

APIP's Role in SPIP to Support Defense Force Development

Awan Surya*, Mhd. Halkis & Tarsisius Susilo

Military Campaign Strategy, The Republic of Defense University Sesko TNI Bandung, Indonesia

Submitted: 03 July 2024; Reviewed: 28 July 2024; Accepted: 21 November 2024

*Corresponding Email: awansurya23@gmail.com

Abstract

Law No. 1 of 2004 mandates accountable and transparent management of state finances in Indonesia. To ensure compliance, efficiency, and good governance, the effective implementation of APIP (Aparat Pengawasan Intern Pemerintah or Internal Government Auditors) is crucial. Enhancing the role of APIP is necessary to address the low quality of state financial management, ensure accountability, and support bureaucratic reform for transparent and efficient governance. **Purpose:** This study aims to analyze the role of APIP within the SPIP (Sistem Pengendalian Intern Pemerintah or Government Internal Control System) framework to support the development of Indonesia's defense forces. The research employs a qualitative descriptive method to explore the role and impact of APIP in state financial management and defense force development. **Results:** The study reveals a significant improvement in the capabilities of APIP over recent years. In 2015, 85.23% of APIP units were only at capability level 1, which indicates basic operations without full adherence to professional standards. By 2022, 54.74% of APIP units had reached capability levels above 3, indicating compliance with professional standards, enhanced risk management, and improved organizational governance. This increase in capability supports more robust oversight, particularly in the Ministry of Defense and the Indonesian Armed Forces, where APIP plays a vital role in overseeing budget management, the modernization of defense equipment, and the improvement of human resources. **Conclusion:** While the improvement in APIP capabilities enhances effectiveness, the assessment of efficiency in state financial management remains underemphasized. Addressing this gap is essential for the country's financial reforms aimed at improving public services and ensuring fiscal sustainability. APIP not only maintains integrity, transparency, and accountability but also supports the development of defense forces through comprehensive financial, management, and social audits. The focus on both efficiency and effectiveness is critical to strengthening the relevance of these findings in achieving sustainable governance and defense objectives.

Keywords: Budget; APIP; SPIP

How to Cite: Surya, A., Halkis, M., & Susilo, T. (2024), APIP's Role in SPIP to Support Defense Force Development. *Journal of Education, Humanities and Social Sciences (JEHSS)*. 7(2): 674-687.



INTRODUCTION

The implications of Law No. 1 of 2004 on the State Treasury necessitate a more accountable and transparent state financial management system. To achieve a sound control environment, it is crucial to implement an effective role for the Government's Internal Supervisory Apparatus (APIP). An effective APIP should provide adequate assurance of compliance, prudence, efficiency, and effectiveness in achieving government agency objectives. They should also be able to provide early warnings and enhance risk management effectiveness while maintaining and improving the quality of government organization governance under Government Regulation No. 60 of 2008 on the Government Internal Control System (SPIP) (Akbar, 2012).

The still-low quality of state financial management indicates that APIP's role has not been effective. According to BPKP (2013), APIP has not been able to provide optimal assurance for the achievement of organizational objectives. To enhance APIP's role effectiveness, professional and competent auditors and high-quality internal audit results are needed. Audit standards must be followed to maintain internal audit quality (Sinclair, 1995).

Government Regulation No. 60 of 2008 brought significant changes to APIP's role, which now not only provides assurance but also performs a consultancy role to add value to the organization. The optimal consultancy role must meet four criteria outlined in the Technical Guidelines for Enhancing APIP Capability using the Internal Audit Capability Model (IA-CM) method (IIA, 2012).

Law No. 1 of 2004 on State Treasury also emphasizes the need for a more accountable and transparent state financial management system. According to Akbar et al., (2012), one of the main issues faced by the Indonesian government is the heterogeneity of government institutions, leading to an inability to produce and implement the same level of accountability at all levels. Financial accountability is a strategic policy issue because improving accountability and transparency is key to achieving good governance (Sinclair, 1995). Every government official must ensure that state financial management is carried out based on principles of efficiency, effectiveness, transparency, public accountability, and fairness, supported by quality human resources (Harun et al., 2013).

According to Morgenthau, national power consists of nine main components: geography, natural resources, industry, military, population, national character, morale, diplomacy, and government. A nation's ability to influence others through ideology, culture, or international politics is part of soft power. In contrast, a nation's ability to compel others with military or economic power constitutes hard power (Nye, 2004).

The state uses defense as the main tool to create national security, which includes territorial security, sovereignty, and the security of every citizen. National stability, economic and social progress, and the democratic system heavily rely on national security funding managed by government institutions such as the Ministry of Defense. Defense policy is a public policy area focusing on the military, security, and state defense. The goal of this policy is to safeguard national sovereignty, the territory of the Republic of Indonesia, and the safety of the entire nation from threats and disturbances, in line with Law No. 3 of 2002 on State Defense (Mattern, 2005).

The state defense policy aims to manage all resources to achieve defense objectives, support national progress, and protect the nation from threats. Achieving defense and security independence requires the implementation of appropriate policies and strategies based on Pancasila and the 1945 Constitution. The 2018 State Defense Policy and Presidential Regulation No. 8 of 2021 on General Defense Policy 2020–2024 are the latest public policies following technological developments and increasingly unpredictable threats (Wilson, 2008).

