



## Effectiveness of Internal Supervision Functions at the Local Government Level: A Case Study

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### Abstract

This study aims to evaluate the effectiveness of internal audit functions at the regional government level through a case study at the Regional Inspectorate of Wajo Regency. The research is motivated by the critical role of internal audit in supporting good governance, as well as the limited literature and lack of standardized measures of internal audit effectiveness, particularly in Indonesia's public sector. A qualitative approach with a case study strategy was employed, utilizing in-depth interviews, direct observation, and documentation. The analysis focused on management and stakeholder perceptions of internal audit effectiveness based on five key factors: independence, competence, audit scope, audit performance, and management support. The findings reveal that the effectiveness of internal audit is strongly influenced by the quality of adherence to internal audit standards and the level of managerial support. The study also highlights the interplay between internal and external factors in shaping the performance of internal audits, analyzed through the lens of institutional theory. This research contributes to the development of both theory and practice of internal audit in local government contexts and recommends enhancing auditor competence and strengthening managerial commitment to optimize oversight functions.

## Introduction

In an effort to improve governance, the Indonesian Government has launched a bureaucratic reform program. This program has officially started since 2010 through Presidential Decree No. 81 of 2010 which was then followed by the issuance of Ministerial Regulation of PAN & RB No. 20 of 2010 concerning the Road Map for Bureaucratic Reform 2010-2014. This reform began to be implemented at the Regional Government level in 2012, based on Ministerial Regulation of PAN & RB No. 30 of 2012 concerning Regulation of the Minister of Administrative and Bureaucratic Reform Number 30 of 2012 concerning Guidelines for Proposing, Determining, and Fostering Bureaucratic Reform in Regional Governments. Bureaucratic reform aims to create a professional government bureaucracy and foster a mental attitude of bureaucrats who are able to carry out their duties more efficiently and effectively. One of the programs that must be implemented to support the success of bureaucratic reform at the Regional Government level is strengthening the supervisory function. Inspectorates, both at the central and regional levels, are government units that carry out the supervisory function. This demonstrates that at the local government level, internal audit officers, also known as APIP (Government Internal Supervisory Apparatus), play a crucial role in ensuring that government policies and programs are implemented effectively and efficiently. Bureaucratic reform at the local government level in Indonesia has made local governments a vital part of the governance system. The role of local government internal supervisors has been expanded

beyond auditing to include anti-corruption and consulting activities. The purpose of this changed role is to generate information and report on the results of supervision to provide reasonable assurance to the Regional Head that activities have been carried out effectively and efficiently and in accordance with established benchmarks.

Unfortunately, although internal oversight has become a crucial function within organizations, its effectiveness is still considered weak, primarily because it functions primarily as a watchdog (Setyadi, 2021). Furthermore, research on the effectiveness of internal oversight is limited. Academics tend to focus on external oversight as an organizational control function, neglecting internal oversight (Gendron & Bedard, 2006). More specifically, the effectiveness of internal oversight has not been extensively studied, and to date, only limited research has been conducted on its effectiveness (Arena & Jeppesen, 2010; Cohen & Sayag, 2010; Mihret et al., 2010; Mizrahi & Ness-Weisman, 2007). According to Mizrahi & Ness-Weisman, 2007, p. 188, the literature discussing the measurement of internal oversight effectiveness in the public sector is still relatively scarce. Despite academic efforts to research the effectiveness of internal oversight, there are no generally accepted guidelines or tools for measuring internal oversight effectiveness (Arena et al., 2006). The literature also indicates that there is no generally accepted approach to assessing internal oversight effectiveness (Mihret et al., 2010). Therefore, existing research uses different approaches to internal oversight effectiveness. For example, Yee et al. (2008) used the internal audit guidelines established by the Institute of Internal Auditors (IIA) to research and determine internal oversight effectiveness, while Arena & Azzone (2009) & Mihret & Yismaw (2007) developed their own models to determine internal oversight effectiveness.

Domestic research is limited, with some being case studies with a limited focus and locus, such as that conducted by Marlaini et al. (2018). Therefore, several academic studies (Arena & Azzone, 2009; Mihret & Yismaw, 2007; Yee et al., 2008) recommend further research and the need for more comprehensive studies on the issue of internal audit effectiveness. Therefore, examining the effectiveness of internal audit in developing countries can contribute to addressing this gap in the literature. Although the literature on internal audit effectiveness, particularly in Indonesia, is still relatively limited, previous research highlights that for internal audit to be considered a value-added service to an organization, it must adhere to and comply with the internal audit standards established by the Institute of Internal Auditors (Mihret et al., 2010). Internal audit standards are an effective indicator for measuring internal audit effectiveness (Al-Twajjry et al., 2003). This finding is reinforced by Malik (2022), who suggests that measuring the performance of internal audit officers use only one performance indicator: the implementation of internal audit standards.

