



## Effectiveness of Internal Supervision and Its Implications for Regional Financial Management

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### ABSTRACT

**Objective** -This study examines the results of the analysis of the effectiveness of APIP internal supervision and its implications for regional financial management which are influenced by the competence and objectivity of APIP HR and its supervisory follow-up. **Methodology/Approach** - Research that discusses the effectiveness of APIP internal supervision and its implications for regional financial management uses a quantitative method with an information collection technique approach in the form of data from a population that is 37SKPD of the Department of Agencies and Government Offices of West Kotawaringin Regency and sampling from several populations with questionnaires. **Findings** – The study found that APIP HR Competence, APIP HR Objectivity and APIP Internal Supervision Follow-up have a positive influence with different significance on the effectiveness of internal supervision and the more effective the internal supervision carried out by APIP, the better the Regional Financial Management will be.

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### INTRODUCTION

Starting with the actual issue of public administration management, namely Good Government Governance which expects good governance practices to improve the climate of openness, participation and accountability in line with the basic principles of good governance in the public sector. The United Nations formulated indicators of Good Governance which include capability, accountability, participation, attention to equity and poverty; and commitment (Ab, 2022; Chandra et al., 2023; Iskanto et al., 2024; Jaenudin & Fauziana, 2022; Musa & Ismail, 2023). In the results of the audit of the Regional Government Financial Report conducted by the BPK, there were audit findings which revealed that there were weaknesses in internal control, the emergence of fraud, deviations or non-compliance with the provisions of laws and regulations that have the potential to harm state finances. The conclusions that can be drawn from the results of the BPK audit can be a benchmark for the financial performance of the regional government whether it has carried out its operations, the regional government has worked without any violations and fraud. (Parwanto & Harto, 2017). In accordance Government

Regulation No. 12/2019(2019)Regarding Regional Financial Management, the Regional Head is tasked with providing guidance and supervision of regional financial management carried out by regional apparatuses in order to ensure that regional financial management is running as it should. Supervision of regional financial management can be in the form of audits, reviews, evaluations, monitoring, technical guidance, and other forms of supervision in accordance with the provisions of laws and regulations. This supervision is known as internal supervision and is the responsibility of the Government Internal Supervisory Apparatus (Iskamto, 2022; Juwita & Murti, 2023; Syahsudarmi, 2022).

According to the Indonesian Government Internal Auditors Association in 2018(2018)pInternal supervision is the entire process of audit activities, reviews, monitoring, evaluation and other supervisory activities on the implementation of organizational tasks and functions in order to provide adequate assurance that activities have been carried out in accordance with the established benchmarks and have been operationally implemented effectively and efficiently for the benefit of the leadership in realizing good governance. In practice, the definition of internal supervision is implemented through assurance activities in the form of audits, reviews, evaluations and monitoring as well as consulting activities provided through the provision of recommendations (advisory), facilitation (facilitating) and training/education (training), governance (Governance), risk management (risk management) and control (control) through SPIP escort/mentoring activities. The supervisory function carried out by the Government Internal Supervisory Apparatus (APIP) is considered not optimal, this is indicated by the large number of state officials who are known to be involved in corruption cases and inefficiencies in financial management. Azwar Abubakar (Minister of State Apparatus Empowerment and Bureaucratic Reform (PAN-RB), 2011 – 2014) revealed that the many audit findings of the Audit Board of Indonesia (BPK) were also one of the benchmarks.

