

Conference Paper

Contextualization of Al Hisbah to Build A Government Internal Control System

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Abstract

State losses in the government sector are caused by a variety of complex factors, including the weakness of internal control system. The organizational factors and the quality of the supervisory apparatus are two weak points that cause the ineffective early warning system. This study aims to evaluate the weaknesses of these two aspects to reconstruct the government internal control system based on *al hisbah*. This study uses a critical qualitative approach in the Islamic paradigm. This study emphasizes one of the non-ministerial government institutions by conducting in-depth interviews and documentation studies. The informants consisted of eleven people, which are experts in the public sector, chairman of the drafting team for the law of government internal control system, officials in the Ministry of Administrative and Bureaucratic Reform, technical deputies, APIP leaders in the government institution in question, and experts of *al-hisbah*. The result of the research shows that the institutional contextualization of *al hisbah* is compatible in reconstructing the government internal control system because it offers a more independent organizational structure and more competent human resources in quality and quantity at the level of central, ministry/institutional, and regional government.

Keywords: APIP, early warning system, hisbah, independence

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1. Introduction

A survey by the Association of Certified Fraud Examiners survey in Indonesia in 2016 shows that fraud in the government and public administration sectors ranked second after the banking and financial services sector. In Indonesia, the number of corruption cases in the public sector has also increased in the past five years. In the past 5 years, out of 567 cases handled by the KPK, 287 cases or 50.62% of them apparently involve government officials (KPK RI, 2017).

In 2017 Transparency International reported that the Corruption Perception Index (CPI) of Indonesia is 37, ranking 96th out of 180 countries. When compared to the score and ranking in 2016, Indonesia has a fixed score but decreases in ranking. In 2016 Indonesia ranked the 90th but in 2017 it dropped to the rank of 96th. The score is still below the

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average corruption perception index, which is 43.07 worldwide and 44.39 for the Asia-Pacific region (Transparency International, 2018). The high corruption perception index especially in the public sector has resulted in Indonesia being in the red/dangerous category (Umar, 2016)

Both the numerous cases of state losses handled by KPK and the low CPI score indicate that minimum result of corruption prevention efforts in Indonesia. Meanwhile, the government has an institution dedicated to internal prevention, which is the inspectorate institution as the Government Internal Control Apparatus (APIP). This institution is tasked to, among others, review the financial statements of each institution (PMK Number 255/PMK.09/2015). If APIP can deliver its job well then it is assured that an institution is operating as expected. The institution also does not have to worry about the opinion of the Audit Board of Indonesia (BPK) because the existence of APIP guarantees the obtainment of Unqualified (WTP) opinion from BPK (Mardiasmo, 2015).

On the other hand, the WTP opinion from BPK cannot yet be the benchmark that government agencies are free from fraud or corruption. The status of WTP cannot also reflect that a government institution has carried out financial management in full. Conversely, obtaining a status below WTP also does not indicate criminal acts of corruption and poor performance (Hartono, 2017).

This situation made APIP nervous about the result of the reviews that they conducted in relation to the possible opinion granted by BPK. Therefore there was an initiative to obtain WTP opinion by bribing the BPK team (Nadjib, 2015). For example, the Inspector General at the Ministry of Villages, Disadvantaged Regions, and Transmigration was proven to give bribes to BPK auditors for WTP opinions for the 2016 fiscal year (Kompas, May 27, 2017); The Mayor of Tomohon was sentenced to 5 years 6 months in prison for being proven to give bribes to the BPK auditors representing the North Sulawesi Province in 2016 (ICW and Research Team Tirto.id, 05/30/2017). The Director General of Population and Civil Registration was also proven to give bribes to BPK auditors for granting WTP opinion in the 2010 fiscal year (ICW and the Research Team of Tirto.id, 05/30/2017).

The corruption, bribery, embezzlement, state assets misappropriation, and financial report fraudulent illustrate the failure of the internal control system. Inspectorate is not present as an early warning tool of fraud. As an early warning tool, inspectorate assigned to each government agency is allowed to carry out continuous and in-depth supervision to prevent deviations (Anggoro, 2015).