Management support is also considered a critical factor impacting the effectiveness of internal audit. Mihret & Yismaw (2007) argue that management support for internal auditing can be considered a determinant of its effectiveness. In their research, Almahuzi (2020) concluded that among several external factors influencing the effectiveness of internal auditing, management support is the primary factor influencing its effectiveness. This finding is also confirmed in research by Alqudah et al. (2019), which revealed that strengthening management is one of the factors that positively and significantly influences the effectiveness of internal auditing. Furthermore, auditing standards state that internal auditors must obtain management support to foster collaboration with auditees and maintain their independence from external interference. Unfortunately, although internal oversight has become a crucial function within organizations, its effectiveness is still considered weak, primarily because it functions primarily as a watchdog (Setyadi, 2021). Furthermore, research on the effectiveness of internal oversight is limited. Academics tend to focus on external oversight as an organizational control function,

neglecting internal oversight (Gendron & Bedard, 2006). More specifically, the effectiveness of internal oversight has not been extensively studied, and to date, only limited research has been conducted on its effectiveness (Arena & Jeppesen, 2010; Cohen & Sayag, 2010; Mihret et al., 2010; Mizrahi & Ness-Weisman, 2007). According to Mizrahi & Ness-Weisman, 2007, p. 188, the literature discussing the measurement of internal oversight effectiveness in the public sector is still relatively scarce.

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## **Method**

There are two main approaches to research: quantitative and qualitative. The main difference between the two approaches is that qualitative research is based on in-depth information, while quantitative research relies on large amounts of numerical information that can be statistically analyzed and then generalized. This research uses a qualitative approach with a case study strategy. This research uses a qualitative approach to provide an in-depth understanding of whether internal oversight can be considered effective. Taylor et al. (2015) stated that qualitative research helps researchers understand how people perceive things and how things are seen from different perspectives. With this goal in mind, the approach taken for this study was a qualitative one. This approach is deemed necessary because it provides a more holistic

understanding of the nature, context, and process of internal oversight practices from the perspective of participants.

The research strategy used in this study is a case study. Experts agree on the definition of a case study (Creswell, 1997; Neuman, 2013; Yin, 2003). Creswell (2015) defines a case study as "the exploration of a bounded system or case over time through detailed and in-depth data collection involving multiple sources of context-rich information." Similarly, Neuman (2013, p. 40) defines it as "the in-depth examination of a large amount of information on several units or cases for a period or across periods." Both definitions share similar characteristics that require researchers to conduct thorough testing and use multiple sources of information. Yin (2003) defines a case study research strategy as "an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly visible." Yin expands the definition of a case study by adding and highlighting one attribute, namely that the object being studied is a contemporary phenomenon. Thus, Yin's definition seems to provide a complete attribute in understanding the material being studied.

The unit of analysis in a case study is the entity being analyzed. This unit of analysis can be an individual, a group of individuals (e.g., a family or professional association), a social category (such as social class or gender), or an organization or individuals within an organization (Neuman, 2013). In this study, the analytical entities are Supervisory Functional Officials, namely Auditors and Regional Government Affairs Supervisory Officials (PPUPD), who carry out internal supervision activities, as well as structural officials who support the implementation of internal supervision.

Yin (2003) states that a thought process connecting data with propositions and criteria for interpreting findings is useful in determining the stages of data analysis in case study research. Pattern analysis is one analytical technique used in interpreting and analyzing data (Mills et al., 2010). Pattern analysis involves "matching observed patterns (measured values) with expected patterns (hypotheses) and deciding whether these patterns match (hypothesis confirmation) or not match (disconfirmation)" (Dul & Hak, 2007, p. 663). Since this study does not test hypotheses, it does not employ pattern analysis; Instead, it uses a circular method based on three stages observing, collecting data, and reviewing to connect data and interpret findings (Seidel, 1998). Aaltio & Heilmann (2010, p. 66) agree, stating:

*"A researcher and research subjects constantly interact with each other in a case study, and therefore, maintaining mutual trust is part of the research process. The goal is to understand and interpret individual cases in their own contexts, and to discover information about their dynamics and processes."*

## **Research Location**

This research was conducted at the Wajo Regency Regional Inspectorate office, located at Jl. Rusa No. 17, Sengkang, Wajo Regency. The Regional Inspectorate was chosen as the research location because it is the Wajo Regency government's internal oversight agency and frequently receives scrutiny from stakeholders, both internal and external, as well as the public in general, regarding the effectiveness of its oversight results.

