

## **INTERNAL CONTROL SYSTEM STRATEGY REGIONAL PROPERTY MANAGEMENT IN CIAMIS DISTRICT**

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### **Abstract**

This research is motivated by the absence of an internal control system on the effectiveness of the management of regional property in Ciamis Regency. This is indicated by the lack of support from Human Resources to manage goods, the limited availability of infrastructure, the level of communication and coordination between agencies that have not been effective, and the lack of innovation. This study aims to study the elements of the internal control system using the theory of Sujarweni (2015) including: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. With the aim of research to identify, describe and analyze the factors causing the ineffectiveness of the internal control system, as well as an effective management strategy for regional property in Ciamis Regency. The research method uses descriptive analysis with a qualitative research approach. Data collection techniques were carried out through interviews, literature studies, and observations. Then the data analysis technique used is data triangulation and SWOT analysis. An effective strategy in the Internal Control System for the management of Regional Property in Ciamis Regency is an aggressive strategy (growth-oriented strategy) which means that in this situation the Regional Government has the power and opportunity to realize the implementation of the Internal Control System in Ciamis Regency. Management of Regional Property. more effective in the future, by maintaining the previous strategy and optimizing the elements of the internal control system related to the availability of Human Resources which is intensified through implementation, improved coordination and focused communication, streamlining the structure and innovation efforts supported by a consistent attitude as a continuous effort and new research in an effort to improve the professionalism and sustainability of all parties in the implementation of the internal control system for the management of regional property in Ciamis Regency.

**Keywords:** Strategy, Internal Control System, Regional Property

### **A. INTRODUCTION**

Management of Regional Property is regional wealth that needs to be managed in an orderly, effective and efficient manner so that it can be utilized optimally in supporting governance, development and services to the community. In this regard, the regional government also needs to improve the administration and inventory of the administration of regional government affairs in all fields (Siti & Hadiyati, 2014). This includes goods owned by the region in accordance with applicable regulations. Conditions where the administration of Regional Property has not been carried out properly in accordance with the applicable rules at the ministry or State institution to be targeted in the arrangement and control of Regional Property. (Akhmetshin et al., 2018).

Regional Assets or Property is one of the important elements in the framework of government administration and services to the community. Regional property (BMD) is one of the most vital assets owned by the region to support the operations of local government. This is due to the existence of regional property; the achievement of national development can be carried out for the welfare of society in general and society in particular. Therefore, Regional Property must be managed properly and correctly so that transparent, efficient, accountable, economical Management of Regional Property is realized and ensures value certainty (Kurniadi et al., 2021). The new paradigm for the management of Regional Property also emphasizes the creation of added value from the Regional Property owned and managed. Assets under the management of local governments are not only owned by local governments, but also include assets of other parties controlled by local governments in the context of service or implementation of local government duties and functions. Management of regional assets must be handled properly so that these assets can become initial capital for local governments to develop their financial capabilities (Madesen et al., 2018).

Based on the results of the researchers' initial observations, the ineffective management of Regional Property in Ciamis Regency is caused, among others:

1. On the regulatory side, Government Regulations and Regional Regulations regarding the management of regional property have not been able to optimally accommodate all technical instructions for the implementation of BMD management. From several cases, the results of audit reports by BPK or BPKP still found some findings that the implementation of BMD management in Ciamis Regency was not optimal, as a result of an understanding of regulations that had different interpretations and resulted in the implementation of management being not optimal from the planning stage to the TGR.
2. The lack of competent Human Resources regarding understanding of procedures and procedures for asset administration, this is based on the preparation of reports and data collection of goods carried out by the management who often experience errors, for example in the process of inputting the Goods Inventory Card B; equipment and machinery (in the form of school laboratory equipment, photocopiers, etc.) sometimes items that fall into that category are in KIB E which should be used for other categories of fixed assets (which are not categorized into KIB A-D, such as package books) and vice versa .
3. The availability of goods managers in the asset sector in each Regional Apparatus Organization in terms of quantity is inadequate, most Regional Apparatus Organizations in Ciamis Regency only have one goods manager to input and handle asset inventory activities.
4. The level of supervision of the Regional Financial Management Agency is not good, especially at the stage of procurement of goods in each OPD, many of which are not recorded on the Goods Inventory Card, causing bookkeeping, inventory and asset reporting activities to not run optimally.
5. The implementation of coordination and communication between Regional Apparatus Organizations has not been intensive, marked by the absence of a joint program, even though with the establishment of this it is able to provide positive feedback for the

implementation of Regional Regulation policies, especially the management of regional property can be realized in accordance with its targets.

