

Analysis of Internal Control in The Process of Granting at Public Administration Bureau Regional Secretariat of East Java Province

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Abstract

The purpose of this study was to analyze and evaluate the internal control of the process of ganting at the East Java Provincial Secretariat's Public Administration Bureau. This research is a qualitative research with an explanatory approach to explore the causes of internal control problems in depth and evaluate them, ask questions, and answer problems to find solutions and provide appropriate recommendations. The subject of this research is the Public Administration Bureau of the Regional Secretariat of East Java Province. The object of this research is internal control in the process of granting. Data analysis begins with making preliminary observations regarding the process of budgeting, disbursing, and reporting grant funds as well as an internal control system then organizing and preparing data for analysis by verifying and evaluating data from interviews, observations, and documentation, and comparing the data obtained with theory and make conclusions and suggestions. The results of this study indicate that the Public Administration Bureau of the Regional Secretariat of East Java Province has implemented five components of COSO internal control, namely the control environment, risk assessment, control activities, information and communication, and monitoring activities with 17 control principles in the process of granting and implementing them based on Government Regulation No. 60 of 2008. The internal control system of the Public Administration Bureau of the Regional Secretariat of East Java Province in the process of providing grant funds is in accordance with the theory of internal control according to COSO and Government Regulation No. 60 of 2008. But in practice, there are still obstacles, namely limited human resources (employees), human error, differences in the educational levels of grant recipients, and changes in policies and regulations.

Keywords: Grants, internal control, Civil Administration Bureau.

1. Introduction

Grants received or given must be accounted for in accordance with the mechanisms and provisions in state financial regulations, because they are part of state revenue and expenditure. Accountability in state finances is not only related to the accounting aspect, but includes aspects of budgeting, mechanisms for spending / receiving funds, reporting to stakeholders, and utilizing grants. (Buletin Teknis SAP No.13)

The Republic of Indonesia's Supreme Audit Agency (BPK) released the results of the audit recapitulation for East Java Province. As a result, East Java caused losses to the state of Rp. 41.6 billion with 81 cases. This loss is the total from recapitulation in the provincial, district / city government and BUMD in East Java. This tendency to harm the country occurs because assets are controlled by other parties, their whereabouts are unknown, receivables in the form of revolving funds which are potentially uncollectible.

Programs that have the potential to harm the state include capital expenditures, social assistance (Bansos) and grants in the APBD. This is because the budget, both for social assistance and grants, often increases from year to year. There was a drastic increase in the East Java Provincial Government's grant budget allocation, from 2009 to 2014. In the 2009 APBD, the allocation for grant funds was Rp 586 billion and increased in the 2010 APBD by Rp 754 billion. In the 2011 APBD, the grant funds increased to Rp. 1.1 trillion. A year later, there was an increase of more than 100 percent, namely to Rp. 4.3 trillion. In 2013, it increased again to 4.9 trillion. In the 2014 RAPBD, grant funds are budgeted at Rp. 4.9 trillion. (lensaindonesia.com, 2013)

In 2012, the budget allocation for grants to the regional secretariat bureau amounted to Rp. 908,298,000,000, and the realization was Rp. 855,372,658,463; and in 2013 the budget allocation for grants to the Regional Secretariats (regional secretariats) was Rp1,026,542,000,000, and the realization was Rp.645,032,128,182. This can be seen in 2012 and 2013, the amount accounted for in grants was IDR 6,855,000,000. However, there have been allegations of corruption in the form of deductions for real grants received by the people amounting to Rp1,737,600,000. This means that the grant funds that have been received by the people, there are cuts of between 10 - 50 percent for various reasons that do not make sense, such as administrative costs, management fees, and commitment fees for members of the Provincial DPRD. (lensaindonesia.com, 2015)

At present, the East Java Provincial Government, especially in the SKPKD of the Public Administration Bureau of the Regional Secretariat of East Java Province, has issued grant funds to the people of East Java for the last five years amounting to IDR 1,620,506,008,500.00 with a total of 18,310 grant recipient institutions. (Table 1). There was an increase in the number of grants from 2010 to 2013 but there was a decrease in 2014 as well as the number of grant recipient institutions experiencing the same thing. The possibility of this happened because of the cancellation or refund of grant funds to the East Java Provincial Government.