Implementing state defense requires a defense budget that reflects the nation's commitment and capability to manage the defense system. The defense budget is allocated for management, modernization of defense equipment, welfare of soldiers, force utilization, defense human resources development, education, research, and defense policy. The defense budget also provides an overview of the necessary defense budget for the following year and reflects the nation's capability to conduct military operations (Jones, 2008).

Effective defense budget management is needed to face military and non-military threats and develop defense human resources. Transparency, accountability, and efficiency are crucial to achieving optimal results. The Government Internal Control System (SPIP) is an internal management and control mechanism designed to ensure that all activities and decisions are made according to accountability and efficiency principles (Christmann et al., 2006).

SPIP is a key instrument supporting these efforts, covering effective and efficient activities, accurate financial reporting, protection of state assets, and compliance with laws. To enhance the Ministry of Defense's accountability, Financial Reports must be presented reliably. Every leader, official, and employee of the Ministry of Defense and the TNI must improve the implementation of Internal Control over Financial Reporting (PIPK) systematically, organized, and well-documented (Brands, 2016).

The implementation of Bureaucratic Reform has entered three periods of the RB Road Map since the Grand Design RB 2010–2025 was published. Various improvements have been made in governance, from simplifying bureaucracy, developing an integrated national SPBE architecture, budget efficiency, to integrating public services in public service malls (Porter, 2010).

Minister of PANRB Regulation No. 3 of 2023 emphasizes SPIP's role as one of the main pillars of bureaucratic reform. SPIP aims to enhance performance accountability and realize a clean and accountable bureaucracy. In this research context, SPIP plays a role in improving the efficiency and effectiveness of budget use and applies to all government agencies, including the Ministry of Defense and the TNI (Cavelty et al., 2009).

Based on the 2022 Financial Report examination results, issues were found related to internal control systems and compliance with statutory regulations. The management of Non-Tax State Revenue (PNBP) from BMN utilization and education provision did not fully meet requirements. Performance allowance payment to staff on study assignments at the Ministry of Defense units was not compliant, and the implementation of SAKTI at the Ministry of Defense and the TNI was not fully adequate (BPK Report, 2022).

Several findings were also related to the procurement of main weapon systems (alutsista), such as the procurement of five combat boats AL D-18 that did not comply with regulations and procurement results not supported by the required contract provisions. The procurement process for communication equipment and system optimization at Diskomlekal also did not fully comply with regulations, and specification changes in Koarmada III Sorong communication equipment procurement were not included in contract amendments, and communication equipment distribution was not supported by BAST (BPK Report, 2022).

The Indonesian government continues to strive to improve performance and competitiveness through bureaucratic reform and enhancing accountability and good governance. SPIP is a crucial instrument in achieving these goals and ensuring that all activities and decisions by the Ministry of Defense and the TNI are carried out according to accountability and efficiency principles (Greenhill, 2010).

Given this background, SPIP is designed to ensure that organizational activities are conducted effectively to achieve good governance. An essential part of SPIP is the effective role of



APIP in conducting internal supervision. APIP not only performs assurance activities but also consultancy that can add value and improve organizational operations (Cooper et al., 2013). Assurance activities include objective examinations to provide independent assessments of risk management and organizational control, while consultancy provides advice and services that can enhance organizational governance without taking over management responsibilities (IIA, 2012). However, APIP's role is currently not optimal. BPKP's assessment of APIP capability throughout Indonesia from 2010 to 2016 shows that APIP's role needs further improvement. This assessment uses the IA-CM model developed by The Institute of Internal Auditors (IIA) after adaptation.

RESEARCH METHODS

This study employs a descriptive qualitative approach to thoroughly examine the role of APIP (Aparat Pengawasan Intern Pemerintah or Internal Government Auditors) within the SPIP (Sistem Pengendalian Intern Pemerintah or Government Internal Control System) framework, specifically in supporting the development of Indonesia's defense forces. The data was meticulously gathered through an extensive literature review, which included the collection and analysis of a wide range of sources, such as articles, books, journals, and other relevant documents related to APIP's role, its implications, and the implementation of defense policies. The analysis process is guided by the framework developed by Miles, Huberman, and Saldana (2014), which involves four key stages: data collection, data condensation, data display, and conclusion drawing and verification. Each stage is meticulously documented to ensure transparency and to create a clear audit trail, thereby enhancing the research's reliability.

To ensure the validity and reliability of the findings, the study adheres to several rigorous criteria. Credibility (Internal Validity) is achieved through triangulation, where multiple data sources are cross-verified to provide a well-rounded perspective, and member checks are conducted with experts or stakeholders to ensure the findings accurately reflect the data. Prolonged engagement with the data allows for a deeper understanding of the context, further solidifying the study's internal validity. Transferability (External Validity) is ensured by providing detailed, context-rich descriptions that enable readers to assess whether the findings can be applied to other settings. By thoroughly describing the context in which APIP operates within SPIP and its role in defense force development, the study offers insights that may apply to similar governmental or defense structures in other countries. Dependability (Reliability) is maintained through a comprehensive audit trail, where every step of the research process—from data collection to analysis and conclusion—is transparently documented, ensuring that the study can be reliably replicated under similar conditions. Confirmability (Objectivity) is secured by minimizing researcher bias through reflexivity, which involves reflecting on and addressing any potential biases that could affect the research. A clear chain of evidence is maintained, allowing others to trace the reasoning behind the findings, and data sources are cross-referenced to confirm the neutrality and objectivity of the conclusions.