## **Data Sources**

In qualitative research, informants play a crucial role as individuals possessing information. They not only respond to requests from researchers but also choose the direction and preferences in presenting their information. Because of this role, human data sources in

qualitative research are referred to as informants. Informants in research are individuals or actors who truly understand and master the problem and are directly involved in the research. Purposive sampling was used to select informants. The primary informants for data collection were functional officials who carry out internal oversight, namely the Auditor and Supervisory Functional Officials of Regional Government Affairs (PPUPD). Additionally, data was collected from the management of the Wajo Regency Regional Inspectorate, including the Regional Inspector, Secretary, Assistant Regional Inspector, and several Sub-Division Heads under the secretariat.

### **Data Collection Techniques**

In data collection, researchers used several existing sources of evidence, such as documentation, archival records, interviews, direct observation, participant observation, and physical artifacts (Dul & Hak, 2007; Yin, 2003). This study, as is typical of any research, utilized four sources of evidence: interviews, direct observation, documentation, and archival records. Interviews are one of the most effective research data collection methods because the interviewer can communicate directly with respondents (Yin, 2003). This study collected data from interviews as the primary evidence. Semi-structured interviews were used during the fieldwork. Semi-structured interviews are one of the primary instruments in qualitative research used to explore more complex issues. Semi-structured interviews have the advantage of being open-ended, allowing respondents to freely provide their answers (Neuman, 2013). Furthermore, the interviewer can still control the interview because a set of interview questions is provided.

In determining the interview participants, the researcher selected the interview participants considering that the interview participants were directly part of the internal supervision process, including supervisory functional officials and supervisory management. Therefore, the researcher conducted semi-structured interviews with internal supervisory functional officials, namely Auditor Functional Officials and Regional Government Affairs Supervisory Functional Officials (PPUPD), Regional Assistant Inspectors, Secretaries, Inspectors, and several Sub-section Heads. The participants can be considered the best interview objects because they are involved in determining supervisory policies and are responsible for implementing supervision.

## **Result and Discussion**

### **Internal Factors**

SAIPI clearly mandates that internal supervisors must be independent in carrying out their supervisory duties. However, it cannot be denied that there are factors that can influence the independence of internal supervisors, particularly regarding the internal supervisor's position within the organization or agency, the form and scope of communication with management or auditee leadership, employee promotion, demotion, and transfer patterns, and access to management information for supervisory purposes.

As a first step in examining the independence of internal supervisors, the author reviewed documents regarding the position, organizational structure, and duties and functions of the Wajo Regency Regional Inspectorate. The regional apparatus that functions as an internal supervisor of Wajo Regency Government agencies is the Wajo Regency Regional Inspectorate, which is functioned based on Wajo Regent Regulation Number 54 of 2016 concerning the Position, Organizational Structure, Detailed Duties and Functions, and Work Procedures of the Wajo Regency Regional Inspectorate, as amended several times, most recently by Wajo Regent Regulation Number 123 of 2019.

The regulation states that the Regional Inspectorate is a supervisory element of regional government administration, tasked with assisting the Regent in fostering and supervising the implementation of government affairs within the region's authority and assistance tasks assigned by Regional Apparatus. In carrying out its supervisory duties, it is accountable to the Regent through the Regional Secretary. This indicates that in carrying out its supervisory duties and functions, the primary stakeholder of the Wajo Regency Regional Inspectorate is the Wajo Regent.

Good communication between the APIP leadership and the Regent should enhance the independence of oversight. However, interviews revealed that the APIP leadership does not frequently communicate directly with the Regent regarding each supervisory outcome. The communication that does occur is indirect; the completed Audit Report (LHP) is sent as a copy to the Regent. The submitted LHP is also rarely discussed together. Direct communication occurs when critical, high-risk, or viral issues arise that require immediate action by the Wajo Regency Regional Inspectorate. This situation was explained by interview participant 1 (PW1):

*"...mostly, if there is something important or risky, or something that goes viral in the media, we will meet directly with the Regent to discuss it and inform him that there are important and risky supervision results, and that they also need to be followed up or corrected immediately. So, we must be proactive, and that is indeed the role of the Inspectorate as a supervisory institution or APIP."*