Table 1. Amount of Expenditure of Grants and Grant Recipient Institutions of the Public Administration Bureau of the Regional Secretariat of the East Java Provincial Government for the Last 5 Years

Year	Amount of Expenditure of Grants	Grant Recipient Institutions
2010	Rp 189.195.056.000,00	2395
2011	Rp 252.676.952.500,00	3129
2012	Rp 408.618.000.000,00	3479
2013	Rp 425.101.500.000,00	4884
2014	Rp 344.914.500.000,00	4423
Total	Rp 1.620.506.008.500,00	18.310

Source: Internal Data of the Public Administration Bureau, 2014

In the Public Administration Bureau, there are cases of YPI DU, MI DU, and Islamic Boarding school RAN which are recipients of the 2012 FY grants having their address in Malang Regency. The grants that have been received are Rp. 300,000,000.00, Rp. 100,000,000.00 and Rp. 250,000,000.00 respectively. Based on the statement from KH. ZL (YPI DU), AF (MI DU) and M.BAH (Islamic Boarding school RAN) from the value of the grant that had been received were known to be used according to the proposal of 80 percent, the remaining 20 percent or IDR 130,000,000.00 was handed over to Mr. H.M Ily (on the pretext that the grant disbursement is subject to an 'administration fee'). (lensaindonesia.com, 2015)

Based on previous descriptions, the internal control system in the granting process is important because internal control is an organizational plan and business methods used to safeguard assets, provide accurate and reliable information, encourage and improve the efficiency of the

organization's running. As well as encouraging conformity with predetermined policies. (Romney and Paul, 2004: 229)

In a government environment, internal control is a process that is enforced by the leadership (institutional leadership) and management as a whole, designed to provide confidence in the achievement of government / organizational goals which are generally divided into three categories, namely the effectiveness and efficiency of government operations, reporting. financial reliability, and Compliance with applicable procedures and regulations. (Susanto, 2014)

Internal control is a process because it permeates the operational activities of the organization and is an integral part of basic management activities. COSO provides a significant step towards the definition of internal control with five components, namely the control environment, risk assessment, control activities, information and communication, and supervision. (Romney and Paul, 2013: 229)

The objectives of internal control consist of operations, reporting, and compliance (COSO, 2013):

1. **Operations Objectives.** Operational objectives are related to the achievement of the vision, mission and objectives of the entity. These objectives are related to improving financial performance, productivity, quality, environmental practices, return of assets, and liquidity.
2. **Reporting Objectives.** The purpose of reporting is related to the preparation of reports for use by organizations and stakeholders in relation to financial / non-financial reporting as well as external / internal reporting.
3. **Compliance Objectives.** Rules and laws are minimum standards of organizational behavior.

The importance of internal control in the process of granting government grants because the government as a grant provider can research and control the grant funds that have been given, so that indications of fraud / inaccuracy in the provision of grant funds can be minimized. Based on these descriptions, it is necessary to analyze and evaluate internal control in the process of providing grant funds at the Public Administration Bureau so that later it can provide recommendations and resolve existing problems.

2. Literature Review

Internal control

On May 14, 2013, COSO published the Internal Control Integrated Framework (ICIF) as a revision of the 1992. In this new edition, COSO (2013: 3) defines internal control as follows: "Internal control is a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance." Internal control is a process, because it covers the operational activities of the organization and is an integral part of basic management activities. Internal control can only provide adequate assurance, not absolute confidence. This confirms that no matter how well the internal control is designed and operated, it can only provide adequate assurance, cannot be fully effective in achieving the objectives of internal control even though it has been designed and structured as well as possible. Even how well the ideal internal control is designed, its success depends on competition and constraints rather than implementation which cannot be separated from limitations.

Purpose of Internal Control

The objectives of internal control according to COSO (2013: 3) consist of operations, reporting, and compliance which can be explained as follows:

1. **Operations Objectives,** are related to the achievement of the vision, mission and objectives of the entity. This goal is related to improving financial performance, productivity, quality, environmental practices, return of assets, and liquidity. One of the objectives related to operational objectives is safeguarding assets. An entity can determine objectives related to prevention of asset loss as well as periodically detect and report loss of assets.

2. Reporting Objectives. The purpose of reporting is related to the preparation of reports for use by organizations and stakeholders in relation to financial / non-financial reporting as well as external / internal reporting. The characteristics of external financial / non-financial reporting are that they are tailored to external requirements and requirements, are prepared according to external standards, and may be required by regulators, contracts, and agreements. Meanwhile, the characteristics of internal financial / non-financial reporting are used in decision making and business management and are determined by management and the board.
3. Compliance Objectives. Rules and laws are minimum standards of organizational behavior. The organization is expected to incorporate these standards into the objectives of the entity, even if the organization can set higher standards than those set by laws and regulations.