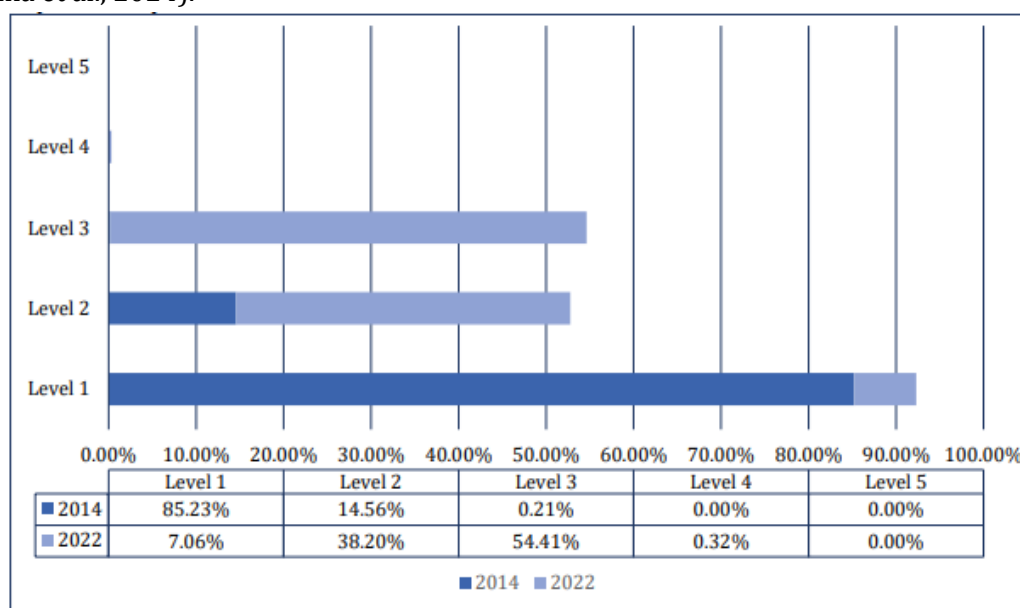
By adhering to these rigorous standards, this study provides a reliable and valid analysis of APIP's role within SPIP and its critical function in supporting the development of Indonesia's defense forces. The processes of data triangulation, detailed context description, comprehensive documentation, and bias minimization collectively ensure that the findings are trustworthy and applicable to broader contexts within governmental and defense-related fields.

RESULTS AND DISCUSSION



APIP Capability Levels in SPIP

Development Supervisory Agency (BPKP) has assessed the capability level of APIP as an indicator of its contribution to achieving organizational objectives. BPKP Regulation No. 6 of 2015 on the Grand Design for Enhancing APIP Capability 2015-2019 indicated that in 2015, 85.23% of APIPs were still at capability level 1 on a scale of 5 (BPKP, 2015). This indicates a risk that APIP may not yet be able to fulfill its role and provide optimal value to the organization. This situation saw significant improvement by 2022. According to BPKP data (2022), by 2022, 54.74% of APIPs had achieved capability levels above 3, 38.2% were at level 2, and 7.06% remained at level 1 (Permana et al., 2024).



Picture 1. Comparison of APIP Capability Levels in 2014 and 2022

Source: Performance Report of BPKP in Permana et al., 2024

According to BPKP (2021), APIP at level 3 has been able to carry out supervision activities by professional standards and practices, and the results of APIP supervision have shown good quality and can provide compliance assurance and aspects of 3E (economy, efficiency, and effectiveness), early warning, as well as increasing the effectiveness of risk management and improving organizational governance of K/L/D. Based on this data, It can be concluded that most of the APIPs today (54.74%) have made a fairly effective contribution to the organization. However, this capability level measurement focuses more on the effectiveness aspect of APIP's role and does not further analyze whether APIP has operated efficiently in achieving the effectiveness of its role. Efficiency, along with effectiveness, has been a key objective in the country's financial reforms that have been mandated in laws where efficiency has become a core component of government reforms. The implementation of reforms often emphasizes the improvement of public services which requires the government to be more efficient (Liou, 2017). Furthermore, higher government efficiency is also needed to provide fiscal space in meeting the need to achieve sustainability (Baum et al., 2017)

The Role of APIP in the SPIP of the Ministry of Defense of the Republic of Indonesia

The Government Internal Supervision Apparatus (APIP) has a crucial role in ensuring that all activities within the Ministry of Defense (Kemhan) and the Indonesian National Army (TNI) run under the regulations and ethics that have been set. In the context of the Government Internal

Control System (SPIP), APIP functions to maintain integrity, transparency, and accountability in various defense activities aimed at building and strengthening national defense strength. Regulation of the Minister of Defense of the Republic of Indonesia Number 35 of 2013 concerning the APIP Code of Ethics within the Ministry of Defense and the TNI regulates the Code of Ethics Honorary Council which is responsible for supervising and enforcing the APIP Code of Ethics. In this article, the roles, responsibilities, and authorities of the APIP Honorary Council will be discussed as well as how they contribute to supporting the development of defense forces through the implementation of SPIP (Klotz et al., 2007).