6. Not yet developed Standard Operating Procedures for public services that are designed in a comprehensive and integrated manner by the Regional Financial Management Agency with other organizations focused on more equalizing perceptions related to the maximum management of regional property.
7. The lack of initiatives, especially the Regional Financial Management Agency to formulate a joint technical strategy through a mutual agreement among other OPDs to address the importance of managing regional property in Ciamis Regency.

Basically, the Internal Control System is based on the idea that the internal control system is inherent throughout activities, is influenced by human resources, and only provides adequate assurance, not absolute confidence. For this reason, a system is needed that can provide adequate assurance that the organization of activities in a government agency can achieve its objectives efficiently and effectively, report on state financial management reliably, secure state assets, and encourage compliance with laws and regulations (Li, 2020).

Based on the description above, implementing an internal control system is expected to increase the effectiveness of the management of regional property, especially other assets, which really need good planning, control, supervision and coordination between agencies/institutions/cross sectors, especially in Ciamis Regency.

## **B. LITERATURE REVIEW**

The government must be able to present financial reports with quality information so that it can be understood by its users including the public because the public has a basic right to know and obtain information about what the government is doing, and why a policy or program is being implemented and how. The organization runs its operations. To produce quality financial reports, there must be effective internal control from the government itself, and the government must also be able to control external pressures that can disrupt the stability of the preparation of financial statements (Uninus et al., 2018).

An important objective of public sector accounting and administration reform is the accountability and transparency of central and local government financial management. Accountability and transparency are intended to ensure that the management of government finances carried out by government officials is running well. The internal control system is comprehensively implemented within the central government and local governments. The internal control system also determines the quality of good financial reports (Eniola, 2020). The internal control system related to financial statements is a process designed to provide reasonable assurance about the reliability of financial statements. One of the elements in the internal control system is risk control as well as information and communication (Sutaryo & Sinaga, 2018).

Internal control is one of the strongest foundations of good governance. The internal control system includes a variety of management tools that aim to achieve a broad range of

objectives. The objectives are to ensure compliance with laws and regulations, to ensure the reliability of financial reports and financial data, to facilitate the efficiency and effectiveness of government operations, and to ensure the security of state assets. A weak accounting system causes weak internal control and in the end the financial reports produced are also less reliable and less relevant for decision-making (Mahadeen et al., 2016). In other words, internal control is a process, which is influenced by the board of directors, management and other personnel within the company, designed to provide adequate assurance on the achievement of operating, reporting and regulatory compliance objectives (Kesuma & Ritonga, 2020).

The implementation of internal control is aimed at achieving three categories of objectives that allow organizations to focus on different aspects of internal control, which include operating objectives, reporting objectives, and compliance objectives (Kesuma & Ritonga, 2020). Operating objectives relate to the effectiveness and efficiency of the entity's operations, including operational and financial performance objectives, and to safeguard assets from loss (Taufik, 2019). Reporting objectives relate to the interests of financial reporting for both internal and external parties that meet the criteria of reliability, timeliness, transparency and other requirements set by the government, recognized standard setters, or entity policies (Fathiyah & Putriana, 2020). Meanwhile, the objectives of obedience relate to the observance of the laws and regulations to which the entity is the subject. However, these objectives have expanded, for example, to operating objectives which include not only financial performance and asset protection, but also the operations of the entity as a whole (Nurjaman et al., 2018).