The control culture and audit in Indonesia is mostly influenced by the Dutch colonial model by adopting the *Inspecteur* model which was later adopted as Inspector (Jambi,

2016). Meanwhile, in the Arabian Peninsula the control culture, called *al-hisbah*, has long been institutionalized. This article aims to provide a new perspective on APIP by adopting the *al hisbah* control model that has been applied since the time of the Prophet Muhammad SAW.

2. Literature Review

2.1. Government Internal Control Apparatus (APIP)

The internal audit on public/government sectors was initially formed based on the Besluit No. 44 date October 31st, 1936 which stated that the *Djawatan Akuntan Negara* (DAN) was tasked to conduct research on the accounting of various state companies and certain offices. DAN can be said as the first APIP in Indonesia.

In order to improve performance, transparency, and accountability in state finances management, the President as the Head of Government regulated and organized a comprehensive internal control system. Therefore a Government Regulation Number 60 of 2008 was born which discussed the Government Internal Control System which until now has become the basis for APIP in carrying out its duties. The Government Regulation was issued based on the mandate of Law No. 1 of 2004 concerning State Treasury which revealed that the minister/head of the institution/head of regional government has the authority to oversee the implementation of the budget. Meanwhile, the inspectorate position of APIP at regional level is regulated in Government Regulation Number 79 of 2005 as amended by Government Regulation Number 12 of 2017 concerning the Development and Control of the Implementation of Regional Government and the Presidential Decree Number 103 of 2001 as amended by Presidential Regulation Number 145 of 2015 concerning the Position, Task, Function, Authority, Organizational Structure, and Work Procedure of Non-Ministry Government Institutions, while for ministries it is regulated in the Presidential Regulation Number 9 of 2005 as amended by the Presidential Regulation Number 7 of 2015 concerning the Organization of State Ministries.

On the other hand, external control is conducted by BPK based on the 1945 Constitution and then described further on the Law Number 15 of 2004. This makes the existence of the BPK external audit more robust and respected. Meanwhile, the establishment of APIP is only governed by Government Regulation Number 60 of 2008. There are no firm regulations regarding the position, function, and role of the APIP such as punishment for uncooperative working unit. This resulted in the underestimation of what was done by the inspectorate as APIP. Various organizational units often do not fulfill the obligation

to provide information requested by internal audit. There are still many agency leaders who are also still reluctant to follow up on the findings/recommendations from APIP (NAA RUU SPIP-Naskah Akademis Rancangan Undang-Undang Sistem Pengendalian Internal Pemerintah, 2013), because there are no punishment for those who do not fulfill the obligation to provide information and follow up on the recommendations given by internal auditor.

The reason is that the current institutional structure of APIP does not allow APIP to work independently and objectively. APIP, which is under the leadership of the institution/minister/regional head, is suspected of making the function of internal auditing powerless. This also makes APIP confined under the control of the leadership of the organization (Minister/ Head of Institution/Governor/Regent/Mayor). Seeing its legal position, APIP is still very dependent on the leader of K/L/Pemda (regional government). The appointment, rotation, and discharge of APIP personnel are carried out by the head of K/L/Pemda as General Secretary. In the regions, the APIP leadership is an Echelon II official, which is indirectly under the Regional General Secretary, which is the audit object of APIP itself.

The position of the Inspector General who is in the internal system of the ministry/institution makes it impossible to become an independent auditor in its environment (Umar, 2017). Government internal auditing is still not effective due to the vulnerability of APIP independency, because they are still very dependent on theministry/institution leaders. This situation makes it difficult for APIP to carry out its tasks independently and objectively. At the end, the inspectorate must carry out what the leader commands because there is no more work independency (Karnadibrata, 2015).

Because of this, various control activities are needed as a means to ensure that management has carried out its business activities efficiently (Walsh in Kurniawan, 2015). However, internal control carried out by APIP will not be effective in preventing fraud if there is collusion and neglection committed by the management (Legawa, 2015). APIP cannot be put under the executive in structure, APIP must be strengthened by a more independent organizational structure (Herman, 2017).