One goal and another can overlap or help each other. For example, in terms of financial reporting, it can be the basis for management to review its operational performance and compliance with regulations. In addition, safeguarding assets, which is an example of operational objectives, also affects the accuracy of total assets in reporting. So it can be concluded that the setting of these goals is mutually sustainable, but still depends on the existing situation.

Components of Internal Control

Under COSO, internal control is a process because it permeates the operational activities of the organization and is an integral part of basic management activities. Internal control provides reasonable, not absolute, assurance. COSO provides a significant step towards the definition of internal control, namely the five components and the 17 principles outlined in Table 2. (COSO, 2013: 7).

Table 2. The Five Components of the COSO Internal Control Model

No	Components	Principle
1.	Control environment The set of standards, processes and structures that form the basis for the implementation of internal control throughout the organization.	<ul style="list-style-type: none"> • The organization demonstrates a commitment to integrity and ethical values • The board of directors demonstrates independence from management and supervises the development and implementation of internal controls. • With the supervision of the Board, management establishes the structure, form of reporting, responsibilities and authorities required in order to achieve objectives. • The organization establishes a commitment to attracting, developing and retaining competent individuals in order to achieve goals. • The organization holds individuals responsible for internal control in order to achieve goals.
2	Risk assessment a dynamic and iterative process for identifying and analyzing risks to achieve objectives, and forms the basis for how risks should be managed.	<ul style="list-style-type: none"> • The organization defines specific objectives so that it is possible to identify and assess the risks associated with the objectives. • The organization identifies the risks associated with achieving objectives across the entity and analyzes the risks to form the basis for how risks will be treated. • The organization considers the potential for fraud in risk assessment. • The organization identifies and assesses changes that will significantly affect the internal control system
3.	Environment activities Actions defined with procedures and policies to ensure that management has directed to mitigate risks in order to achieve objectives.	<ul style="list-style-type: none"> • The organization selects and develops control activities that contribute to risk mitigation to an acceptable level for achieving its objectives.

No	Components	Principle
		<ul style="list-style-type: none"> • The organization selects and develops control activities in general related to technology in order to achieve objectives. • The organization disseminates control activities through policies and procedures in its implementation.
4.	Information and Communication Information is needed in order to carry out its internal control responsibilities in order to achieve objectives. Meanwhile, communication occurs both internally and externally by providing the necessary information for the day-to-day implementation of internal control.	<ul style="list-style-type: none"> • The organization obtains and uses quality and relevant information in order to support the functions of other components in internal control. • The organization internally communicates information, including the objectives and responsibilities of internal control in order to support the functions of other components of internal control. • The organization communicates with external parties regarding matters that affect the functions of other components in internal control.
5.	Monitoring Activities Continuous evaluation, separately, or a combination of both to ensure that all components of internal control are in place and functioning.	<ul style="list-style-type: none"> • The organization selects, develops, and carries out continuous and / or separate evaluations to ensure all components of internal control are in place and functioning. • The organization evaluates and communicates deficiencies in internal control to those responsible for corrective action.

Source: COSO, 2013:7

Limitations of Internal Control

COSO (2013: 9) describes the limitations of internal control as formulated in the Internal Control Integrated Framework as follows:

“The Framework recognizes that while internal control provides reasonable assurance of achieving the entity's objectives, limitations do exist. Internal control cannot prevent bad judgment or decisions, or external events that can cause an organization to fail to achieve its operational goals. In other words, even an effective system of internal control can experience a failure. Limitations may result from the:

1. Suitability of objectives established as a precondition to internal control
2. Reality that human judgment in decision making can be faulty and subject to bias
3. Breakdowns that can occur because of human failures such as simple errors
4. Ability of management to override internal control
5. Ability of management, other personnel, and / or third parties to circumvent controls through collusion
6. External events beyond the organization's control”

Internal control provides adequate, not absolute, confidence in the achievement of goals, but there are limitations that come from:

1. Preconditions of Internal Control. The first limitation is the initial conditions before the establishment of internal controls. Internal control cannot cover all activities carried out by the organization. One of the things not covered is the entity's pre-conditions before internal control was applied. The entity's weaknesses in selecting, developing, and evaluating management may limit its ability to exercise oversight of internal control. In addition, the process of determining the strategy and objectives is not precise, it will result in selecting unrealistic, inappropriate, and non-specific goals.
2. Judgment. The second limitation is the fact that human judgment in decision making can be wrong. Humans have a weakness in making business decisions based on time, limited

information, and under pressure, so that they can produce decisions (judgments) that are not correct and need to be changed.