1. Role of the APIP Code of Ethics Honorary Council

The APIP Code of Ethics Honorary Council has a central role in maintaining ethical standards and professionalism within the Ministry of Defense and the TNI. Their main roles include enforcing the code of ethics, supervising the implementation of APIP duties, and resolving disputes or ethical violations that occur. As the entity responsible for overseeing APIP's performance, the Honor Board acts as an integrity enforcer that ensures that each member of APIP acts under established ethical principles (Weiss, 2000).

2. Responsibilities of the APIP Code of Ethics Honorary Council

The responsibilities of the APIP Code of Ethics Honorary Council within the Ministry of Defense and the TNI are very broad and include various important aspects in internal supervision. They are responsible for (Bratton et al., 2006):

- 1) **Establishing and Developing a Code of Conduct.** The Honorary Council is responsible for setting a code of ethics standards for APIP and ensuring that these standards are always updated and relevant to the times. This includes adjustments to changes in policies, regulations, and operational situations in the defense environment.
- 2) **Supervising the implementation of the Code of Ethics.** They ensure that each APIP member complies with the code of ethics that has been set. This supervision includes monitoring and evaluating the performance and behavior of APIP in carrying out its duties.
- 3) **Dealing with ethical violations.** The Honorary Council acts as an internal law enforcement agency that handles ethical violations by APIP members. They are authorized to conduct investigations, prepare reports, and provide appropriate sanctions for violations that occur.
- 4) **Providing Coaching and Education.** Another responsibility is to provide coaching and education to APIP members about the importance of the code of ethics and how to apply it in daily tasks. It aims to increase awareness and understanding of integrity and professionalism.

3. Authority of the APIP Code of Ethics Honorary Council

The APIP Code of Ethics Honorary Council has broad authority to carry out its duties and responsibilities. These powers include (Fukuyama, 2004):

- 1) **Conduct Investigations.** The Honorary Council has the authority to conduct investigations into alleged ethical violations by APIP members. These investigations are conducted independently and objectively to ensure fairness and transparency.
- 2) **Compile Sanctions Recommendations.** Based on the results of the investigation, the Honorary Council is authorized to compile sanctions recommendations against violators of the code of ethics. These sanctions can be in the form of warnings, suspensions, and dismissals, depending on the level of the violation committed.

- 3) **Giving Approval to the Ethics Policy.** The Honorary Council also has the authority to give approval to the ethics policy proposed by the APIP leadership. This ensures that every policy implemented is aligned with the ethical principles that have been established.
- 4) **Submitting Reports.** They are authorized to submit reports to the leadership of the Ministry of Defense and the TNI regarding the results of the investigation, sanctions recommendations, and the implementation of the code of ethics. This report is used as a basis for decision-making and evaluation of APIP's performance.

4. APIP's Role in SPIP

In the context of SPIP, the role of APIP is very important in supporting the development of defense forces. APIP is responsible for ensuring that all activities and programs within the Ministry of Defense and the TNI run by the principles of good internal control. Here are some of the main roles of APIP in SPIP (Van Kersbergen et al., 2004):

- 1) **Control and Supervision.** APIP is tasked with controlling and supervising all activities and programs carried out by the Ministry of Defense and the TNI. They ensure that each activity complies with applicable regulations and standards, as well as identify and manage risks that may arise.
- 2) **Performance Evaluation.** APIP conducts performance evaluations of programs and activities carried out by the Ministry of Defense and the TNI. This evaluation aims to assess the effectiveness, efficiency, and accountability of each program implemented.
- 3) **Increased Transparency and Accountability.** APIP plays a role in increasing transparency and accountability within the Ministry of Defense and the TNI. They ensure that the entire decision-making process is carried out openly and can be accounted for.
- 4) **Audit and Inspection.** APIP conducts audits and inspections of all activities and programs carried out by the Ministry of Defense and the TNI. This audit is carried out to ensure that all activities are carried out in accordance with applicable regulations and standards, as well as to identify and manage risks that may arise.
- 5) **Giving Recommendations.** Based on the results of the audit and evaluation, APIP provides recommendations to the leadership of the Ministry of Defense and the TNI regarding improvements and performance improvements. This recommendation aims to improve existing systems and processes, as well as increase effectiveness and efficiency in carrying out duties and responsibilities.

5. APIP's Support in Defense Force Building

The role of APIP in SPIP is very important in supporting the development of defense forces. Through effective supervision and control, APIP ensures that all activities and programs within the Ministry of Defense and the TNI are run by applicable regulations and standards. Here are some examples of how APIP supports defense force building (Ghani et al., 2005):

- a. **Modernization of Defense Equipment.** APIP ensures that the procurement process of defense equipment is carried out in a transparent and accountable manner. They conduct an audit of the procurement process to ensure that the purchased defense equipment is in accordance with the required specifications and the available budget. Based on data from the Ministry of Defense, in 2022, Indonesia managed to allocate 75% of the defense budget for defense equipment modernization.
- b. **Budget Management.** APIP plays a role in ensuring that the defense budget is managed efficiently and effectively. They supervise the use of the budget to ensure that every rupiah spent provides maximum benefits for the development of defense forces. According to the

BPK report, Indonesia's defense budget in 2022 reached Rp 134 trillion, an increase of 15% from the previous year.