### **C. RESEARCH METHODS**

The research method used is descriptive analysis with a qualitative approach (qualitative research) is "a study aimed at describing and analyzing phenomena, events, social activities, attitudes, beliefs, perceptions, thoughts of individuals and groups" (Eldershaw et al., 2007). This qualitative research is specifically more directed at the use of the case study method. Basically, research with the type of case study aims to find out about something in depth (Arciniegas Paspuel, O. G., Álvarez Hernández, S. R., Castro Morales, L. G., & Maldonado Gudiño, 2021). In order to be more focused and systematic, the implementation of this case study is carried out with the mechanism as expressed by (Gill et al., 2008) as follows: Selection of themes, topics, and cases, Literature reading, formulation of research focus and problems, data collection, data refinement, data processing, data analysis, data analysis process, theoretical dialogue, triangulation of findings, conclusions of research results, and research reports (Royadi et al., 2019). This study uses data collection methods: literature study, in-depth interviews, field observations and FGD (triangulation), as well as technical data analysis using SWOT analysis (Hunt, 2010).

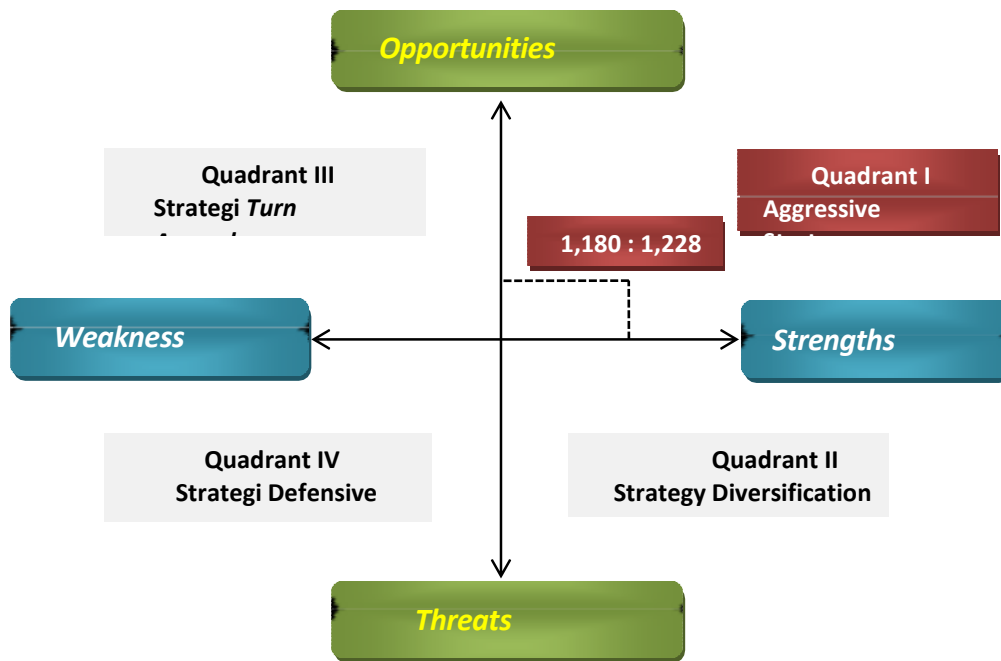
**D. RESEARCH RESULTS AND DISCUSSION**

To find out how big the influence of internal and external factors on the implementation of the Internal Control System strategy for the effective management of regional property in Ciamis Regency, the researcher used SWOT research. Based on the results of weighting and assessment through SWOT analysis, namely IFAS and EFAS, the final total value of strengths, weaknesses, opportunities and threats is obtained as follows:

1. Opportunities – Threats = 2,180 – 1,000 = 1,180
2. Strengths – Weakness = 2,614 – 1,386 = 1,228

**a) SWOT Analysis**

The results obtained above are used as a reference for the formation of a SWOT analysis to see the position of implementing the Internal Control System strategy for effective regional property management in Ciamis Regency as follows:



**Figure 1: SWOT Analysis of Internal Control System Strategy Regional Property Management (BMD) in Ciamis Regency**

Based on this position, it can be determined that the implementation of the Internal Control System for the management of Regional Property in Ciamis Regency is in a favorable position, the organization has internal opportunities and strengths so that it can take advantage of existing opportunities. The strategic recommendation given is an Aggressive Strategy (Growth Oriented Strategy) meaning that the organization is in a stable condition by maintaining the previous strategy and seeking improvements that are deemed necessary to be optimized through internal strengthening and innovation (Muktiyanto & Hadiwidjaja, 2015).