In the development of internal supervision, the effectiveness of internal audits has become something that receives special attention, so that being effective is a challenge that must be successfully overcome by the internal audit function as a key component in creating good governance (Dellai, Ali and Omri, 2016). Meanwhile, according to Mihret and Yismaw(2007), internal supervision can be said to be effective if it can meet the expected results. At the moment Internal supervision yes carried out by Inspectorate officers The West Kotawaringin Regency area is currently still in the spotlight, because there are still many irregularities and weaknesses in regional financial management that were not detected by the inspectorate as internal auditors, but were discovered by external auditor, namely the Audit Board of Indonesia (BPK). Weaknesses identified by the Audit Board of Indonesia (BPK) in its audit of regional government financial reporting include weaknesses in internal control and non-compliance in the management of regional financial elements which include the rights of the Region to collect regional taxes and regional levies and make loans, the obligation of the Region to organize Regional Government Affairs and pay third party bills, Regional Revenue, Regional Expenditure, regional assets and assets of other parties controlled by the Regional Government.

## **LITERATURE REVIEW**

### **Regional Financial Management**

In accordance with Government Regulation No. 12 of 2002(2019)Regarding Regional Financial Management, the definition of regional financial management is "all activities that include planning, budgeting, implementation, administration, reporting, accountability, and supervision of Regional Finances". Regional Financial Management is carried out in an orderly, efficient, economical, effective, transparent and responsible manner, taking into account a sense of justice, propriety, benefits for the community, and compliance with the provisions of laws and regulations.

Orderly means that Regional Finance is managed in a timely and appropriate manner supported by accountable administrative evidence. Efficient is the achievement of maximum Output with certain input or the use of the lowest input to achieve certain Output. Economical is the acquisition of input with certain quality and quantity at the lowest price level. Effective is the achievement of Program Results with the Targets that have been set, namely by comparing Output with Results. Transparent is

the principle of openness that allows the public to know and get access to the widest possible information about Regional Finance. Responsible is the embodiment of the obligation of a person or work unit to be accountable for the management and control of resources and the implementation of policies entrusted to him in order to achieve the goals that have been set. Justice is the balance of distribution of authority and funding. Appropriateness is an action or attitude that is carried out fairly and proportionally. Benefits for the community are that Regional Finance is prioritized to meet the needs of the community. Compliance with the provisions of laws and regulations is that Regional Financial Management must be in accordance with the provisions of laws and regulations.

### **Effectiveness of APIP Internal Supervision**

According to the Conceptual Framework of Government Internal Supervision, Internal Supervision is "the entire process of audit activities, reviews, monitoring, evaluation and other supervisory activities regarding the implementation of organizational tasks and functions in order to provide adequate assurance that activities have been carried out in accordance with the established benchmarks that operationally have been carried out effectively and efficiently for the benefit of the leadership in realizing good governance". Internal audit is a testing activity that provides independent, objective reliability/assurance and consulting activities that aim to provide added value and improve the operations of an organization (Akmal, 2009).

The effectiveness of Internal Supervision/Internal Audit is a measure of overall fulfillment of the functional aspects of Internal Supervision which includes compliance with the standards set by the Internal Auditor Organization, internal supervision planning, issuance of internal supervision reports, implementation of internal supervision recommendations and evaluation and improvement of control, risk management and governance processes.(Dellai, Ali and Omri, 2016). According to the International Standards for the Professional Practice of Internal Auditors(2016), internal audit activities have been managed effectively if:

1. Achieving the objectives and responsibilities as stated in the internal audit charter;
2. In accordance with the Definition of Internal Audit and Standards;
3. Individual members demonstrate their compliance with the Code of Ethics and Standards
4. Considering emerging trends and issues that may impact the organization

### **APIP Human Resources Competence**

Definition of Competence according to English(2009:203) is "an ability based on skills and knowledge supported by work attitudes and their application in carrying out tasks and work in the workplace that refers to the established work requirements". Meanwhile, according to the Indonesian Government Internal Audit Standards, the definition of auditor competence is that the Auditor must have education, knowledge, expertise and skills, experience and other abilities needed to carry out the work that is his responsibility.

From the definition above, it can be seen that the competence of human resources of the Government Internal Supervisory Apparatus contains the meaning of a collective unity of education, knowledge, skills, expertise, experience and work attitudes or behavior that a person needs to be able to carry out his duties as a government internal supervisory apparatus.