This was confirmed by PW2:

*"...Moreover, it is not necessary (for every supervision result to be discussed by the Inspector with the Regent). This means that whatever the inspection results, it is the Inspector's authority and responsibility to resolve them."*

Both PWs emphasized that the Regional Inspectorate, as the organizer of internal supervision, must be responsible for risks and findings in the field and, whenever possible, resolve and find solutions without the active and direct involvement of the Regional Head. This situation is not ideal, as stated in the SAIPI, which states that the APIP Leader should have direct and unlimited access to communicate with the Regional Head to ensure independence and ensure both parties have access to information related to issues of mutual interest (SAIPI, 2021, 1110).

A similar situation was also encountered when discussing the supervisory plan. The supervisory plan document was not prepared prior to active communication or consultation with the Regent, even though the document was signed by the Regent in the form of a Decree. When PW was asked about communication with the Regent regarding the supervisory plan document, PW15 expressed regret:

*"Indeed, before signing this (PKPT), we should have consulted with the Regent first in case there were any areas of focus that he emphasized for supervision, and these would then be noted for inclusion in the PKPT. But so far, (such consultation has never taken place)."*

This situation is also less than ideal, according to the SAIPI supervisory standards. The SAIPI stipulates that when preparing a supervisory plan, the APIP Leader must consult with the K/L/D Leaders and PD Leaders to gain an understanding of the organization's strategy, objectives, risks, and risk management processes. Furthermore, the APIP leadership must review and adjust planning to respond to changes in existing business processes, risks, programs, systems, and organizational controls (SAIPI, 2021, 2010). In addition to direct communication with the Regional Head regarding supervision results and supervision planning, the APIP leadership

should also communicate with the auditee regarding both supervision planning and supervision results. However, as previously mentioned, communication regarding supervision planning to the PD leadership has not been carried out properly.

Regarding communication between the APIP Head and the Regional Revenue Agency (PD) Head regarding supervision results, the APIP Head stated that when asked about their communication with the auditee, in this case the Head of the PD, the APIP Head tends to communicate infrequently, except regarding follow-up on the supervision results. As he explained:

*“...For the most part, no. Sometimes there is communication (with the auditee/PD Head), but this is usually for corrections or follow-up, either after the draft or audit report has been published or after the LHP is completed.”*

*“...Sometimes, after the LHP is published, the agency head contacts them to seek a solution, especially if there are findings of significant (large) refunds. They will usually ask for leniency, but it also depends on the circumstances of the findings. If the findings cannot be granted leniency, we will usually persist in not granting leniency.”*

According to him, this lack of communication is to maintain supervisory independence. However, the critical point for APIP independence in an assignment is when the LHP is published and submitted to the auditee's head. Based on the author's direct observations, once the Audit Report (LHP) is published, the auditee, from staff to management, will attempt to discuss the supervisory findings and negotiate to ensure that they do not harm the auditee.

This aligns with the statements of PW8 and PW9, respectively:

*PW8: "We always discuss our findings with the auditee. If you ask how extensive the discussion is, we discuss it in quite a bit of detail."*

*PW9: "So, in the audit, after the inspection, a draft is published. There, all findings are highlighted and explained. However, afterward, the auditee has the right to respond to the findings. They may dispute, refute, or provide explanations." This aligns with the provisions stipulated in SAIPI (2021, 2440.A1), which states that the Head of the APIP is responsible for communicating the final results of the assignment to the parties involved and ensuring that the results are followed up.*

To assess the competence of internal supervisory officers from their supervisory experience, the author looked for data on how long Wajo Regency Inspectorate employees had worked within the scope of supervision and obtained the following data:

Table 1. Distribution of APIP according to supervisory experience

<b>Supervisory Experience</b>	<b>Amount</b>	<b>Percentage</b>
Less than 4 years	26	46,43
4-10 years	17	30,36
11-20 years	13	23,21
More than 20 years	0	-
Total	56	100

The above data indicates a balanced distribution, with 30 employees with four years or more of service, while 26 had less than four years of service. These 26 employees comprised eight new civil servants (ASN), 12 non-APIP employees who became internal supervisory officers through in passing, and six structural officials. Of particular concern is the internal supervisory experience of these structural officials, who almost all lack professional certification and have

worked for less than four years within the APIP environment. This situation arises from the frequent turnover of echelon III positions. Position changes, particularly at echelon III, occur routinely, whether through transfers, promotions, or even demotions. This was confirmed by PW6 when asked about professional/expertise certification:

*"To date, there is no certification. When I was first transferred here, I didn't know anything about it. It took a while before I learned about the existence of certification for supervisory management. But, that's later. The worry is that after I've been certified, I'll be transferred again soon."*

Response indicated a lack of hope for certification due to the uncertainty of future career prospects within the Wajo Regency Inspectorate, which serves as an APIP agency. The same applies to all structural positions, particularly echelon II positions, namely Inspector, and echelon III positions, namely Secretary and Assistant Inspector.

