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Analysis of the Effectiveness of the Internal Audit Function in Enhancing Good Governance by the Supervisory Division of the High Prosecutor's Office of North Sumatra

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Abstract

This study examines the effectiveness of the integrated Electronic Chart Display and Information System (ECDIS) and Automatic Radar Plotting Aid (ARPA) in supporting navigational awareness during ship operations. The research aims to analyze how these systems are operationally utilized, how their integration enhances situational awareness, and how human factors influence their effectiveness—including potential limitations and risks associated with electronic navigation. A qualitative approach was employed, with data collected through onboard observations during actual voyages, semi-structured interviews with deck officers, and document analysis of navigation logs, passage plans, radar screenshots, ECDIS tracks, and company safety manuals. Data were analyzed using thematic content analysis to identify recurring patterns across observational data, interview transcripts, and documentation. The findings indicate that the integrated use of ECDIS and ARPA significantly supports navigational awareness by improving target tracking, route monitoring, and decision-making processes. However, system effectiveness is highly dependent on operator competence, situational judgment, and proper interpretation of electronic information. Overreliance on electronic systems, limited system understanding, and insufficient alarm management were identified as potential risks. The study concludes that while ECDIS and ARPA integration enhances navigational safety, continuous training, procedural discipline, and awareness of system limitations are essential to ensure effective and safe navigation.

Keywords : Internal Audit, Good Governance, Public Sector Auditing

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INTRODUCTION

The paradigm shift that emerged during the reform era positioned oversight of public service performance as a strategic issue in governance. Although public service principles have long been adopted as a normative foundation, numerous public complaints persist, highlighting the low effectiveness and efficiency of government services (R. B. Denhardt & Denhardt, 2015; J. V Denhardt & Denhardt, 2015; Taufiqurokhman et al., 2024; Young Ogola et al., 2021). One key aspect related to public sector performance is internal auditing, which in the bureaucratic system is carried out by the Government Internal Supervisory Apparatus (*Aparat Pengawasan Intern Pemerintah*/APIP)—such as the Inspectorate General within ministries—as well as through inherent supervision by direct superiors. Weaknesses in these supervisory mechanisms often create opportunities for irregularities, which in turn undermine public service performance (Hermawan et al., 2024; Mustaufiq et al., 2024; Wahab et al., 2024; WULANDARI et al., 2024).

Recent literature shows that the role of internal audit has undergone a significant transformation in line with global developments in organizational governance. According to The Institute of Internal Auditors, internal auditing is no longer limited to compliance assurance but has evolved into an independent, objective activity that provides added value and helps organizations achieve their goals through systematic and disciplined evaluation of risk management, control, and governance processes. Internal audit can also offer value-added consulting services to management and support the board of directors in risk oversight.

Contemporary definitions emphasize internal audit as an independent and objective assurance and consulting activity designed to improve organizational operations by enhancing the effectiveness of risk management, internal control, and governance processes (Anasthalia et al., 2024; Glenardy et al., 2022; Sayekthi, 2022). An effective internal audit function plays a crucial role in achieving organizational goals across central and regional governments as well as state institutions, with effectiveness measured by the ability to provide adequate assurance, deliver consulting services, improve internal control efficiency, and contribute to organizational value (Badara & Sadin, 2014).

Frequent corruption cases in the public sector demonstrate the ongoing weakness of monitoring and control functions, which contributes to the prevalence of criminal misconduct (Rahadhitya & Darsono, 2015). Within the High Prosecutor's Office, the supervisory function is carried out by the Assistant for Supervision, who reports directly to the Chief Prosecutor and is responsible for planning, implementing, and controlling internal performance and financial audits as well as conducting special-purpose reviews. The Assistant for Supervision is supported by personnel responsible for specific areas, including personnel auditing, financial auditing, intelligence, general and special crimes, civil and administrative matters, and functional positions. Internal auditors within APIP are civil servants authorized to conduct oversight activities in government institutions in accordance with prevailing regulations (Permenpan No. 5/2008).

The Internal Control System (*Sistem Pengendalian Intern*/SPI) is a continuous process implemented by leaders and employees to provide reasonable assurance regarding the achievement of organizational goals, including effective and efficient operations, reliable reporting, asset security, and compliance with laws and regulations (PP No. 60/2008). The Indonesian Government Internal Audit Standards (SAIPI) emphasize that internal audits add value when they deliver objective and relevant assurance that enhances risk management, control, and governance effectiveness.