- c. **Improving the quality of human resources.** APIP evaluates training and education programs within the Ministry of Defense and the TNI. They ensure that these programs are run by the set standards and provide maximum benefits for improving the quality of human resources in the defense environment. Based on BPS data, in 2022, Indonesia's labor force participation rate will reach 70%, showing great potential in supporting national defense and development.
- d. **Strengthening the Internal Control System.** APIP plays a role in strengthening the internal control system within the Ministry of Defense and the TNI. They ensure that the entire control process is carried out by SPIP principles and protect against risks that may arise. According to a report by the Ministry of PANRB, in 2022, Indonesia's bureaucratic reform index increased by 10% compared to the previous year.

Implementation and Application of APIP in SPIP to Support Defense Force Development

The Government Internal Supervision Apparatus (APIP) has a very important role in supporting the development of defense forces through the Government Internal Control System (SPIP). APIP functions to ensure that all activities and programs within the Ministry of Defense (Kemhan) and the Indonesian National Army (TNI) are run by applicable regulations and standards. With effective supervision and control, APIP can help in modernizing the main tools of the weapon system (alutsista), managing budgets, improving the quality of human resources (HR), and strengthening the internal control system (Perkowski, 2018)

1. Modernization of Defense Equipment

Modernization of defense equipment is one of the crucial aspects in the development of defense forces. To ensure that this process runs transparently and accountably, APIP conducts various supervision and audit steps. The process of procurement of defense equipment often involves large budgets and has a long-term impact on the country's defense capability. Therefore, transparency and accountability in procurement are very important.

a) Procurement Transparency and Accountability

APIP is tasked with ensuring that the defense equipment procurement process is carried out under the required specifications and available budget. They conduct a thorough audit of every stage of procurement, from planning, and vendor selection, to receipt of goods. Based on data from the Ministry of Defense, in 2022, Indonesia managed to allocate 75% of the defense budget for defense equipment modernization (Ministry of Defense, 2023). This shows the government's commitment to improving the quality of defense through the procurement of sophisticated and necessary defense equipment.

b) Audit and Inspection Mechanism

In carrying out its duties, APIP uses various audit and inspection methods. They refer to international audit standards and apply the principles of good governance. The audit was carried out not only on the procurement documents but also on the physical condition of the defense equipment received. This is to ensure that the defense equipment purchased is completely by the promised specifications.

c) Procurement Risk Control

The procurement of defense equipment is often faced with various risks, such as corruption, budget abuse, or procurement of goods that do not meet specifications. APIP plays a role in

identifying and controlling these risks through a strict internal control system. They also provide recommendations for improvement if any discrepancies or irregularities are found in the procurement process.

2. Budget Management

Efficiency and effectiveness in the management of the defense budget are key to ensuring that every rupiah spent provides maximum benefits for the development of defense forces. APIP has an important role in supervising the use of the budget (Paris, 2004).

3. Budget Supervision

APIP is in charge of overseeing the overall use of the defense budget. They ensure that the budget allocation is by the plan that has been set and used for the right purposes. According to the BPK report, Indonesia's defense budget in 2022 reached Rp 134 trillion, an increase of 15% from the previous year. Close supervision of the use of this budget helps in preventing waste and ensuring that the budget is used effectively.

4. Effectiveness of Budget Use

One of the indicators of the effectiveness of budget management is the achievement of strategic targets in the development of defense forces. APIP evaluates programs funded by the defense budget to ensure that each program delivers the expected results. This evaluation includes a cost-benefit analysis and measurement of program performance.

5. Prevention and Countermeasures of Deviations

To prevent irregularities in the use of the budget, APIP implements various control and supervision mechanisms. They also conduct investigations if indications of budget abuse are found. With strict supervision, the risk of corruption or budget waste can be minimized.

6. Improving the Quality of Human Resources

Qualified human resources are an important factor in supporting defense forces. APIP plays a role in ensuring that training and education programs within the Ministry of Defense and the TNI run by the set standards and provide maximum benefits (Pallaver, 2011).

a) Training and Education Program Evaluation

APIP evaluates training and education programs to ensure that they are effective and efficient. This evaluation includes an assessment of the curriculum, teaching methods, and learning outcomes. Based on BPS data, in 2022, Indonesia's labor force participation rate will reach 70%, showing great potential in supporting national defense and development.

b) Competency and Skills Development

In addition to ensuring that the training program runs well, APIP is also involved in the development of human resource competencies and skills. They conduct training needs assessments and provide recommendations for appropriate development programs. The focus is on improving the technical, managerial, and leadership competencies needed in a defense environment.

c) HR Performance Monitoring and Reporting

APIP monitors and reports HR performance regularly. They assess the effectiveness of training and its impact on individual and organizational performance. This information is used to make continuous improvements to training and human resource development programs.