### **External Factors**

One important factor in increasing the effectiveness of internal supervision is management support. Management support for successful supervision can be seen in the quality of education and training programs, the adequacy of the supervision budget, incentives or compensation, and follow-up on supervision results. The education and training programs discussed in this section are education and training related to non-graduate supervision. Education and training related to grading have been discussed in the sub-chapter on competencies. The requirements for education and training for grading for all supervisory officials have been met.

Regarding education and training for supervision, the author reviewed the budget documents of the Wajo Regency Inspectorate (DPA) for the past three years and found that education and training programs are budgeted annually at approximately the same amount. This indicates that management has made efforts to meet the needs for education and training related to supervision. As explained by PW2 and PW10:

*"Every year we allocate a special budget for training. But the training costs are expensive, right? Especially if the training is held on Java."*

*"If you ask if there is, yes there is. There definitely is. And there must be. But the question is, does it meet the needs of supervision?"*

Although education and training are budgeted annually, interviews revealed complaints regarding the fulfillment of education and training needs, as revealed below:

*"There is. But it's limited. Maybe there are even friends who haven't attended any training in a year."*

*"But the question is, does it meet the needs of supervision? Because so far, there's no pattern to training. I mean, there's no map, for example, to determine which topic someone is interested in or has expertise in, and let them be experts in that topic. There's no pattern."*

*"So, the training budget is indeed insufficient to accommodate all the needs of our fellow auditors."*

Regarding complaints about the inadequacy of education and training needs, PWs in management positions acknowledged the lack of budget to meet all education and training needs due to the relatively high costs. Therefore, adjustments were made to the education and training pattern by dividing employees into two classes to participate in education and training. Furthermore, for education and training on new and important topics, the APIP leadership only

sent one to five people to attend the education and training on a specific topic. Upon returning from the training, the employees were required to present their learning. This activity aimed to ensure that all supervisory officials understood the topic, even if they did not directly participate.

*"Since COVID-19, for the past 2-3 years, training has been held simultaneously. So, two classes are held for all employees. One class attends training at the Audit Board (BPK) and the other at the Financial and Development Supervisory Agency (BPKP).*

*"Previously, the training was held in Makassar twice. But the staff were different. And we tried to get all employees to participate."*

*"So, for example, if there's a new training topic, the leadership will send one or two people to participate. They'll then be asked to organize it as an in-office training program (PKS). So other colleagues will also understand."*

However, there are still complaints regarding this mechanism. The education and training designed by management for the two classes often doesn't meet the expectations of supervisory officials. This dissatisfaction is related to the education and training themes. The themes chosen sometimes don't align with the individual's education and training needs. So, even if they have mastered the supervisory theme and are more interested in other supervisory topics, they must still attend the education and training designed by management. As a result, education and training participants do not acquire new knowledge, and the training provided does not directly improve individual competencies.

*"Training is available in Makassar. You can choose from the BPK or the BPKP. However, the topics are limited. This is different from training at the BPKP Training and Development Center in Bogor, for example. We can choose the topics we want to attend. It depends on our needs."*

Furthermore, for education and training participants who presented the material they had learned, there were still complaints that the material was not well understood.

*"There are drawbacks when the lesson is delivered by a colleague via PKS. Sometimes the explanation of the material is not very clear, so it is difficult to understand. Sometimes there are also questions that they cannot answer."*

It can be concluded that the education and training program at the Wajo Regency Regional Inspectorate is not sufficient to accommodate all individual needs. Furthermore, when training is needed on specific topics, it appears that management prioritizes budget efficiency by sending one to five people to attend the training and expecting these employees to share their knowledge upon returning from the training.

