

ABSTRACT

This study aims to analyze the effect of the capability of the Government Internal Audit Apparatus (APIP) and the maturity of the implementation of the Government Internal Control System (SPIP) on the number of audit findings reported by the Audit Board of the Republic of Indonesia (BPK RI) in ministries and government agencies. This study is motivated by the persistent problems in public financial management and the high risk of fraud in the public sector, as reflected in external audit findings.

This research employs secondary data derived from the assessment results of APIP capability and SPIP maturity issued by the Financial and Development Supervisory Agency (BPKP), as well as audit findings reported by BPK RI for the period 2015–2023. The research sample comprises ministries and government agencies with a total of 611 observation units that have complete data over the observation period. Data analysis is conducted using panel data regression to accommodate heterogeneity across entities and over time, with data processing performed using EViews 12 software.

The results indicate that SPIP implementation maturity has a statistically significant negative effect on the number of BPK RI audit findings, whereas APIP capability does not have a significant effect. These findings suggest that the effectiveness of internal control is more strongly reflected in the maturity of system implementation than in improvements in audit capability that are formal and administrative in nature. This study contributes to the literature on internal oversight in the public sector and highlights the need for further research to examine the role of APIP in a more substantive manner. Future studies are encouraged to adopt alternative approaches, either qualitative or by employing more operational proxies, such as the number and characteristics of audit assignments to explain how internal oversight mechanisms contribute to reducing agency problems in the public sector.

Keywords: *internal audit capability, internal control maturity, external audit findings, internal oversight, public sector*