In addition, the Association of Indonesian Government Internal Auditors (AAPI) suggests that one of the triggers for corruption in ministries and institutions is the internal auditors who have not been able to detect corruption (Warta Pengawasan, 2013). Human Resources, both from the aspect of quality and quantity, becomes a stumbling block in carrying out their tasks (Warta Pengawasan, 2017). From the results of the 2016 APIP capability assessment, it is found that nationally the APIP capability is at level 1 (initial) with 93.96%; level 2 (infrastructure) at 5.74%; and level 3 (integrated) at 0.30%. APIP

has never had a capability in level 4 (managed) or level 5 (optimizing). The number of APIPs that are still at level 1 means that APIP has not been able to provide assurance that the programs or activities carried out by the government are in accordance with the laws and regulations; APIP has not been able to prevent corruption; and APIP has not been able to provide assurance for the efficiency and effectiveness of government programs/activities. In other words, APIP has not played an adequate role and carried out its functions optimally (NA APIP Inpres, 2014).

In other words, the current inspectorate has not been able to provide assurance that the programs/activities carried out by the government are in accordance with the rules and have not been able to prevent corruption and provide assurance for the efficiency and effectiveness of government activities.

Based on the International Standards for the Professional Practice of Internal Auditing 1210.A2 internal auditors are required to have sufficient knowledge to detect fraud symptoms within the organization. Therefore, strategic efforts are needed for APIP to increase its auditing role, so that the existence of APIP in agencies is able to detect fraud as soon as possible.

There have been many studies that discuss the role of APIP, studies which generally detect various factors that cause APIP to not being optimum in carrying out its role. There are several studies on the effectiveness of the role of APIP in organizations and aspects that affect APIP's performance, including Hastuti (2014); Naa (2014); Prasetyani (2015); Kalembu (2016); Sahrial (2016); and Lesmana (2016). Meanwhile, for the studies of *hisbah*, many of them discuss the implementation of *hisbahin* relation to the control of the market (Jaelani, 2013; Dogarawa, 2013; Kusumawati, 2015). In addition, the studies of *hisbah* also discuss the history of the development of *hisbah* from the time of the Prophet Muhammad SAW to medieval times (Jaelani, 2013; Solikhin, 2015; Fitri, 2009; Halim 2011; Muhibbuthabry, 2014; Kusumawati, 2015). There is no research that combines the control by APIP with the control based on *al hisbah*.

2.2. Al-Hisbah

Hisbah comes from the root word *h-s-b* which means "arithmetic problem; total number; reward". The word *hasaba yahsubu* means "to count; to measure", the verbal form is *ihtasaba* which means "consider; expect reward in the afterlife with the good deeds when someone is calculating with Allah". Perhaps this is where the use of the noun *ihtisab* is then identified with the activities of someone who invites others to do good (*ma'ruf*) and forbids them to do evil (*munkar*) in the hope of getting reward in the

afterlife (Khan, 1985). According to Abdul Azis ibn Muhammad ibn Mursyad 1395 H in Khan (1985), the meaning of *hisbah* is a state institution that is tasked to promoting what is good and preventing what is bad (*al amr bi al ma'ruf wa al-nahyu 'an al-munkar*).

Hisbah is an institution with the authority to enforce *amar ma'ruf nahy munkar* which does not include the authority of *umara* '(ruler), *qadha* and *al mazalim* region (Ibn Taymiyah, tt). Similar to Ibn Taymiyah, Al Mawardi (2014) and Al Khafif (1961) in Al Mash (2006) also defined *hisbah* as an institution that ordered goodness if someone leaves it and prohibited evil when someone does it. In line with this, Ibn Khaldun (2001) also states that *hisbah* is a religious institution that is a part of the *amar ma'ruf nahy munkar* which is an obligation for all Muslims.