3. Breakdowns. The third limitation is damage that can occur due to employee error. A good internal control system can break down. Personnel may misunderstand instructions, make mistakes, or have too many tasks
4. Management Override. The fourth limitation is management's ability to ignore internal control. It is possible for an entity with an effective internal control system to have a manager who overrides internal control.
5. Collusion. The fifth limitation is the ability of management, other personnel, and third parties to carry out collusion. Collusion can result in deficiencies in internal control. Individuals acting collectively can hide acts of fraud and alter financial or other information so that internal control cannot prevent and detect it.

Internal control cannot prevent bad judgments or decisions, or external events that can cause an organization to fail to achieve its operational objectives. In other words, even an effective internal control system can fail.

Government Internal Control System (SPIP)

Internal control within the government is described in the Indonesian government Regulation No. 60 of 2008 which is an integral process of actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. invitation.

Table 3. Components of Internal Control according to PP. 60 of 2008

No	Components	Explanation
1	Control environment	<ul style="list-style-type: none"> • Upholding of integrity and ethical values • Commitment to competence • Conducive leadership • Establishment of an organizational structure as needed • Appropriate delegations and responsibilities • Formulation and implementation of sound policies on human resource development • Realization of the role of an effective government internal control apparatus
2	Risk assessment	<ul style="list-style-type: none"> • Risk identification • Risk analysis
3	Environment activities	<ul style="list-style-type: none"> • Review of the performance of the Government Agencies concerned • Separation of functions • Control over the management of information systems • Control over the reliability of processing and data files • Authorization of important transactions and events • Accurate and timely recording of transactions and events • Accountability for resources and records • Good documentation of the Internal Control System as well as important transactions and events. • Restrictions on access to resources and their records • Physical control over assets • Human resource development • Determination and review of performance indicators and measures
4	Information and Communication	<ul style="list-style-type: none"> • Provide and utilize various forms and means of communication • Manage, develop, and update information systems continuously

No	Components	Explanation
5	Monitoring Activities	<ul style="list-style-type: none"> • Continuous monitoring • Separate evaluation • Follow-up recommendations on audit results and other reviews

Source: Government Regulation (PP) No. 60 of 2008

Government Grants

Government Regulation No. 77 of 2012 explains that a grant is the provision of money / goods or services from the regional government to the government or other local governments, local companies, communities and community organizations, which have been specifically designated, are not mandatory and are not binding, and are not continuously which aims to support the implementation of regional government affairs. Grants can be given to the government, other local governments, local companies, communities, and / or community organizations.

Framework

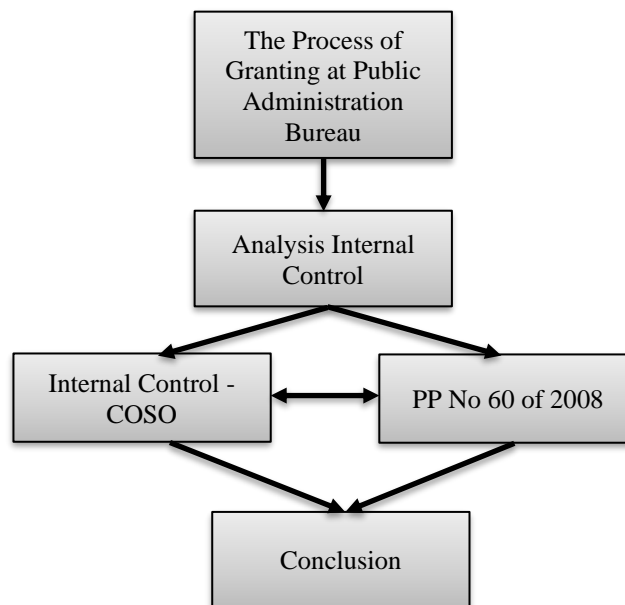


Figure 1. Research Framework

3. Methods

This research is a qualitative research with an explanatory approach to explore the causes of internal control problems in depth and evaluate them, ask questions, and answer problems so as to find solutions and provide appropriate recommendations. The subject of this research is the Public Administration Bureau of the Regional Secretariat of East Java Province. The object of this research is internal control in the process of granting grants. The informants in this study were employees of the Public Administration Bureau, grant aid assistant treasurers, grant aid financial administrators, and service provider applications. Data analysis begins with making preliminary observations regarding the process of budgeting, disbursing, and reporting grant funds as well as an internal control system then organizing and preparing data for analysis by verifying and evaluating data from interviews, observations, and documentation, and comparing the data obtained with theory and make conclusions and suggestions.