a. Strengthening the Internal Control System

Strengthening the internal control system within the Ministry of Defense and the TNI is one of the main tasks of APIP. They ensure that the entire control process runs by SPIP principles and provides protection against risks that may arise (Pallaver, 2011).

b. SPIP Implementation



APIP ensures that SPIP principles are well applied across all work units. They conducted socialization and training on SPIP for all staff within the Ministry of Defense and the TNI. According to a report by the Ministry of PANRB, in 2022, Indonesia's bureaucratic reform index increased by 10% compared to the previous year. This shows an increase in the implementation of SPIP principles.

d) Audit and Evaluation of Internal Control System

APIP conducts audits and evaluations of the internal control system regularly. They assess the effectiveness of the existing control system and provide recommendations for improvement if weaknesses are found. The goal is to ensure that the internal control system can identify and manage risks properly.

e) Policy and Procedure Development

In addition to conducting audits, APIP is also involved in the development of internal control policies and procedures. They work closely with work units to design effective procedures for controlling risks and ensuring compliance with applicable regulations.

Increasing APIP Capabilities in SPIP to Support Defense Force Development

Optimizing the role of consultancy in the internal audit function, especially in the context of the Government's Internal Supervisory Apparatus (APIP), must meet four criteria in the Technical Guidelines for Improving APIP Capability by using the Internal Audit Capability Model (IA-CM) method. The following is an explanation of each criterion and how it is applied in optimizing the role of consultancy.

1. People Management (Manajemen Sumber Daya Manusia)

This criterion emphasizes human resource management, which includes recruitment, training, career development, and performance management of internal auditors. Optimizing the role of consultancy in this aspect starts from recruitment and selection, where it is important to ensure that the consultancy staff has relevant expertise and experience in the field of internal audit and consultancy (Alkins, 2011). The selection process must be competency-based to ensure the quality of human resources. In addition, continuous training and development are needed to improve the technical skills and soft skills of auditors (Bou Raad, 2000). It includes training on the latest audit methods, consulting techniques, and leadership development (Chambers, 2014). Performance management must also be implemented with effective systems to evaluate and improve the contribution of individuals in the consulting team. Performance appraisals should include the achievement of consultancy targets, client satisfaction, and professional development. Competent and skilled human resources are key to an effective consultancy role. This optimization helps ensure that the consultancy provided by APIP is of high quality, relevant, and provides added value to the audited organization (Goodwin, 2004).

2. Professional Practices (Praktik Profesional)

This criterion focuses on the application of professional standards and practices in the internal audit function, including audit methodologies, work procedures, ethical standards, and compliance with relevant regulations. In optimizing the role of consultants, the development and application of systematic and risk-based consultancy methodologies is an important step (Roussy, 2013). This methodology should be tailored to the needs of the audited organization and include effective planning, execution, and reporting. All consulting staff must also comply with the auditor's professional code of ethics, including integrity, objectivity, confidentiality, and competence. In addition, consistent and well-documented work procedures must be implemented

to enable the efficient and effective execution of consultancy tasks. The application of strong professional practices ensures that the consultancy role is carried out to a high standard, produces reliable recommendations, and assists the organization in improving risk management and internal controls (Lenz et al., 2015).

Performance Management and Accountability (Manajemen Kinerja dan Akuntabilitas)

This criterion emphasizes the management of the performance of the internal audit function and accountability to audit results, including performance measurement, reporting of audit results, and follow-up on audit recommendations. For the optimization of the consulting role, it is important to develop relevant key performance indicators (KPIs) to measure the effectiveness and efficiency of the consulting role (Sarens et al., 2006). These KPIs can include the time to complete the consultation, the quality of the recommendation, and the level of implementation of the recommendation by the client. In addition, the consultancy report should be drafted, concisely, and promptly, providing in-depth analysis, practical recommendations, and an actionable follow-up plan. Systems must also be in place to monitor and ensure that consultancy recommendations are followed up and implemented by the audited organization. Effective performance management and accountability ensure that the consulting role delivers significant and measurable results, as well as assisting the organization in implementing recommendations for continuous improvement (Van Gansberghe, 2005).

Organizational Relationships and Culture (Hubungan Organisasi dan Budaya)

These criteria include the relationship between the internal audit function and other parts of the organization as well as the work culture that supports internal audit, including communication, collaboration, and support from top management. In optimizing the role of consultants, effective communication channels must be developed between the consulting team and stakeholders in the audited organization (Mihret et al., 2007). Transparent and open communication throughout the entire consulting process is essential. In addition, close cooperation between the consulting team and various departments within the organization should be encouraged (Gramling et al., 2004). This collaboration is essential for understanding the specific needs of the organization and ensuring that the recommendations provided are relevant and implementable. Support from top management must also be ensured for the consultancy function, including commitment to the implementation of recommendations, provision of necessary resources, and recognition of the important role of consultancy in the management of the organization (Arena et al., 2009). Supportive organizational and cultural relationships are essential to the success of the consultancy role. With strong support from management and good cooperation with all departments, the consulting function can make a significant contribution in improving the effectiveness and efficiency of the organization (Bastian, 2014).

