, defined as "the possibility of an adverse risk", is a condition that can be identified and assessed from different areas, depending on the point of view one chooses to take. Risk categories, which include the scope of risks, risk consultations, risk-related activities, and resulting decisions, provide a comprehensive framework for understanding and managing uncertainty in a variety of contexts. Risk assessment is a systematic process of evaluating potential risks that could impact the achievement of goals, projects or activities. This involves identifying, analyzing, and prioritizing risks to assess the potential impact and likelihood of undesirable events occurring. The purpose of a risk assessment is to provide valuable information to decision-makers to make informed choices and implement effective risk management strategies.

3. **Control Activities:** Internal control activities consist of designed policies and processes to encourage the implementation of directions from government agency leaders to mitigate risks through the risk assessment process. Control activities are actions applied to users whose management directives are also followed. Managerial direction is embodied in written policies and procedures, which enable the selection of actions while considering risks across levels and functions within the organization. These controls are carried out through policies and procedures implemented by managers, or in other words, internal control functions or "built-in" in the workflow of each activity.

4. **Information and Communication:** Information distribution processes data that is used for decision-making in the operations of a company or enterprise. On the other hand, high-quality information can influence certain opinions regarding certain matters that are relevant to their intellectuals, thus simplifying the decision-making process. Decision-makers rely heavily on quality information as an important source for eliminating different initiatives for future improvement. Conveying information effectively is very important because it serves as the main source for decision-makers to initiate relevant efforts to achieve better goals. Information can shape human behavior, and reciprocally, human views can impact the structure and personality of information. Valuable information is characterized by its ability to contribute additional value to industry players during the decision-making process, objectively improving the performance achievements of workers to optimize efficiency and self-satisfaction.

5. **Monitoring Activities:** Monitoring of the Internal Control System is carried out through continuous monitoring, cellular evaluation, and follow-up on recommendations from other agencies and institutions. Continuous monitoring is carried out through routine management activities, supervision, comparison, reconciliation, and other actions related to the implementation of tasks. Cellular evaluation is carried out through sales analysis, review, and testing of the effective level of the Internal Control System. Independent evaluations may be conducted by internal government oversight authorities or internal governments. Separately evaluation can be carried out using the internal control body checklist.

The Government's Internal Control System has a close relationship with the concept of Good Governance or effective governance. In this context, the internal control system not only functions as a mechanism for monitoring and evaluating the performance of government officials, but also as a violation that supports the main principles of good governance. The successful implementation of an internal control system reflects the level of transparency maintained by the government, accommodating accountability in actions and decisions, and encouraging operational efficiency and arbitrariness. Apart from that, this system also opens up opportunities for community participation in the policy process, strengthening trust in the management of community life. Fulfilling the requirements, the role of the internal control system in encouraging compliance with laws and regulations is a foundation that strengthens violations of good governance, creates an organized environment, and is in line with the principles of good governance. Therefore, the government intelligence control system is not just a monitoring instrument

but is also an important element that supports integrity, accountability, and efficiency in government.

5. Conclusion

The implementation of a strong Internal Control System (ICS) is essential for effective governance in government institutions. The multilateral nature of government operations requires a systematic and comprehensive approach to internal control, encompassing matters such as transparency, accountability and efficiency. As explained throughout this paper, an independent ICS not only functions as a monitoring tool to assess government performance but also determines violations of the principles of good governance. By prioritizing transparency and accountability in the decision-making process, encouraging community participation, and encouraging legal compliance, ICS is the main key in building trust and integrity in the management of community life. The significance of the Intellectual Control System goes beyond its diverse supervisory functions, serving as an important component that supports the pillars of intelligence, accountability and efficiency within the government framework. Embracing and continuously improving Internal Control Systems represents a proactive step towards effective, ethical and responsible governance in government.

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