The Prophet Muhammad SAW was the first *Muhtasib* in Medina and had laid the foundation for upholding community ethics to be used as a rule in everyday life (Ahmad in Holland, 1982). After that the Prophet Muhammad SAW gave up the *hisbah* institution to be managed by his companions by appointing Umar Ibn Khattab as the *muhtasib* in Medina and Said ibn Said ibn Al Ash Ibn Umayyah as the *muhtasib* in Mecca (Akram Khan in Holland, 1982).

Along the way, the *hisbah* institution was then passed on by the caliphs. The caliph-appointed the *muhtasib* directly to supervise what happened in the market and prevent crimes (Solikhin, 2005). Thus the independence of the *Hisbah* institution is undoubted, as told by ANJ:

“The institution of *hisbah* and its references are directly originated from the sultan/ruler so that it has independency in carrying out its tasks” (interview with ANJ, 4/1/2018)

Since the time of the Prophet, the *hisbah* institution was quite effective in overseeing the dynamics of the economy of the community. This success is strongly supported by the commitment of all members to the mission and the task of supervision in the field in which they always steer away from the acts of collusion and from accepting *grisywah*/bribery (Cahyadi, 2010). In addition, honesty is the main capital that *amuhtasib* must have, as stated by MLY

“...honesty is the fortress that keeps all deeds [of perversity] away.”

Having courage, broad insight, and piety is other requirements that must also be met by a *muhtasib* (interview with MLY, 31/12/2017). With the possessed courage, the *muhtasib* is able to do *amarma'rufnahimunkar* against what is happening in society. The category of the acts of *munkar* includes all violations of *syara* 'provisions that hurt

the public interest. The acts of corruption, manipulation, and other deviations from state duties are also categorized as acts of *munkar* (Basyir, 2011)

According to Romly (2015) in the context of control in Indonesia, inherent control is a continuous control by the superiors to the subordinates directly/repressively so that the subordinates can carry out their tasks well. Initially, the inherent control was effective, but as the time goes by the focus of auditing is began to shift from repressive to preventive action. The focus of repressive audit is in the form of efforts to repress the mistakes that have occurred, while preventive measures are preventive so that errors does not occur or even if they occur they can be identified immediately. Therefore, the preventive monitoring activities are much needed so fraud can be minimized.

Jaelani (2013) explained that after the time of Prophet Muhammad SAW, the role of *al-hisbah* institution was continued by *Khulafa'Ar Rasyidin*. The success of *hisbah* institution at that time was supported by the effectiveness of the work of officers who were committed, honest, and fair in carrying out their mission and supervisory duties in the field. This commitment keeps the *hisbah* officers away from collusion and from accepting *risywah* (bribery). According to Mujahidin (2011) and Kusumawati (2015) the need for *hisbah* institution to supervise and prevent irregularities in economic activities becomes the main thing. Even in Nigeria, the *hisbah* institution that has been established since 1999 turns out to be very useful and successful in conducting the examination. The *hisbah* institution even works together with the government to ensure the implementation of ethical business and financial practices (Dogarawa, 2013)

3. Method

This research uses a qualitative approach with the tauhid paradigm, which is a paradigm that combines revelation, ratios, and empiricism and intuition at the same time. The revelation (the Quran) is especially the most authoritative source of Islam that needs to be positioned as the fulcrum and starting point for improving the life of the people including in the field of science (Kuntowijoyo, Al-Qur'an). On the contrary, in the secular paradigm, science is considered as objective, value-free, and free from other interests. Even science will replace revelation as a guidance to life and will replace religion (Kuntowijoyo, 2006). On this basis, the researchers used the tauhid paradigm with constructivist method to construct the government internal control systems based on *al hisbah*.

Data was collected by conducting in-depth interviews and literature review. The data is analyzed using comparisons between literatures and with APIP practices in

Indonesia. Reconstruction created by finding similarities in the concept of supervision on institutional and human resources aspects and then making critical reflection. The results of this critical reflection are then presented as a construction.