Competency components as stated in the Indonesian Government Internal Audit Standards(2014b), is:

1. Educational background
2. Standard Competencies
3. Job certification and continuing education and training

#### 4. Use of Experts

##### **Objectivity of APIP Human Resources**

In accordance with the standards of the Nolan Principles as contained in The Internal Auditing Handbook (Pickett,2010)that objectivity contains the understanding that in carrying out public affairs, including making public appointments, in terms of contractual commitments or recommending individuals as recipients of gifts or benefits, public officials must make their choices based on the achievements of the chosen party. Indonesian Government Internal Audit Code of Ethics(2014)states that, objectivity means an honest attitude that is not influenced by personal opinions and group interests in making a decision. By implementing a professional objectivity attitude in carrying out their duties, Internal Auditors will make assessments based on balanced information by considering relevant circumstances without being influenced by their own interests or those of others.

According to the International Standards for the Professional Practice of Internal Auditing(2016), Objectivity itself can be interpreted as an impartial mental behavior that allows internal auditors to carry out tasks in such a way that the results of their work can be trusted, and without compromise in terms of quality. Objectivity requires internal auditors not to subordinate their considerations regarding audit issues to anything else. Thus, Internal Auditors must have a neutral, impartial and unprejudiced mental attitude, and be unbiased and avoid conflicts of interest in planning, implementing and reporting on assignments they perform. The principle of objectivity requires that auditors carry out assignments honestly and without compromising quality.

##### **Follow-up of Internal Supervision Results**

Internal audit activities do not stop when the Internal Audit Report has been issued and submitted to the Auditee. The full benefits of the audit process for the auditee in the form of improvements based on identified errors will only be felt by the auditee if the audit findings have been followed up. (Russell and Regel (2000)

Implementation of follow-up to the results of supervision is all actions taken by the Auditee/object of supervision by referring to the suggestions and recommendations contained in the Supervision Results Report issued by the Government Internal Supervisory Apparatus (APIP).(Hendriyani and Suhendra, 2018). The purpose of follow-up is to convince the auditor that the auditee has corrected the identified weaknesses.(Siregar and Acct, 2011).

In terms of internal supervision of the implementation of regional government in the Regency and City, regional apparatus and village government as objects of supervision are required to implement follow-up actions on the results of supervision. Follow-up actions related to treasury claims/compensation must be carried out through the treasury claims process and/or compensation claims in accordance with applicable laws and regulations. Meanwhile, follow-up actions on supervision results that are not related to treasury claims and/or compensation claims are carried out no later than 60 (sixty) working days after the results of supervision are received. APIP has an obligation to monitor and update data on follow-up actions on the results of Guidance and Supervision of Regional Government Implementation. (PP No. 12 of 2017(2017)concerning Guidance and Supervision of Regional Government Implementation).

Based on the description above, the framework for this research is as follows:

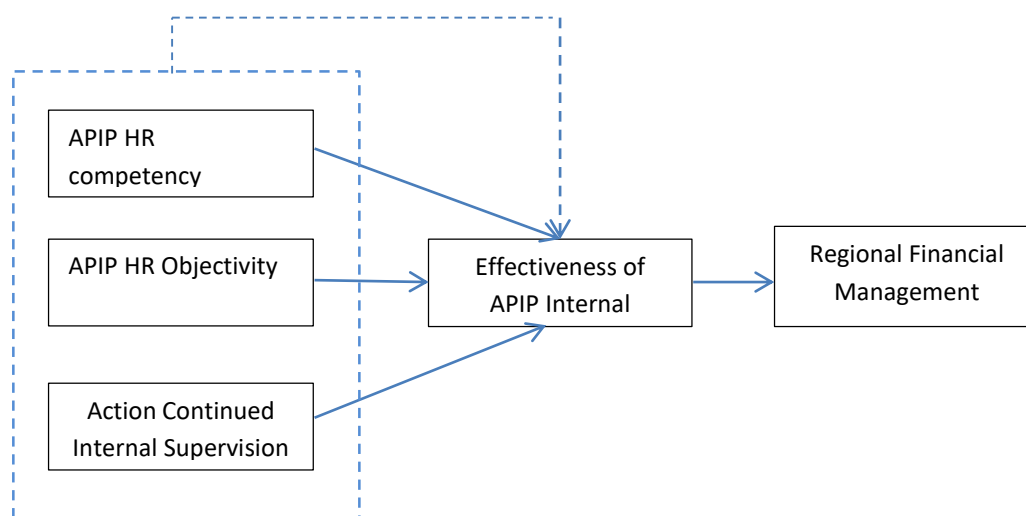


Figure 1.1  
Theoretical Framework

## METHOD

In this study, a descriptive research design was used with the aim that the research could be conveyed systematically, factual and accurate regarding the facts, characteristics and relationships between the phenomena studied in relation to public policy. Descriptive research pays more attention to obtaining representative population samples in research, more precise data collection techniques and clearer problem statements (Jusman Iskandar, 2014). From the research design, the research object is determined which is an attribute or trait or value of a person. Objects or activities that have certain variations are determined by the researcher to be studied and then conclusions are drawn (Sugiyono (2015)). The population used in this study was all Regional Apparatus that were the objects of supervision of the Inspectorate of West Kotawaringin Regency, totaling 37 Regional Apparatus Organizations (OPD) with the target respondent criteria being financial managers such as Budget Users, Budget User Authorizations, Financial Administration Officers, and Treasurers. Sample is part of the population, the sample contains several members selected from the population. In other words, what forms the sample is only a few elements and the population, not all elements. From the statement, the sample in this study is part of the research population. It is determined that there are sample criteria, namely the parties responsible for regional financial management and budget users who are the Head of the Regional Apparatus Organization, Financial Administration Officer and Expenditure Treasurer. The data source used is a primary data source. The data used in the study were obtained from the results of filling out questionnaires at the Regional Apparatus Organization within the West Kotawaringin Regency Government. In the data collection process, the following data collection techniques were used by the author for this research:

## RESULTS AND DISCUSSION

The population used in this study were all SKPDs of Agency and Office Services in the West Kotawaringin Regency Government which were the objects of supervision by the West Kotawaringin Regency Inspectorate, totaling 37 SKPDs with the target respondent criteria being financial managers such as Budget Users, Budget User Authorizations, Financial Administration Officers, and Treasurers. The total number of respondents in this study was 70 people.

Respondent characteristics are the various backgrounds owned by each respondent. In this study, the characteristics of respondents who manage regional finances in SKPD users of APIP services in the West Kotawaringin Regency Government, the results obtained are:

1) Respondent Characteristics by Age

Respondent characteristics based on age, show that there are 0 respondents aged < 25 years, 8 respondents aged 26 - 35 years, 49 respondents aged 36 - 55 years and 13 respondents aged > 55 years.

2) Respondent Characteristics Based on Gender

Respondent characteristics based on gender show that there are 39 male respondents and 31 female respondents.

3) Respondent Characteristics Based on Last Education

Respondent characteristics based on their last education show that there were 19 Diploma 3 graduates, 36 Bachelor's degree graduates, 14 Master's degree graduates and 1 Doctoral degree graduate.

4) Respondent Characteristics Based on Length of Service in Position

Characteristics of Respondents Based on Period of Service in Position shows that there are 4 respondents with a tenure of 0 - 1 year, 14 respondents with a tenure of 1 - 2 years, 6 respondents with a tenure of 2 - 3 years, 7 respondents with a tenure of 3 - 4 years, 8 respondents with a tenure of 4 - 5 years and 31 respondents with a tenure of > 5 years.