4. Results and Discussion

Overview of Research Objects

The process of granting grants in East Java Province is carried out in 3 (three) stages, namely the process of budgeting, disbursing funds, and reporting and accountability. (Figure 2.) In this process the Social Administration Bureau of the East Java Provincial Secretariat uses a community service application system.

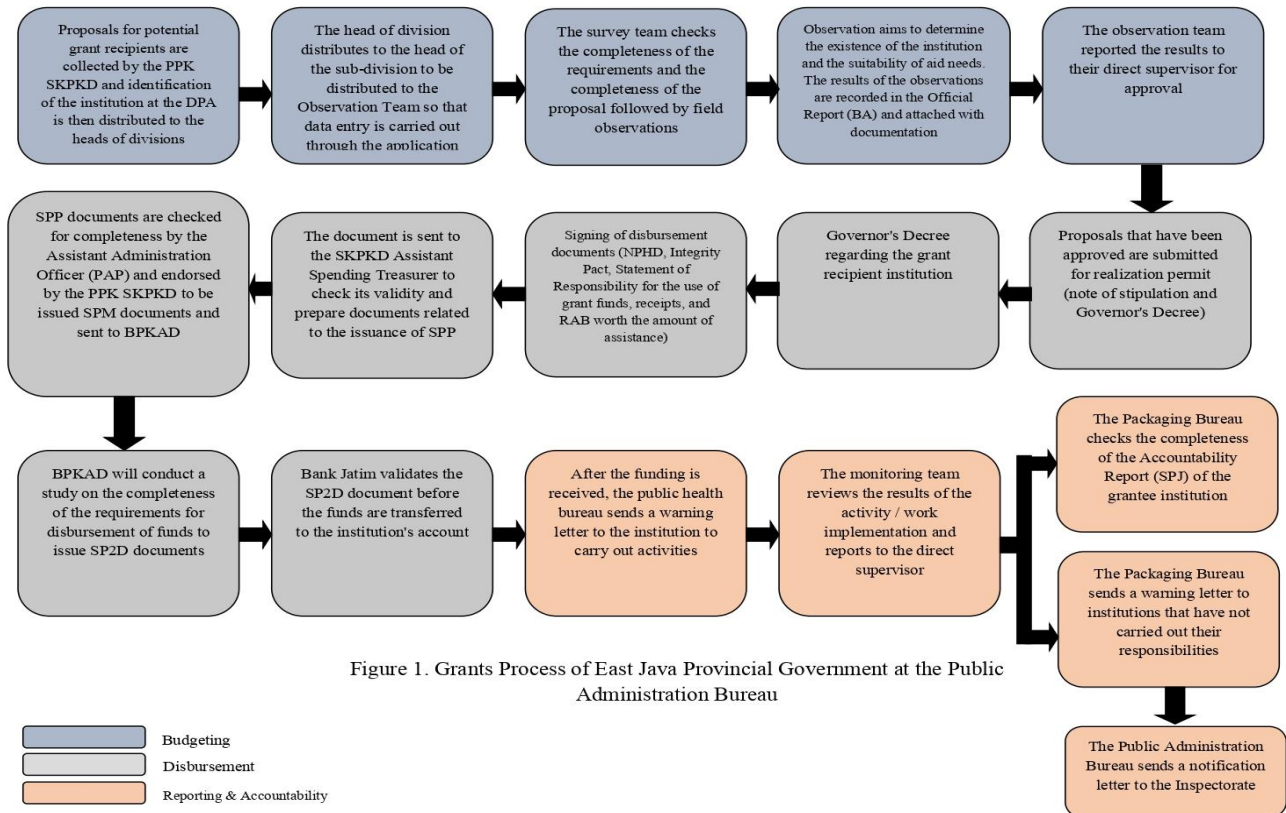


Figure 1. Grants Process of East Java Provincial Government at the Public Administration Bureau

Source: Internal Data of Public Administration Bureau, 2014

Figure 2. The Process of Granting Grants for the East Java Provincial Government at the Public Administration Bureau of the East Java Provincial Secretariat Internal Control at the Public Administration Bureau East Java Province

The control of grant funds at the Public Administration Bureau is carried out by system, namely the community aspiration network application (jasma application) in controlling activities. Jasma application is a web-based application that uses Open Source applications (PHP-based which is commonly found in internet hosting, using a MySQL database).