The implementation of an aggressive strategy in the internal control system is an adjustment to growing demands in order to streamline the management of regional property in Ciamis Regency. In this framework, the implementation must refer to the minimum criteria which include the control environment, risk assessment, control procedures, information and communication and monitoring (Hasbudin, 2012). Presumably, to implement an aggressive strategy, it can integrate and adapt to the objectives and functions of the SPI as a basis for planning, implementation, and supervision as well as ensuring that the local government of Ciamis Regency runs in accordance with applicable laws and regulations and does not violate the rules in order to realize the management of regional property that is sustainable, effective. Taking into account these conceptions, the parties involved in the management of regional property, namely the managing officer (Bupati), goods manager (Sekda), goods user (OPD Head), and goods confinement (operator) can react to it. The change must be systemic, integrative, and holistic. Therefore, it is time for a comprehensive reorientation and structuring of the implementation of the internal control system for the management of regional property in Ciamis Regency.

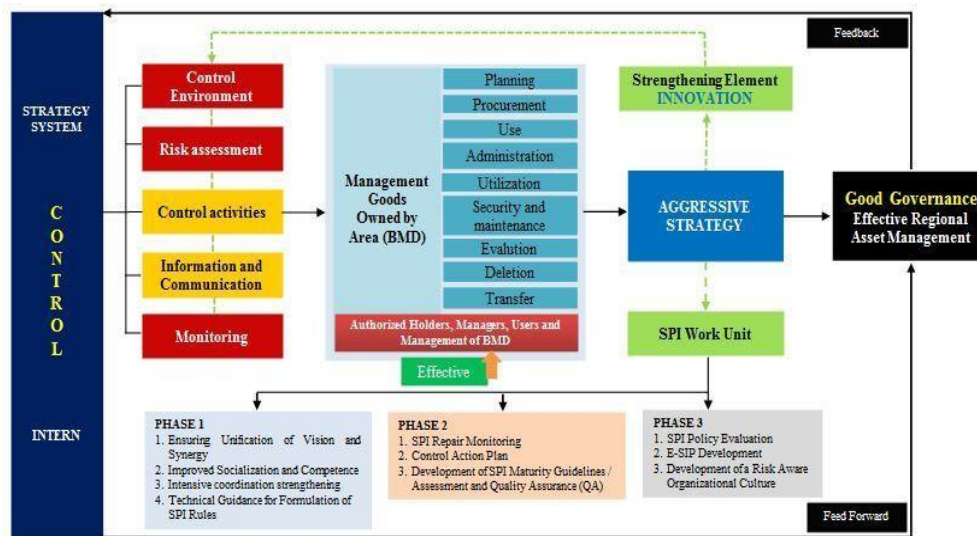
Given that the internal control system in the management of regional property becomes a challenge, it is necessary to establish an institution as a forum for unifying essence through the SPI Work Unit (Satker) in Ciamis Regency. Thus, in the realm of implementing the internal control system in the management of regional property in Ciamis Regency with all its obstacles, it can be overcome more optimally. Clarity regarding the internal control system in Ciamis Regency through the SPI Work Unit is basically focused on the following matters:

1. Unification of vision, synergy and synchronization of activity programs to ensure that all OPDs have the same commitment for more effective management of regional property through the implementation of Bimtek activities for Drafting Regulations on SPI.
2. Continuously and scheduled optimizing various activities to realize competence and skills for goods managers so that each goods manager in each OPD is able to carry out the duties and responsibilities that he carries as an operator of goods management to the fullest.
3. Strengthening the development and strengthening of external links in order to develop intensive, extensive and solid coordination.