The data analysis techniques used in the research are:

**1) Validity Test**

Used to show the extent to which a question in a questionnaire is able to reveal something that will be measured by the questionnaire. This validity test ensures that each question will be classified on the variables that have been set (construct validity). If a question is able to reveal something that will be measured by the questionnaire, then the data is called valid.

**2) Reliability Test**

Used to measure whether a respondent's answer is consistent or stable over time. If the respondent is consistent in answering questions in the questionnaire, then the data is reliable. A construct or variable is said to have good reliability if the statistical test provides a value  $\alpha \geq 0.50$ , and it is sufficient if the statistical test gives a value  $\alpha \geq 0.30$ .

**1) Partial Least Square (PLS) Model Scheme**

Each stage of SmartPLS analysis evaluates the outer reflective model based on 4 criteria, namely testing the validity and reliability of variables by considering Cronchbach's Alpha, Composite Reliability, and Average Variance Extrance (AVE) on each variable. The four testing criteria used are as follows:

- 1) *Convergent validity*: if the coefficient value > 0.70 then the indicator is considered valid
- 2) *Discriminant validity*: If the Average Variance Extracted (AVE) of each variable has a value > 0.50 then the variable is considered valid.
- 3) *Coposite reliability*: If the composite reliability value of each variable is > 0.70 then the variable is considered reliable.
- 4) *Crochbach's Alpha*: If the Crochbach's Alpha value of each variable is > 0.70 then the variable is considered reliable.

Of the 60 indicators tested, 10 indicators had outer loading values below 0.7, namely EPI1.1 = 0.514; EPI1.2 = 0.616; EPI3.1 = 0.672; EPI5.6 = 0.654; KD5 = 0.525; KOM4.1 = 0.686; KOM4.2 = 0.567; KOM4.3 = 0.699; KOM4.4 = 0.685; OB3.3 = 0.584.

Second trial of outer model From the 50 indicators tested, 3 indicators were still found to have outer loading values below 0.7, namely: EPI1.3 = 0.693; EPI3.3 = 0.690; OB3.1 = 0.699

The third trial of the outer model. Of the 47 indicators tested, 2 indicators were still found to have outer loading values below 0.7, namely: EP2.1 = 0.669 and EP2.2 = 0.697.

The fourth outer model trial. Of the 45 indicators tested, 1 indicator was found to have an outer loading value below 0.7, namely: KD1 = 0.699.

Then before bootstrapping, a total of 16 indicators after 4 tests of the outer model were removed from the outer model, thus obtaining a new outer model.

The results of testing the validity and reliability of variables by considering the 4 testing criteria above are as follows:

Description	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
EF13	1,000	1,000	1,000	1,000
EF14	0.916	0.916	0.960	0.922
EF15	0.950	0.952	0.958	0.742
Variable: Effectiveness of APIP internal supervision (EFI)	0.954	0.955	0.960	0.688
KOM1	0.937	0.937	0.950	0.760
KOM2	0.958	0.959	0.967	0.828
KOM3	0.949	0.950	0.960	0.829
KOM4	1,000	1,000	1,000	1,000
Variable: APIP HR Competence (KOM)	0.976	0.977	0.978	0.711
OB1	0.878	0.886	0.942	0.891
OB2	0.921	0.927	0.944	0.810
OB3	1,000	1,000	1,000	1,000
Variable: Objectivity of APIP HR (OB)	0.921	0.926	0.937	0.683
Variable: Regional Financial Management (KD)	0.792	0.795	0.865	0.616
TL1	1,000	1,000	1,000	1,000
TL2	1,000	1,000	1,000	1,000
TL3	0.918	0.919	0.961	0.924
Internal Supervision Results Follow-up Variable (TL)	0.904	0.910	0.933	0.776

## 2) Outer Model or Measurement Model Evaluation

The final external evaluation of this study resulted in the APIP HR Competency Variable reflected by 18 indicators, the APIP HR Objectivity Variable reflected by 7 indicators, the Internal Supervision Results Follow-up Variable reflected by 4 indicators, the APIP Internal Supervision Effectiveness reflected by 11 indicators, and Regional Financial Management reflected by 4 indicators.