Within the High Prosecutor's Office, SPI is not designed merely to uncover violations but also to function as an internal consultant providing recommendations for performance improvement. However, high-profile corruption cases—such as the alleged tin trading corruption at PT Timah Tbk with state losses exceeding IDR 300 trillion, revealed by the Attorney General's Office in 2023—demonstrate that the implementation of good governance principles, including transparency, accountability, responsiveness, efficiency, effectiveness, and strategic vision, remains a persistent challenge in Indonesia. Additionally, the budget absorption report for the fourth quarter of 2024 showed a realization rate below 95%, indicating that APIP oversight within the High Prosecutor's Office of North Sumatra remains suboptimal and requires technical strengthening. SA-APIP (Permenpan No. 5/2008) and SAIPI (AAIPI, 2014) serve as minimum quality benchmarks for internal audit implementation in this regard.

Internal auditing in the public sector remains relatively under-researched compared to external audits, particularly in the context of governance and organizational performance (Gramling, Maletta, Schneider & Church, 2019). Internal auditing, as an independent assurance and consulting activity, is expected to enhance operations and support organizational goals through systematic evaluation of risk management, control, and governance effectiveness (Alwing et al., 2025). Internal control mechanisms must be monitored to ensure compliance with regulations, supported by effective communication systems to guarantee follow-up of audit findings (Mursalim et al., 2021). Previous studies indicate that internal audit practices in the public sector are often limited to traditional financial reviews and basic internal control assessments, thus failing to fully contribute to organizational efficiency and effectiveness (Abu-Azza et al., 2015).

Several factors influence internal audit effectiveness, including auditor competence, independence, experience, ethics, motivation, integrity, accountability, management support, and internal control quality. Negative factors include time pressure, excessive workloads, and supervisory pressure (Rajafi, Ariyanto & Sumaryana, 2024). Based on these considerations, this study seeks to analyze the influence of the Internal Supervisory Unit (SPI) on organizational performance and the implementation of good governance—particularly accountability, transparency, and effectiveness—within the High Prosecutor's Office. The research is limited to audit planning, implementation, reporting, and follow-up processes, with 12 respondents consisting of internal auditors and related officials. Using a qualitative case study approach with descriptive analysis at the High Prosecutor's Office of North Sumatra, this study aims to contribute both practically to improve internal audit implementation and theoretically to enrich academic literature on internal audit effectiveness within judicial institutions.

RESEARCH METHOD

This study employed a qualitative approach with a case study method in a natural setting to gain an in-depth understanding of the phenomenon based on field realities. A qualitative approach was chosen because the research emphasizes the processes and underlying meanings related to the effectiveness of the internal audit function, while the case study method enables the researcher to comprehensively explore programs, activities, and supervisory procedures within a specific context, space, and period.

Data were collected from both primary and secondary sources. Primary data were obtained through in-depth interviews, observation, and documentation involving auditors and examiners in the Supervisory Division, while secondary data were gathered from official documents such as audit guidelines, supervisory SOPs, audit reports, APIP policies, and scientific references related to internal auditing and good governance.

The study was conducted at the High Prosecutor's Office between July and September 2025. The operational definitions include internal audit, internal audit effectiveness, and good governance, each measured by indicators such as audit implementation standards, auditor competence, independence, follow-up on audit findings, accountability, transparency, effectiveness, efficiency, and regulatory compliance.

Data collection techniques consisted of documentation, semi-structured interviews using a purposive–judgment sampling strategy, and observation of supervisory activities to obtain accurate and relevant information in accordance with IIA Standards and AAIPI guidelines. All data were analyzed using the Miles and Huberman qualitative analysis model, which includes data reduction, data display, and conclusion drawing. These stages were carried out interactively, iteratively, and continuously until data saturation was reached. Data reduction was conducted to filter essential information from interviews and documents, data display was presented in narrative and tabular forms to facilitate interpretation, and conclusions were drawn through verification and alignment of findings with internal audit effectiveness indicators.

The credibility of the data was ensured through source triangulation and technique triangulation, supported by persistent observation and thorough examination of references and documents. Reliability, objectivity, and transferability were maintained by presenting results systematically, transparently, and measurably so that the research conclusions can be scientifically justified. Overall, this research design aims to provide a factual representation of the effectiveness of internal audit implementation in supporting good governance within the Supervisory Division of the High Prosecutor's Office.