## **Discussion of Research Findings**

Research evidence in the form of interviews, documentation, and observations was processed and summarized to describe the state of internal oversight at the Wajo Regency Inspectorate. These conditions were then analyzed and remapped within the institutional theory framework of DiMaggio & Powell (1983). A summary of the classification results is summarized in Table Broadly speaking, it can be said that the independence of the Internal Audit Agency (APIP) is compromised. This is evidenced by the suboptimal communication between the APIP leadership and the Regent, as the primary stakeholder in internal oversight in Wajo Regency. The APIP leadership's communication did not align with the expectations of the SAIPI (Inspection Report). Although the Audit Report (LHP) was communicated through a copy to

the Regent, which is a practice of mimetic isomorphism, namely to reduce the risk of uncertainty, in other respects, the annual oversight plan was not actively communicated before its issuance, the Audit Report was not communicated intensively, and the results of the annual internal oversight were not submitted, representing a practice of decoupling.

The same applies to supervisory findings, where fraud tends to be overlooked or not explicitly stated in the Audit Report (LHP), or potential fraud is reframed as a potential weakness. A positive aspect of the independence of internal oversight in Wajo Regency is access to data and information. The ability of supervisory officials to fully access necessary information is an institutionalized practice, and this practice has been internalized and implemented continuously. Furthermore, the appointment and dismissal of Inspectors and Inspectors in the Wajo Regency Regional Inspectorate are conducted through a selection committee and consultation with the Governor, as the representative of the central government, demonstrating the Wajo Regional Government's good intentions to uphold the independence of internal oversight through legitimate practices.

Overall, management support cannot be considered satisfactory due to the predominance of decoupling practices, except in the budgeting of supervisory activities (Brandtner, C. (2021; Muhirwa et al., 2021; Jalali et al., 2021). Regarding education and training needs, it can be said that education and training do not meet standards. Although there is institutionalized budgeting for education and training, meaning that a budget is allocated annually for education and training activities, decoupling practices exist in terms of the adequacy of training hours and the quality of training attended.

Education and training for APIP should be able to cover 120 hours of instruction per person, with the type of training appropriate to individual needs and supervisory activities. However, based on the results of this study, the education and training budget does not account for the adequacy of the target of 120 hours of instruction per person, resulting in insufficient training for each individual (Ahmed et al., 2022; Schaffner et al., 2024; Ludwika & Rifai, 2024). Furthermore, the implementation of education and training is regulated top-down by management. This means that the budget amount, budget allocation per person, type of training, and number of training days are determined by the management of the Wajo Regency Regional Inspectorate, resulting in education and training that does not align with the needs of the officers. Basically, the budget allocation for supervision has not met the required level of 0.75% of regional expenditure. However, research indicates that the available budget is approaching 0.75% of regional expenditure, and interviews with the Regional Supervisory Board (PW) have agreed that the budget allocated specifically for supervision is deemed adequate for the supervisory workload. In this case, the practice of legitimizing supervisory budgeting occurs through acceptance of this situation.

Internal oversight has become an integral part of the organizational structure as a service that adds value to agencies (Droic & Keiser, 2021; Anderson, 2022; Boufounou et al., 2024). The idea that internal oversight contributes to added value for agencies is inseparable from the long-held assumption that internal oversight is always effective (Al-Twajjry et al., 2003; Mihret et al., 2010). This contradicts other studies conducted by Al-Twajjry et al. (2003); Mihret (2010); and Mihret & Yismaw (2007), which indicate that internal oversight is not always effective. Fundamentally, there is no agreement on clear standards or definitive methods for assessing the effectiveness of internal oversight (Arena & Azzone, 2009). Therefore, in this study, the researchers attempted to examine the effectiveness of internal oversight based on adherence to government internal audit standards, namely SAIPI (2021), which examines the independence, competence, scope, and performance of internal oversight. This study also added a crucial

factor, management support, because to be effective, internal oversight activities must have the support of top management.

## Conclusion

Based on the results of this study, the current level of internal oversight practices does not meet standards and therefore cannot be considered effective. The standard in question is SAIPI, which is the sole standard considered to be the source governing the implementation of internal oversight in Indonesia and also serves as a reference for isomorphism. This means that SAIPI is expected to encourage organizations to implement isomorphism so that all internal oversight activities are carried out uniformly according to standards in order to provide added value to the agency. In enforcing SAIPI, the Wajo Regency Inspectorate has primarily engaged in decoupling, separating the relationship between one activity and another, resulting in activities that do not align with SAIPI. The second research question in this study is "What influences the effectiveness of internal oversight implemented by the Wajo Regency Inspectorate?" The results of this study indicate various weaknesses affecting the effectiveness of internal oversight within the Wajo Regency Inspectorate, both internal and external.

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