Then before bootstrapping, a total of 16 indicators after 4 tests of the outer model were removed from the outer model. obtained a new outer model, namely as follows:





Description	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Effectiveness of internal supervision of APIP (EFI) -> EFI3	0.751	0.739	0.074	10,140	0,000
Effectiveness of internal supervision of APIP (EFI) -> EFI4	0.828	0.822	0.062	13,408	0,000
Effectiveness of internal supervision of APIP (EFI) -> EFI5	0.983	0.983	0.005	203,802	0,000
Effectiveness of internal supervision of APIP (EFI) -> Regional Financial Management (KD)	0.551	0.561	0.078	7,112	0,000
APIP HR Competence (KOM) -> APIP internal supervision effectiveness (EFI)	0.231	0.248	0.232	0.997	0.319
APIP HR Competence (KOM) -> KOM1	0.917	0.915	0.025	36,210	0,000
APIP HR Competence (KOM) -> KOM2	0.966	0.966	0.009	108,412	0,000
APIP HR Competence (KOM) -> KOM3	0.951	0.952	0.012	78,559	0,000
APIP HR Competence (KOM) -> KOM4	0.768	0.761	0.063	12,241	0,000
Objectivity of APIP HR (OB) -> Effectiveness of APIP internal supervision (EFI)	0.470	0.456	0.156	3,017	0.003
APIP HR Objectivity (OB) -> OB1	0.890	0.889	0.028	31,982	0,000
Objectivity of APIP HR (OB) -> OB2	0.936	0.937	0.015	62,074	0,000
APIP HR Objectivity (OB) -> OB3	0.734	0.733	0.082	8,967	0,000
Follow-up of Internal Supervision Results (TL) -> Effectiveness of APIP internal supervision (EFI)	0.070	0.061	0.204	0.344	0.731
Follow-up of Internal Audit Results (TL) -> TL1	0.909	0.909	0.018	49,551	0,000
Follow-up of Internal Supervision Results (TL) -> TL2	0.897	0.897	0.023	39,595	0,000
Follow-up of Internal Supervision Results (TL) -> TL3	0.893	0.888	0.039	22,657	0,000

Figure 2.4  
Path coefficients table

The path coefficients table is used to answer the research hypothesis:

H1: APIP HR competency has a positive effect on the effectiveness of APIP internal supervision (KOM->EFI) with a significance value of more than 0.05, namely 0.319, so H1 is rejected.

H2: The objectivity of APIP HR has a positive effect on the effectiveness of APIP internal supervision (OB->EFI) with a significance value of less than 0.05, namely 0.000, so H2 is accepted.

H3: Follow-up of internal supervision results has a positive effect on the effectiveness of internal supervision of APIP. (TL->EFI) obtained a significance value of more than 0.05, namely 0.731, so H3 is rejected.

H4: APIP HR Competence, APIP HR Objectivity and Follow-up of Internal Supervision Results have a positive effect on the effectiveness of APIP internal supervision.

Based on the original sample values in the table above, the multiple regression equation is obtained:

$$Y = 0.231 X_1 + 0.470 X_2 + 0.070 X_3 + e$$

or

$$EFI = 0.231 \text{ KOM} + 0.470 \text{ OB} + 0.070 \text{ TL} + e$$

This means that if there is a change in the increase in the KOM, OB and TL variables by 1 unit, it will cause a change in the increase in the EFI value by

$$EFI = 0.231 (1) + 0.470 (1) + 0.070 (1) + e$$

$$EFI = (0.771 + e) \text{ units}$$

It can be concluded that APIP HR Competence, APIP HR Objectivity and Follow-up of Internal Supervision Results have a positive effect on the effectiveness of APIP internal supervision. so it can be concluded that H4 is accepted.