CONCLUSION

The Financial and Development Supervisory Agency (BPKP) assesses the capabilities of the **Government's** Internal Supervision Apparatus (APIP) to gauge their contribution to organizational goals. In 2015, 85.23% of APIPs were at a low capability level (1 out of 5), indicating limited effectiveness. By 2022, 54.74% of APIPs had achieved higher capabilities (levels 3 and above), reflecting significant progress. Capability level 3 ensures professional standards, compliance, effective risk management, and improved organizational governance, although



current assessments emphasize effectiveness over efficiency, crucial for financial reforms and public service improvements.

APIP plays a vital role in upholding integrity, transparency, and accountability within the Ministry of Defense and the Indonesian National Army (TNI). They ensure compliance with regulations through the Government Internal Control System (SPIP) and oversee activities such as defense equipment modernization and budget management. APIP's responsibilities include control and supervision, performance evaluation, transparency, audits, and providing recommendations. Effective supervision by APIP supports budget efficiency, and quality human resource development, and strengthens internal control systems. To enhance their role, APIP needs to focus on risk-based auditing, good governance, and independence. By following audit standards and improving capabilities, APIP aims to achieve transparent and accountable state financial management.

REFERENCES

- Akbar, R., Pilcher, R., & Perrin, B. (2012). Performance measurement in Indonesia: The case of local government. *Journal of Accounting & Organizational Change*, 8(1), 107-136. doi:10.1108/18325911211205611.
- Aikins, S. K. (2011). An examination of government internal audits' role in improving financial performance. *Public Finance and Management*, 11(4), 306-337. Retrieved from <https://www.jstor.org/stable/43266018>
- Arena, M., & Azzone, G. (2009). Identifying organizational drivers of internal audit effectiveness. *International Journal of Auditing*, 13(1), 43-60. doi:10.1111/j.1099-1123.2008.00392.x.
- Bastian, I. (2014). Public Sector Auditing. *Journal of Government Audit*, 6(2), 78-90. Retrieved from <https://www.jstor.org/stable/41706249>
- Baum, A., Hodge, A., Mineshima, A., Moreno Badia, M., & Tapsoba, R. (2017). Can they do it all? Fiscal Space in Low-Income Countries
- Brands, H. (2016). Barack Obama and the dilemmas of American grand strategy. *The Washington Quarterly*, 39(4), 101-125. doi:10.1080/0163660X.2016.1261560.
- Badan Pemeriksa Keuangan (BPK). (2022). Laporan Hasil Pemeriksaan atas Laporan Keuangan Kementerian Pertahanan dan TNI Tahun 2022. Jakarta: Badan Pemeriksa Keuangan Republik Indonesia.
- BPKP (2015). Peraturan BPKP Nomor 6 Tahun 2015 tentang Grand Design Peningkatan Kapabilitas APIP Tahun 2015-2019. Badan Pengawasan Keuangan dan Pembangunan (BPKP).
- BPKP (2022). Data Kapabilitas APIP Tahun 2022. Badan Pengawasan Keuangan dan Pembangunan (BPKP).
- Bratton, M. & Chang, E. C. (2006). State building and democratization in sub-Saharan Africa: Forwards, backwards, or together? *Comparative Political Studies*, 39(9), 1059-1083. doi:10.1177/0010414006288963.
- Bou-Raad, G. (2000). Internal auditors and a value-added approach: The new business regime. *Managerial Auditing Journal*, 15(4), 182-186. doi:10.1108/02686900010322461.
- Chambers, A. (2014). New guidance on internal audit and risk management. *Accountancy*, 147(1435), 76-77. Retrieved from <https://www.jstor.org/stable/27894161>
- Cavelty, M. D., & Wenger, A. (2009). Power and security in the information age: Investigating the role of the state in cyberspace. *International Political Science Review*, 30(2), 112-133. doi:10.1177/0192512109102433
- Christmann, P. & Taylor, G. (2006). Firm self-regulation through international certifiable standards: Determinants of symbolic versus substantive implementation. *Journal of International Business Studies*, 37(6), 863-878. doi:10.1057/palgrave.jibs.8400231.
- Cooper, A. F., Heine, J., & Thakur, R. (2013). The Oxford handbook of modern diplomacy. *Global Governance: A Review of Multilateralism and International Organizations*, 19(2), 249-261. doi:10.5555/1075-2846-19.2.249.
- Fukuyama, F. (2004). The imperative of state-building. *Journal of Democracy*, 15(2), 17-31. doi:10.1353/jod.2004.0026.