4. Findings and Discussions

4.1. APIP institutional structure

The current conditions make it difficult for APIP to carry out assignment objectively, transparently and accountably, especially if the audit object is directly related to the interests of Government leaders. As expressed by SDP:

“...[if] the auditor finds several findings, there is a tendency that the regional leader finally refuses to follow up, even replace the auditor. Because it’s like expose your own mistakes...”(interview with SDP 12/01/2018)

Therefore, the institutional structure of the APIP is not reflect independence, both in fact and in appearance (BPKP, 2017). The longer APIP is in a position where its objectivity is doubted, the more it will eliminate the spirit and character of the independence of APIP. This was also expressed by HYU:

“...in fact our auditors can hardly be perceived as independent, because they are structurally impossible to be independent...” (interview with HYU, 26/12/2017).

In many cases like this, when the economic and political interests of the Government leaders and the goodwill institution must be secured, the role of APIP then becomes dysfunctional/barren (Prasodjo, 2015). Even the *ewuh pakewuh* culture is still very strong within the circles in APIP, so that the internal control function in each institution seems to be powerless in preventing violations (Integrito, 2009). Feelings of reluctance usually arise when APIP finds suspected violations of rules involving a number of the institution official, so those cases are not reported and followed up. Nowadays, Umar (2016) acknowledges that APIP is in a dilemma, because APIP has inherent obstacles, being a part of an organization under minister/chairman of the institution/regional. It is difficult for APIP to act independently if the audit assignment concerns the reputation of the agency, because APIP is only authorized to submit its report to the leadership, and then the leader it self who has the authority for the next steps. In accordance with this, MWA also stated:

“...[if there is a finding] they report [the finding] to the leader, if the leader [disagrees] then abandoned..so APIP cannot be independent...the point is APIP can not independent and professional...” (interview 28/12/2017).

Independency of APIP is named to be the reason for APIP’s ineffectiveness in eradication and perform good governance. This conclusion is based on the fact that APIP is appointed and discharge by the leadership of the institution, both the Minister, the Head of the institution, the Governor, and the Regent/Mayor. The Inspectorate is powerless because the position is under the highest leader of the ministry or the institution. In response to that, BSS stated that:

“In Indonesia there are still many whose independence is influenced by position, so because he [the Inspectorate] is under the leader, if the leader makes a violation then the auditor will not dare...” (interview 15/01/2018).

With such conditions, APIP’s independence in carrying out its internal control function certainly becomes ineffective. APIP cannot possibly control, detect, or prevent corruption when its superiors are targeted (KPK, 2017).

Even though APIP functioning as internal control, based on the institutional structure they are still under the shadow of the head of the institution. The position of the Inspectorate as subordinate to the head of institution is often blamed as the cause of the ineffectiveness of the role of APIP as an internal control. It is difficult for inspectorate to carry out its functions as an internal control objectively and independently. The warning from APIP is often ignored or even the auditors get punish because they are considered not to accommodate the wishes of their superiors.

The position of APIP under the regional leader creates dependency. One of them is human resources management such as, appointment, rotation, and discharge of state civil servant within regional inspectorate are carried out by the regional secretaries (Mosii, 2017). It is difficult to measure the effectiveness and objectivity of audit report.

4.2. Contextualization and Institutional Reconstruction

Currently, the form of organizational structure of *hisbah* institution was still uncertain (interview with JLN and MLY, 12/31/2017). However, based on the history, both the Prophet and Caliphs had chosen the *hisbah* officials themselves. During the period of *Daulah Abbasiyah*, *hisbah* was structurally positioned under the judicial institution (*qadha*), but is still accountable to the caliph (Solikhin, 2005).

The government internal control institution has the same duties and functions with the *Al hisbah* institution, which aims for enforcing *amar ma'ruf nahi munkar*. When compared with the APIP institution, the *Al hisbah* institutional form has strong and binding regulations, because *Al hisbah* is an institution that has a control function from the government (Mujahidin, 2012). Thus *Al hisbah* have a high authority and extensive domain to regulate the market so that it becomes an Islamic market. JLN revealed that

“There is a concept that can be implemented at all time, including maybe the role and function of *hisbah* and its officers can also be implemented in the internal control unit in Indonesia.” (interview with JLN, 4/1/2018)

Hisbah institutional structure as a supervisor that is not under any institution makes the supervisory institution more independent than if it is within an organization. This will reduce leadership intervention on the roles and functions of the APIP. Thus APIP will also have the freedom to access information that supports its steps in conducting controlling activities.