Control Environment

In implementing the components in the control environment, awareness of each employee of the importance of control and discipline is required. The Public Administration Bureau has implemented all the COSO principles and Government Regulation (PP) No. 60 of 2008 in its internal control system.

Table 4. Components of the Internal Control Environment in the Public Administration Bureau

No	Internal Control - COSO	PP No. 60 of 2008	The Public Administration Bureau		Document
			Have	No	
1	Control Environment				
	<ul style="list-style-type: none"> The organization demonstrates a commitment to integrity and ethical values 	Upholding of integrity and ethical values	v		Performance Agreement
	<ul style="list-style-type: none"> The board of directors demonstrates independence from management and supervises the development and implementation of internal controls. 	Conducive leadership	v		Organizational Structure Chart
	<ul style="list-style-type: none"> With the supervision of the Board, management establishes the structure, form of reporting, responsibilities and authorities required in order to achieve objectives. 	The realization of the role of an effective government internal control apparatus	v		Governor Regulation No.24 of 2011 and No. 17 of 2012
	<ul style="list-style-type: none"> The organization establishes a commitment to attracting, developing and retaining competent individuals in order to achieve goals. 	The formation of an organizational structure that suits your needs	v		Organizational Structure Chart
		Formulation and implementation of sound policies on human resource development	v		General Guidelines and Governor Regulation No. 77 of 2012
	<ul style="list-style-type: none"> The organization demonstrates a commitment to integrity and ethical values 	Commitment to competence	v		Employee Performance Targets (SKP)
	<ul style="list-style-type: none"> The board of directors demonstrates independence from management and supervises the development and implementation of internal controls. 	Appropriate delegation and responsibility	v		Performance Agreement and Governor Regulation No. 17 of 2012

Risk Assessment

The risk assessment was carried out so that the Head of the Public Administration Bureau could identify and analyze any possible risks that could hinder the achievement of the vision and mission of the Bureau in providing grant services to the people of East Java. The vision and mission that have been set are communicated to all employees so that they become a reference for each employee in completing their work. The Public Administration Bureau has implemented all its internal control principles (Table 5).

Table 5. Risk Assessment Components in the Public Administration Bureau

No	Internal Control - COSO	PP No. 60 of 2008	The Public Administration Bureau		Document
			Have	No	
2	Risk assessment				

No	Internal Control - COSO	PP No. 60 of 2008	The Public Administration Bureau		Document
			Have	No	
	<ul style="list-style-type: none"> The organization defines specific objectives so that it is possible to identify and assess the risks associated with the objectives. 	Risk Identification	v		-
	<ul style="list-style-type: none"> The organization identifies the risks associated with achieving objectives across the entity and analyzes the risks to form the basis for how risks will be treated. 		v		-
	<ul style="list-style-type: none"> The organization considers the potential for fraud in risk assessment. 	Risk Analysis	v		Meeting report
	<ul style="list-style-type: none"> The organization identifies and assesses changes that will significantly affect the internal control system 		v		Monitoring and Evaluation Report

The Public Administration Bureau has defined specific objectives so that it is possible to identify and assess risks associated with objectives and identify risks associated with achieving objectives throughout the Bureau and analyze risks to form the basis for how risks will be treated and consider potential fraud in risk assessments and identify risks. and assessing changes that will significantly affect the internal control system. This was discussed in the evaluation meeting for grant funding which was held twice a month so that if a problem occurred, it could be resolved immediately and for future prevention efforts so that it would not happen again.

The risks that must be identified come from external and internal factors. There are 2 problems in the process of granting grants, internal and external parties, internal parties providing the grant (government), such as uncertain regulatory changes so that implementation must follow new regulations, differences in names and addresses of institutions in DPA-SKPKD in real terms, the lack of human resource support, human error when inputting data, and the absence of a standard grant reporting. Meanwhile, on the external side of the grant recipient (institution / community), namely the lack of understanding of the institution regarding the preparation of proposals, the delay of the institution in fulfilling the administrative requirements and requirements, the weak understanding and the lack of compliance of the institution in the preparation and submission of the Financial Accountability Report (SPJ), the absence of SPJ compliance with the RAB, reports vary between institutions.