H5: The effectiveness of internal supervision of APIP has a positive effect on Regional Financial Management. (EPI->KD) obtained a significance value of less than 0.05, namely 0.000, so H5 is accepted.

## **B. DISCUSSION**

### **APIP HR Competence on the Effectiveness of APIP Internal Supervision**

The results of the analysis show that APIP HR Competence does not affect the Effectiveness of APIP Internal Supervision. Because the results of the t-statistic hypothesis test are smaller than the t-table value (1.96) which is 0.997 and the significance value is greater than 0.05 which is 0.319 so that APIP HR Competence does not have a significant effect on the Effectiveness of APIP Internal Supervision. These results are in accordance with research conducted by Rika Gamayuni(2016), Arles, Anugrah and Andreas(2017), Haryoto, (2015) and Dellai, Ali and Omri(2016) which showed that internal auditor competence did not have a significant effect on the effectiveness of the internal audit function.

The absence of a significant influence between APIP HR competency and the Effectiveness of Internal Supervision also states a condition that the effectiveness of internal supervision is more dependent on the characteristics of the organization and management compared to the qualifications and work results of individual internal auditors. (Cohen and Sayag, 2010).

### **Objectivity of APIP HR towards the Effectiveness of APIP Internal Supervision**

The results of the analysis show that the Objectivity of APIP HR has a positive and significant effect on the Effectiveness of APIP Internal Supervision. Because the results of the t-statistic hypothesis test are greater than the t-table value (1.96) which is 3.017 and the significance value is smaller than 0.05 which is 0.000, so that the Objectivity of APIP HR has a positive and significant effect on the Effectiveness of APIP Internal Supervision. These results are in accordance with the research conducted (Arles, Anugrah and Andreas,2017), (Prihartono, Theresia and Mayangsari, 2018) which shows that there is a positive relationship between auditor objectivity (APIP HR) and Internal Supervision Effectiveness.

According to the research results (Prihartono, Theresia and Mayangsari, 2017) objectivity for internal auditors in government agencies is objectivity in conducting audit procedures, namely data collection, evaluation and communicating information or operational activities. The higher the auditor's objectivity, the higher the effectiveness of the internal audit. This is because internal auditors who are objective will be able to report the results of the audit they have conducted truthfully and provide recommendations to the auditee on errors found without being influenced by other parties. Thus, both the conditions found and the recommendations submitted are truly in accordance with the needs of the auditee.

### **Follow-up on the results of internal supervision on the Effectiveness of APIP Internal Supervision**

The results of the analysis show that internal supervision follow-up has no effect on the effectiveness of APIP internal supervision. Because the results of the t-statistic hypothesis test are smaller than the t-

table value (1.96) which is 0.344 and the significance value is greater than 0.05 which is 0.731 so that internal supervision follow-up does not have a significant effect on the effectiveness of APIP internal supervision. These results are in line with previous research (Wulandary, Sada and Yapen (2022)) which shows that the results of internal auditor follow-up do not have a significant effect on the effectiveness of internal control.

The results of the study showed that the follow-up of internal supervision results did not have a significant effect on the effectiveness of internal supervision can be explained that there has been a mechanism for settlement, monitoring and reporting of follow-up actions that have been determined by the Inspectorate of West Kotawaringin Regency. For internal supervision in the form of post-audit, governance review and performance audit, the auditee leader has the opportunity to follow up on recommendations in stages and will be monitored periodically for a period of 60 (sixty) days since the recommendation letter was received by the auditee leader. Meanwhile, for recommendations from internal supervision results in the form of document/report reviews and monitoring, follow-up on the findings must be carried out directly by the auditee before the internal supervision report is issued.