Here we present the current organizational structure of government internal control organizations (picture 1) and the structure adopted from *hisbah* institution (picture 2),

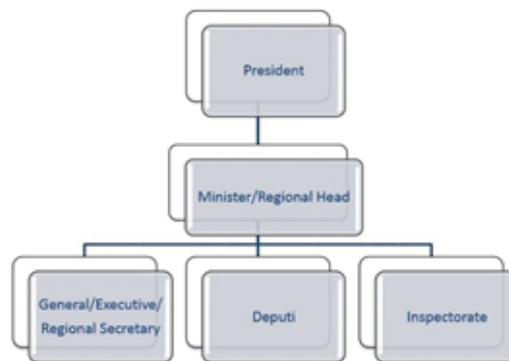


Figure 1: The current organizational structure of APIP’s from *hisbah* institution.

From the above structures (picture 2) it can be seen that under the President there is a National Inspectorate who is positioned as a Minister-level official who is directly responsible to the President and is stationed in the Capital City. Even though it is at the ministerial level and is directly responsible to the President, the position of the National Inspectorate is unlike the Audit Board of Indonesia (BPK). This National Inspectorate remains an internal supervisor for each ministry that can provide guidance to institutions and not becoming a state institution. BPK is the state institution that is equal to the President, while the National Inspectorate is an institution under the President (interview with SDP, 5/1/2018). The dashed line connecting the National Inspectorate with the Minister is the coordination line. This shows that the National Inspectorate and the

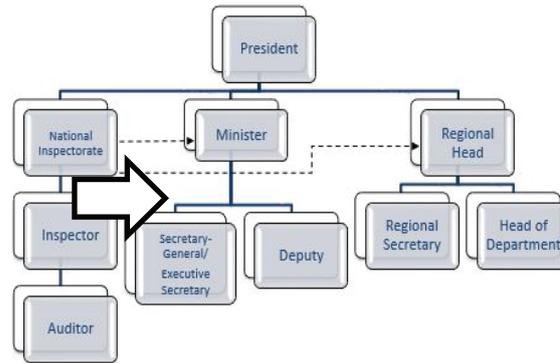


Figure 2: New structure of APIP adopted.

Ministers must coordinate with each other in achieving organizational goals. However, the Ministers and the Inspectorate do not have direct command relations, meaning that the Minister does not have the right to intervene.

The National Inspectorate consists of Inspectorate General, Main Inspectorate, Provincial Inspectorate and District/City Inspectorate. The task of the National Inspectorate is to audit the state financial accountability, compliance audit and evaluate performance of government institutions for certain activities, provide consultant as well as developing the capacity of internal control. In addition, the National Inspectorate also carries out quality assurance on the process and achievement of objectives by the institutions and provides consultation on the administration of government management.

To strengthen the position of APIP as a provider of early warning of violations such as the case with *Al hisbah* institution, the government needs to make regulations that have binding legal powers and must be obeyed by all elements of the organization. By issuing strong regulations, a strong structure will be established when there are laws that protect it.

In order for APIP to carry out its tasks properly, it is necessary to have a strong legal protection to support the implementation of these obligations. APIP endorsement needs to be supported by law, not just government regulations. The current government regulation does not have a strong binding capacity so that its enforcement power is low (NA RUU SPIP, 2013). With the existence of an act that protects APIP, when there are improvements recommended by APIP but not followed up by the institutions as well as restrictions on access to information by the auditee, defect serious punishment.