Table 6. Identification and Analysis of Risk of Internal Control in the Process of Granting Grants at the Public Administration Bureau

No	Problem	Risk	Recommendation
Internal :			
1	Regulatory changes	As a result, the system used is not up-to-date so that it is not in accordance with the current regulations.	Upgrading the jasmas application system is often possible to anticipate changes that occur
2	There is an inequality in the name of the institution and the address in the DPA-SKPKD with the real conditions during the Observation Team	The disbursement process is delayed / cannot be carried out due to a mismatch between the DPA and the real conditions	There is a rule that the recipient agency has legal legality so that it is clear that the recipient institution will carry out proper and correct verification at the beginning of the proposal submission process

No	Problem	Risk	Recommendation
3	Lack of support from Human Resources (SDM), there are multiple positions in each operator of the service application system.	May result in data being modified by unauthorized parties, so that data integrity, confidentiality, and information availability are not guaranteed.	We recommend that you assign certain employees who do not have concurrent positions with other tasks so that they can focus on handling the grant assistance process
4	Human error in data input, one of the causes of the large number of institutions handled by employees.	A data error has occurred in the system	It is a good idea to upgrade employees and determine the number of institutions that each employee handles and use a system to handle all of them.
5	Limited IT officers who run the service application system	The process of upgrading the system is hampered because the number of IT personnel is small so that they have to deal with a lot of problems that occur in the system	We recommend adding IT personnel / employees to speed up the upgrade process and handle problems that occur in applications (because problems often occur in the data entry process)
Eksternal :			
6	Lack of understanding in making proposals.	Lack of understanding in making proposals.	There is socialization to the people of East Java regarding the provision of grant assistance with conditions
7	Delay in the institution in fulfilling administrative requirements and completeness.	Delay in the institution in fulfilling administrative requirements and completeness.	There is a time limit given to the grant recipient institution, if the time limit is over then the system will refuse to disburse funds.
8	Weak understanding and insufficient compliance with institutions in the preparation and delivery of Financial Accountability Reports for the grant funds received	Weak understanding and insufficient compliance with institutions in the preparation and delivery of Financial Accountability Reports for the grant funds received	There are sanctions for delays in reporting of accountability such as never being assisted again or others. And there is a system that facilitates the reporting process with the same standards.

Control Activities

Control activities are carried out to help ascertain whether policies and procedures have been implemented to reduce identified risks. The Public Administration Bureau applies all principles of control activities by using the community aspiration network application (jasma application) in the process of granting grants. (Table 7.)

Table 7. Components of Internal Control Activities in the Public Administration Bureau

No	Internal Control - COSO	PP No. 60 of 2008	The Public Administration Bureau		Document
			Have	No	
3	Environment Activities				
		Review of the performance of the Government Agencies concerned	v		reconciliation report

No	Internal Control - COSO	PP No. 60 of 2008	The Public Administration Bureau		Document
			Have	No	
	<ul style="list-style-type: none"> The organization selects and develops control activities that contribute to risk mitigation to an acceptable level for achieving its objectives 	Separation of functions	v		Governor Regulation No.77 of 2012
	<ul style="list-style-type: none"> The organization selects and develops control activities in general related to technology in order to achieve objectives. 	Control over the management of information systems	v		Jasmas application
		Control over processing reliability and data files	v		Jasmas application
		Authorization of important transactions and events	v		Jasmas application
		Accurate and timely recording of transactions and events	v		Jasmas application
		Accountability for resources and records	v		Jasmas application
		Restrictions on access to resources and their records	v		Jasmas application
	<ul style="list-style-type: none"> The organization disseminates control activities through policies and procedures in its implementation. 	Physical control over assets	v		Server maintenance
		Good documentation of the Internal Control System as well as important transactions and events.	v		Jasmas application
		Human resource development	v		in house training event
		Determination and review of performance indicators and measures	v		Employee Performance Targets (SKP)

Information and Communication

Information that has been identified is communicated to all relevant parties, the duties assigned to all employees have been clearly communicated and all employees understand the employment relationship between employees, communication is also carried out with the legislative body, other government agencies, the media and the public. In communicating information to employees and other parties, the Head of the Public Administration Bureau uses the form and means of communication in the form of policy and procedure manuals, application of services, oral directions, and others.

Table 7. Information and Communication Components of Internal Control in the Public Administration Bureau

No	Internal Control - COSO	PP No. 60 of 2008	The Public Administration Bureau		Document
			Have	No	
4	Information and Communication				
	<ul style="list-style-type: none"> The organization obtains and uses quality and relevant information in order to support the functions of other components in internal control. 	Provide and utilize various forms and means of communication	v		Jasmas application

No	Internal Control - COSO	PP No. 60 of 2008	The Public Administration Bureau		Document
			Have	No	
	<ul style="list-style-type: none"> The organization internally communicates information, including the objectives and responsibilities of internal control in order to support the functions of other components of internal control. 	Manage, develop, and update information systems continuously	v		Jasmas application
	<ul style="list-style-type: none"> The organization communicates with external parties regarding matters that affect the functions of other components in internal control 		v		control procedures and monitoring and evaluation report