In addition, research was conducted Hamzah, Mattulada and Iqbal B(2018) concluded that the results of internal supervision have a significant influence on the financial performance of SKPD. Which means that the better the internal supervision carried out, the better the financial performance of SKPD, because good internal supervision will minimize deviations that occur during the implementation of tasks by SKPD.

#### **APIP HR Competence, APIP HR Objectivity and APIP internal supervision follow-up on APIP Internal Supervision Effectiveness**

The results of the analysis show that APIP HR Competence, APIP HR Objectivity and APIP internal supervision follow-up simultaneously have a positive effect on APIP Internal Supervision Effectiveness. Because from the original sample value, the multiple regression equation is obtained:

$$Y = 0.231 X_1 + 0.470 X_2 + 0.070 X_3 + e$$

or

$$EFI = 0.231 KOM + 0.470 OB + 0.070 TL + e$$

This means that if there is a change in the increase in the KOM, OB and TL variables by 1 unit, it will cause a change in the increase in the EPI value by

$$EFI = 0.231 (1) + 0.470 (1) + 0.070 (1) + e$$

$$EFI = (0.771 + e) \text{ units}$$

so that APIP HR Competence, APIP HR Objectivity and Follow-up of Internal Supervision Results have a positive effect on the effectiveness of APIP internal supervision. This means that if internal supervision is carried out by HR who have good competence and objectivity supported by follow-up that is carried out obediently and appropriately, then internal supervision carried out by APIP will be more effective. This result is also in line with research conducted by Siregar and Acct(2016) which showed results that the role, ethics, competence and compliance with the implementation of follow-up actions simultaneously had a significant influence on fraud prevention.

This result is also in accordance with Indonesian Government Internal Auditors Association in the Indonesian Government Internal Audit Standards paragraph 1100 which states that in all matters relating to internal audit assignments, the APIP and internal audit activities must be independent and the auditors must be objective in carrying out their duties, paragraph 2010 which states that the Auditor must have the education, knowledge, expertise and skills, experience and other competencies required to carry out their responsibilities, and paragraph 4100 which states that the auditor must monitor and encourage follow-up on audit conclusions, facts and recommendations.

### **Effectiveness of APIP Internal Supervision on Regional Financial Management**

The results of the analysis show that the Effectiveness of Internal Supervision of APIP has a positive and significant effect on Regional Financial Management. Because the results of the t-statistic hypothesis test are greater than the t-table value (1.96) which is 7.112 and the significance value is smaller than 0.05 which is 0.000 so that the Effectiveness of Internal Supervision of APIP has a positive and significant effect on Regional Financial Management. These results are in accordance with research conducted by Rasmana Hanafiah, Abdullah and Saputra(2018), Hasrul(2016) and Rika Gamayuni(2016), which shows that supervision has a significant influence on regional financial management. These results are also in accordance with research conducted by Hasrul(2016) which states that the results of internal supervision have an influence on the financial performance of SKPD. The existence of a positive and strong influence of internal supervision shows that the results of internal supervision are quite effective in improving the financial performance of SKPD. The higher the effectiveness of internal audit, the better the quality of financial reporting will be.

### **CONCLUSION**

This study proves that APIP HR Competence tends not to have a significant influence on APIP Internal Supervision Effectiveness. This study proves that the Objectivity of APIP HR has a positive and significant influence on the Effectiveness of APIP Internal Supervision. Through objective APIP HR, APIP Internal Supervision can be more effective. This study proves that follow-up of internal supervision results tends not to have a significant influence on the Effectiveness of APIP Internal Supervision. This study proves that APIP HR Competence, APIP HR Objectivity and APIP Internal Supervision Follow-up together have a positive influence on APIP Internal Supervision Effectiveness. This study proves that the Effectiveness of Internal Supervision of APIP has a significant positive influence on Regional Financial Management. This shows that with the increasing effectiveness of internal supervision carried out by APIP, Regional Financial Management will be better.

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