4.3. Human Resources Reconstruction And Lack of Budget

In terms of internal audit human resources, it is found that there is still insufficient staff to carry out the role of internal audit optimally. Based on the results of a Ministry of Internal Affairs study in 2017, the number of APIP officials in Indonesia is approximately 16,000 people, while the ideal number is 26,000, so there is a shortage 10,000 people. This also happened to APIP in the ministries/institutions, in which out of 46,000 person needed, only about 16,000 person were hired, so that around 30,000 person are still needed (KPK, 2017). However, until now auditor does not have sufficient competency to implement effective internal control practices. The competencies in question are, among others, the competence of consulting services in order to support the improvement of the quality of the Central Government's Financial Statements (LKPP); detecting fraud/corruption in the procurement process, state/regional revenues, public services and human resources management; and evaluating the implementation of good governance (NA RUU SPIP, 2013).

Regarding the problems on APIP capabilities, since 2012 the BPKP has conducted mapping in relation to the capacity and professionalism of APIP using the Internal Audit Capability Model (IACM). Based on the results of the mapping conducted by BPKP in 2016, it is found that the APIP capability is at level 1 (initial) of 93.96% nation-wide; level 2 (infrastructure) at 5.74%; and level 3 (integrated) at 0.30%. No APIP has the capability in level 4 (managed) or level 5 (optimizing). The number of APIP that are still at level 1 means that APIP has not been able to provide assurance that the programs or activities conducted by the government are in accordance with the laws and regulations; APIP has not been able to prevent corruption; and APIP has not been able to provide assurance for the efficiency and effectiveness of government programs/activities. In other words, APIP has not sufficiently played its role and carried out its functions optimally (NA Inpres APIP, 2014). Agreeing with this, HYU as an expert on public-sector audit stated that:

“...it [APIP] is not able to detect [the violations] because it does not possess the competency...” (interview with HYU 26/12/2017)

Therefore, having an auditor certificate is not enough, there must be continuous improvement capacity development, as stated in the Indonesian Government's Internal Audit Standard (SAIPI) that auditors are required to take the auditor's functional position certification education and training (JFA) according to their level and other certification and continuing professional education. However, not all APIP officials have sufficient competence, sometimes they are facing conflict with interest, as expressed by SDP

“...I believe it’s impossible that the internal auditor do not know about it, but they are afraid to speak out, or even if they do maybe the leaders don’t respond to them...”(interviewwith SDP 6/01/2018).

On the other hand, budget limits have caused inadequate competency development and supporting infrastructure facilities. Internal control budget allocated by the ministries/institutions is minimum, average 1% of the total ministry/institution’s budget, while the budget allocated for Provincial/District/City Inspectorates is under 1% of the total regional budget. Meanwhile, in the Minister of Internal Affairs Regulation, the budget allocation for internal control must be at least 1% of the regional budget. Therefore, the expenses are bigger than the income; the role that APIP plays is so great in carrying out internal control, but apparently it is not supported by a sufficient budget. The impact is APIP’s performance cannot be optimal.

In principle, the act of controlling depends to each person, in which each human being must realize that within him there is already an inherent control, which is the supervision by Allah (MLY interview, 31/12/17). By being aware of this, piety will be the most effective control.

To strengthen the position of APIP as a provider of early warning of violations such as the case with *Al hisbah* institution, the government needs to make regulations that have binding legal powers and must be obeyed by all elements of the organization. By issuing strong regulations, a strong structure will be established when there are laws that protect it.

5. Conclusion

Based on the result of the analysis, there are three main weakness of the government control system. *First*, the organizational structure of APIP, both in ministry/institution level or in regional level is not entirely independent as a result of the lack of legal regulations. *Second*, the lack of integrity, capability, and quantity of APIP cause its performance cannot assure the process of government management according to the regulations nor prevent violations. *Third*, the relatively low budget for internal control (in average amount to 1% in ministry/institution budget and 0.5% of the regional budget) shows that Inspectorate has not received appropriate appreciation.

The contextualization of *al hisbah* institution allows the government to reconstruct its internal control system by reorganizing the institutional system and structure. The alternative system includes an independent organizational structure, adequate quantity

and quality of the human resources as well as sufficient budget in the level of central government, ministry/institution, and regional government. Ultimately, this system allows APIP to work independently without the intervention of conflicts of interest.

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