The establishment of this SPI Working Unit (Satker) must be based on ensuring the integration between parties involved in the management of regional property. Thus, the implementation of the internal control system in Ciamis Regency needs to be placed in the right strategic perspective (Dewi, 2020). The involvement of all parties is not only involved in the policy planning process but is more involved at the implementation stage to be able to provide support in the implementation of the internal control system. The relationship between management officials, goods managers, goods users and goods administrators is generally said to be not good enough because in its implementation the level of coordination is still often an obstacle in efforts to manage regional property in Ciamis Regency. The implementation of the aggressive strategy is expected to be an effective strategy in

maximizing all parties to equalize perceptions or views regarding the importance of improving the internal control system for the management of regional goods in Ciamis Regency.

**Figure 2: Internal Control System (SPI) Strategy Recommendations Regional Property Management (BMD) In Ciamis District**



The implementation of the internal control system strategy for the management of regional property strongly emphasizes the equal involvement of all parties and an open dialogue to agree on achieving organizational goals. An effective process should be encouraging for all parties involved. If one party is involved and all members of the organization in the process of formulating achievement targets are involved, of course all of them will feel they have the organization and will be more responsible for the results and sustainability of the organization's achievements. The direct involvement of all components is clearly very possible for quick and effective decision making as well as more transparency in the implementation of the internal control system for the management of regional property in Ciamis Regency. (Suyanto, 2022) The concept of strengthening the internal control system strategy on the management of regional property in Ciamis Regency, really requires conceptual, systematic and sustainable thinking that relies entirely on the organizational structure that has previously been implemented. Of course, strengthening this element applies to organizations that involve individuals or groups of organizations as well as parties from different fields and sectors (Taufik, 2019).

The attitude of the researchers in this study related to the theory of Sujarweni (2015) is still quite actual and relevant and fundamental in realizing a more effective internal control system strategy for managing regional property in Ciamis Regency. However, there are still some weaknesses in its implementation. To anticipate the weakness of Sujarweni's theory in

the management of regional property in Ciamis Regency, the researchers found novelty as a strengthening element of Sujarweni's theory so that the internal control system strategy in the management of regional goods in Ciamis Regency runs optimally, namely the element of consistency. This, according to the researcher, can be an important element as well as a new element of research on the implementation of the internal control system strategy in the management of regional property in Ciamis Regency in addition to what Sujarweni's (2015) theory reveals, which includes elements of the control environment, risk assessment, information and communication, control activities. And monitoring. From the results described above, it is known that the internal control system that has been adapted so as to produce an element of innovation as an element that also influences the strategy of the internal control system for the management of regional property in Ciamis Regency.

Strengthening elements in the implementation of the internal control system strategy is actually related to an aggressive strategy to better organize inputs and processes to achieve outputs and outcomes as well as feedback to make improvements at the next stage. The strategy for managing inputs is related to the ability of the institution to provide various types and quantities and quality of human and non-human resources (budget). The strategy of managing the process is related to the ability of the institution to design, process and develop policies, organizations and management. And the strategy for managing feedback relates to the ability to make continuous improvements, weaknesses in inputs and processes as well as taking real corrective actions after making various adjustments to the environment. These strategies must be carefully assessed for their feasibility level in a strategic study which is the main priority for the implementation of the internal control system strategy for the management of regional property in Ciamis Regency.

## **E. CONCLUSION**

The Internal Control System (SPI) for the management of Regional Property (BMD) in Ciamis Regency on the components of control activities (Human Resource Development (HR), and communication information components (implementation of coordination between OPD and limited infrastructure for goods management) is not optimal, while the components of risk assessment (clarity of policy direction and work culture), control environment (Employee work mechanism), and monitoring (supervision and utilization of information technology) have been implemented effectively.

An effective Internal Control System (SPI) strategy for managing Regional Property (BMD) in Ciamis Regency through an aggressive strategy (growth-oriented strategy) is based on the fact that the Regional Government has the power and opportunity to maintain the previous strategy and optimize the strengthening of the internal control system related to availability. Human Resources (HR) which is intensified through the implementation of trainings, improves clarity of coordination and focused communication, streamlines work structures and strives for innovation as a component of strengthening as well as research novelty in an effort to increase professionalism and continuity of all parties in the implementation of the internal control system management strategy. Regional property in Ciamis Regency.



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