The Social Administration Bureau also manages, develops, and updates its information system in accordance with technological developments and advances so that it can provide faster and more efficient services, namely the service application. In order to realize adequate financial and budget information to support the preparation of financial reporting, the Assistant Expenditure Treasurer communicates all information regarding the total amount of grant funds during the fiscal year, funds that have been absorbed, funds that have not been absorbed, the number of grant recipient institutions, and others to related parties

Activity Monitoring

Monitoring is carried out to evaluate performance on an ongoing basis as part of the process of implementing daily activities. The Head of the Public Administration Bureau carries out monitoring such as continuous monitoring carried out through routine management activities, supervision, comparison, reconciliation, and other actions related to the implementation of tasks, separate evaluations are carried out through self-assessment, review, and testing of the effectiveness of the internal control system, follow-up on recommendations the results of audits and other reviews are immediately completed and carried out in accordance with the established mechanisms for resolving audit results and other reviews.

The Head of the Public Administration Bureau periodically evaluates important operational activities and support systems for achieving the mission, paying attention to any inaccuracies or irregularities, and the Section Head who is responsible for operational activities compares activity information or other operational information obtained from daily activities with information obtained from the information system of the public service application as well as following up on all inaccuracies or other problems found. Administration activities are carried out to assist in controlling the accuracy and completeness of transaction processing and separation of duties and responsibilities is carried out to help prevent fraud.

Table 8. Components of Monitoring Activities of Internal Control in the Public Administration Bureau

No	Internal Control - COSO	PP No. 60 of 2008	The Public Administration Bureau		Document
			Have	No	
5	Monitoring Activities				

No	Internal Control - COSO	PP No. 60 of 2008	The Public Administration Bureau	Document	
			Have No		
	<ul style="list-style-type: none"> Organisasi mengembangkan, melaksanakan berkelanjutan terpisah untuk seluruh pengendalian internal ada dan berfungsi. 	memilih, dan evaluasi dan/atau memastikan komponen ada dan berfungsi.	Continuous monitoring	v	Warning Letter and Monitoring and Evaluation Report
		Separate evaluation	v	Implementation of coordination meetings on guidance and preparation of accountability reports	
	<ul style="list-style-type: none"> Organisasi mengembangkan, melaksanakan berkelanjutan terpisah untuk seluruh pengendalian internal ada dan berfungsi. 	memilih, dan evaluasi dan/atau memastikan komponen ada dan berfungsi.	Follow-up recommendations on audit results and other reviews	v	Internal audit report

Evaluation of Internal Control of Grant Award Process at the Public Administration Bureau

The Public Administration Bureau has implemented five components with 17 COSO principles in its system of internal control for grants. So that the internal control at the Public Administration Bureau is adequate. But in its application there are still obstacles that exist, namely limited human resources (employees) in processing the disbursement of grant funds, which each year amount to thousands of proposals so that in its implementation there are sometimes delays, wrong input due to work overload (human error) because Bureau's staff do not only work on the grant process but also carry out other job duties according to their part (double job), the difference in the education level of the grant recipients so that often grant recipients do not understand the requirements that must be completed in the process of disbursement and accountability reporting (SPJ). In addition, changes in policies and regulations sometimes change so that the Bureau must update its application system and develop an application system so that it can be integrated with interested parties such as BPKAD for the process of disbursing funds and the Inspectorate for audits.

5. Conclusion

Based on the research that has been done, the conclusion that can be drawn is that the Regional Secretariat of East Java Province Public Administration Bureau has implemented five components of COSO internal control, namely control environment, risk assessment, control activities, information and communication, and monitoring activities with 17 control principles in the delivery process. grant funds and apply based on Government Regulation No. 60 of 2008. The internal control system of the Public Administration Bureau of the Regional Secretariat of East Java Province in the process of providing grant funds is in accordance with the theory of internal control according to COSO and Government Regulation No. 60 of 2008. However, in its implementation there are still obstacles, namely limited human resources (employees), human error, differences in the educational levels of grant recipients, and changes in policies and regulations.

Based on the above conclusions, the author's suggestions for the Public Administration Bureau, it is better if additional human resources are focused on handling grant assistance, development of a community service application system so that it can be integrated with BPKAD for disbursements and the Inspectorate for audits, and the application of the e-budgeting system in the process of

providing funds. a grant from the East Java Provincial Government as a means of controlling grant funds.

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