RESULTS AND DISCUSSION

The Prosecutor's Office of the Republic of Indonesia is the state prosecution authority established under Law No. 11 of 2021 in conjunction with Law No. 16 of 2004. Its organizational structure consists of the Attorney General's Office, the Provincial High Prosecutor's Offices, and the District Prosecutor's Offices. At the provincial level, the High Prosecutor's Office of North Sumatra is responsible for implementing law enforcement policies as well as internal supervision through the Supervisory Division, which is mandated to examine performance, financial management, and disciplinary compliance of prosecutorial personnel in accordance with Regulation of the Attorney General (Perja) No. 009 of 2011. This unit serves as the primary object of this research in evaluating the implementation of internal audits.

This study involved three internal auditors selected through purposive sampling, as shown below:

Table 1. Characteristics of Research Informants

No	Informant	Position	Code	Date
1	Noferius Lombu, S.H., M.H.	Financial, Logistic, and Development Project Auditor	IK1	01/09/2025
2	Natalia Naibaho, S.E.	Intermediate Internal Auditor	IU1	02/09/2025
3	Heridawati K. Harianja, S.E.	First-Level Internal Auditor	IU2	02/09/2025

The informants were selected because they are directly involved in the planning and implementation of internal audits, making them relevant as primary data sources. During the data collection process, the researcher identified several important points related to the implementation of internal audits by the Internal Audit Unit (SPI) in the Supervisory Division of the High Prosecutor's Office of North Sumatra, as well as several deviations from applicable internal audit professional standards, particularly those adopted by APIP. These findings served as the basis for assessing the extent to which the internal audit process aligns with established theories and standards, and later became a key foundation in formulating the study's conclusions.

Based on observations and interviews, one of the most prominent deviations was the absence of a monitoring mechanism for the follow-up of audit recommendations. SPI audit reports contain findings and recommendations that should serve as an evaluation reference for work units; however, the interviews revealed that no follow-up monitoring was conducted. This was confirmed by the Assistant for Supervision of the High Prosecutor's Office of North Sumatra, who stated:

"Ideally, follow-up on the audit findings should continue to be supervised by the Internal Supervisory Unit (SPI). However, up to now, this has not been fully implemented." (IK1)

This statement indicates that the handling of findings and recommendations listed in previous audit reports has not been carried out adequately, even though the audit process had gone through confirmation, clarification, and special consideration stages to ensure relevance and significance for both the work unit and leadership. Follow-up monitoring should be a primary focus of SPI either through direct assistance or periodic reporting so that recommendations can be properly executed. However, this has not been optimally implemented, as reinforced by another informant: *"After completing the examination, the team directly reports the results to the Assistant for Supervision. As an audit team, our core duties are limited to inspection activities and drafting the audit report. Therefore, if no follow-up actions occur after the briefing session, the decision lies with higher-level leadership*." (IU2)

This clarifies that SPI only reports its findings to the Assistant for Supervision, while the monitoring of recommendation implementation is handed over to leadership without any formal follow-up reporting mechanism. Another finding concerns the auditors' dense assignment schedules. In 2024, the High Prosecutor's Office of North Sumatra set a Regular Audit Work Plan (PKPT) covering 28 District Prosecutor's Offices and 9 Branch Prosecutor's Offices over six months, producing a total of 37 Audit Reports

(LHP). This workload did not include special-purpose audits, financial report reviews, clarifications, case inspections, and other supervisory activities.

The audit objects spanned six areas: Personnel and General Affairs, Intelligence, General Crimes, Special Crimes, Civil and Administrative Matters, and Finance, Logistics, and Development Projects. With only 20 auditors available, the heavy workload made it difficult to complete each assignment on time. Several informants noted that overlapping schedules often delayed the completion of audit reports. One stated: *"Ideally, after the examination, the team should immediately prepare the audit summary. However, in practice, especially this year, a new assignment letter is often issued before the previous audit work is completed. As a result, report drafting cannot be completed on time."* (IK1)

Another informant provided a concrete illustration: "*For example, from December 1 to 10, the team was scheduled to audit financial and asset management at Work Unit A. In the middle of that schedule, from December 7 to 12, the team also had to handle a case investigation. Then, from December 12 to 17, the team was reassigned to audit the Government Internal Control System (SPIP) at Agency A. Amid those activities, on December 14 and 15, the team also had to participate in an asset reconciliation activity. This shows that supervisory schedules often overlap, affecting audit effectiveness and delaying audit report completion*." (IU2)