- Ghani, A., Lockhart, C., & Carnahan, M. (2005). Closing the sovereignty gap: An approach to state-building. Overseas Development Institute Working Paper, 253. Retrieved from <https://www.odi.org/publications/working-papers>
- Gramling, A. A., Maletta, M. J., Schneider, A., & Church, B. K. (2004). The role of the internal audit function in corporate governance: A synthesis of the extant internal auditing literature and directions for future research. *Journal of Accounting Literature*, 23, 194-244. Retrieved from <https://www.jstor.org/stable/41842953>
- Goodwin, J. (2004). A comparison of internal audit in the private and public sectors. *Managerial Auditing Journal*, 19(5), 640-650. <https://doi.org/10.1108/02686900410537766>
- Greenhill, K. M. (2010). Weapons of mass migration: Forced displacement as an instrument of coercion. *Strategic Insights*, 9(1). Retrieved from <https://www.jstor.org/stable/10.7249/mg878usdoj>
- Goodwin, J. (2004). A comparison of internal audit in the private and public sectors. *Managerial Auditing Journal*, 19(5), 640-650. doi:10.1108/02686900410537766.
- Harun, H., Van-Peursem, K., & Eggleton, I. (2013). Institutionalization of accrual accounting in the Indonesian public sector. *Journal of Accounting & Organizational Change*, 9(3), 281-299. doi:10.1108/JAOC-08-2011-0039.
- IIA (2012). The Role of Internal Auditing in Enterprise-Wide Risk Management. *Journal of Internal Auditors*, 69(5), 60-63.
- Jones, L. R. & McCaffery, J. L. (2008). Reform of budgeting, financial management and accountability practices in the US Department of Defense: Recent outcomes of the Defense Reform Initiative. *Public Budgeting & Finance*, 28(1), 1-19. doi:10.1111/j.1540-5850.2008.00904.x.
- Klotz, A. & Lynch, C. (2007). Strategies for research in constructivist international relations. *European Journal of International Relations*, 13(1), 87-113. doi:10.1177/1354066107074280.
- Lenz, R., & Hahn, U. (2015). A synthesis of empirical internal audit effectiveness literature pointing to new research opportunities. *Managerial Auditing Journal*, 30(1), 5-33. doi:10.1108/MAJ-08-2014-1072.
- Liou, K. T. (2017). Government reform, public governance, and Chinese economic development. *Journal of Chinese Governance*, 2(3), 255-270. <https://doi.org/10.1080/23812346.2017.1342871>
- Mattern, J. B. (2005). Why 'soft power' isn't so soft: Representational force and the sociolinguistic construction of attraction in world politics. *Millennium: Journal of International Studies*, 33(3), 583-612. doi:10.1177/03058298050330031601.
- Mihret, D. G., & Yismaw, A. W. (2007). Internal audit effectiveness: An Ethiopian public sector case study. *Managerial Auditing Journal*, 22(5), 470-484. doi:10.1108/02686900710750757.
- Miles, M. B., Huberman, A. M., & Saldana, J. (2014). *Qualitative Data Analysis: A Methods Sourcebook* (3rd ed.). SAGE Publications.
- Nye, J. S. (2004). Soft power and American foreign policy. *Political Science Quarterly*, 119(2), 255-270. doi:10.2307/20202345.
- Paris, R. (2004). *At war's end: Building peace after civil conflict*. Cambridge University Press. doi:10.1017/CBO9780511790836.
- Pallaver, M. (2011). Power and its forms: Hard, soft, smart. *European Journal of Social Sciences*, 22(2), 107-117. Retrieved from <https://www.jstor.org/stable/41339598>
- Perkowski, N. (2018). Framing the prevention of mass atrocities in the United Nations. *Global Responsibility to Protect*, 10(1-2), 123-145. doi:10.1163/1875984X-01001007.
- Permana, Kurniawan, Chindy Chresna Agung Bujana. (2024). Examining the efforts of the Government Internal Supervisory Apparatus (APIP) in improving bureaucratic reform, integrity, and organizational risk management: An efficiency analysis. *Integrity: Anti-Corruption Journal* Vol 10, No. 1, 2024, pp. 107-122
- Porter, P. (2010). Good anthropology, bad history: The cultural turn in studying war. *Parameters*, 40(2), 45-58. Retrieved from <https://www.jstor.org/stable/41677541>
- Roussy, M. (2013). Internal auditors' roles: From watchdogs to helpers and protectors of the top manager. *Critical Perspectives on Accounting*, 24(7-8), 550-571. doi:10.1016/j.cpa.2013.08.004.
- Sarens, G., & De Beelde, I. (2006). The relationship between internal audit and senior management: A qualitative analysis of expectations and perceptions. *International Journal of Auditing*, 10(3), 219-241. doi:10.1111/j.1099-1123.2006.00351.x.
- Sinclair, A. (1995). The chameleon of accountability: Forms and discourses. *Accounting, Organizations and Society*, 20(2-3), 219-237. doi:10.1016/0361-3682(93)E0003-Y.
- Van Kersbergen, K. & Van Waarden, F. (2004). 'Governance' as a bridge between disciplines: Cross-disciplinary inspiration regarding shifts in governance and problems of governability, accountability



- and legitimacy. *European Journal of Political Research*, 43(2), 143-171. doi:10.1111/j.1475-6765.2004.00149.x.
- Van Gansberghe, C. N. (2005). Internal auditing in the public sector: A consultative forum in Nairobi, Kenya, reveals that many internal audit functions are not meeting the standards. *Public Finance and Management*, 5(3), 416-437. Retrieved from <https://www.jstor.org/stable/43267051>
- Weiss, T. G. (2000). Governance, good governance and global governance: Conceptual and actual challenges. *Third World Quarterly*, 21(5), 795-814. doi:10.1080/01436590020009112.
- Wilson, E. J. (2008). Hard power, soft power, smart power. *The Annals of the American Academy of Political and Social Science*, 616(1), 110-124. doi:10.1177/0002716207312618.