From the interviews, it was found that an auditor may receive five to six assignment letters per month with different teams, making coordination difficult and delaying report drafting. The dense schedule also limits opportunities for auditors to review working papers or supervise other auditors, even though these steps are essential for internal quality control. This was reinforced by another informant: *"The difficulty is that our team schedules rarely match. Sometimes we have to wait just to set a meeting, and that becomes time-consuming."* (IU1)

A third finding shows that the preparation and realization of audit work programs were often not completed on time. Limited coordination due to tight schedules and varying audit team compositions resulted in shorter examination periods, forcing auditors to first request work units to prepare data that should have already been available. This delayed the implementation of audit activities and hindered the timely preparation of audit plans. These conditions indicate that the effectiveness of the SPI as an internal supervisory unit in supporting governance quality and good governance within the High Prosecutor's Office of North Sumatra still needs improvement, particularly in follow-up monitoring, schedule management, and timely audit program preparation.

Based on these results, it is evident that the implementation of internal audits at the High Prosecutor's Office of North Sumatra has not fully aligned with the Internal Auditor Professional Standards (SPPIA) and the principle of due professional care as established by The Institute of Internal Auditors (IIA). Structurally, the existence of an audit charter, PKPT preparation, and field audits demonstrate that the audit mechanism formally exists. However, from a normative perspective, there are fundamental discrepancies between standards and practice, particularly in follow-up activities, audit scope, and quality of implementation, creating a significant gap between standard requirements and actual implementation.

First, the absence of a systematic follow-up monitoring mechanism constitutes the primary deviation from SPPIA. Under the standards, internal auditors are obliged to ensure that audit recommendations are followed up by the auditee so that supervision does not stop at issuing the Audit Report. In practice, follow-up at the High Prosecutor's Office remains passive and is undocumented, resulting in recommendations that do not always lead to corrective action. This contradicts quality assurance principles that require internal supervision to be result-oriented rather than merely procedural.

Second, the audit scope remains limited and does not fully reflect the SPPIA mandate. The audits are predominantly compliance-oriented and do not extend to comprehensive evaluations of internal control effectiveness, organizational performance, governance, or risk management. Ideally, internal audits should provide reasonable assurance that internal controls are functioning effectively to prevent irregularities, instead of merely identifying administrative deficiencies after the fact. This shows that the approach used is rule-based rather than risk-based, reducing the strategic value of the audit function.

Third, audit quality is not optimal due to excessive workloads and limited audit personnel. Auditors must complete numerous assignments within short timeframes, often resulting in conclusions based on insufficient evidence. This practice contradicts the due professional care principle, which requires auditors to perform their duties with accuracy, thoroughness, and professional skepticism. The heavy workload also undermines proper audit planning, even though SPPIA places planning as the foundation of audit effectiveness.

In summary, the key weaknesses lie at the implementation level, not in the institution's formal framework. Although the High Prosecutor's Office has a complete set of supervisory instruments—including an audit charter, PKPT, and examination SOPs weak follow-up execution, limited audit scope, and insufficient auditor capacity prevent full compliance with professional standards. Consequently, the internal audit function has not yet achieved its ideal role as mandated by SPPIA, namely providing independent, objective, in-depth, and improvement-oriented assurance for organizational governance.

CONCLUSION

This study reveals that internal audits by the Internal Audit Unit under the Assistant for Supervision at the High Prosecutor's Office of North Sumatra remain inadequate, failing to align with general audit process theory and the Internal Auditor Professional Standards (SPPIA) issued by the IIA. Key shortcomings include unsystematic follow-up on recommendations, untimely audit planning causing delays, limited auditor competence due to lacking certifications, personnel shortages leading to imbalanced duties, and inadequate facilities hindering the Annual Supervisory Work Program (PKPT). To enhance effectiveness, recommendations include recruiting qualified auditors, strengthening coordination with external bodies like the Audit Board of Indonesia (BPK) and Inspectorate for better performance audits, and conducting comprehensive evaluations of the internal control system alongside improved supervision and orderly audit documentation management. For future research, a comparative analysis of internal audit effectiveness across multiple Indonesian prosecutor's offices could identify best practices and contextual factors influencing implementation.

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