Evaluation of Internal Control over Financial Reporting (ICoFR) Effectiveness Based on Symbolic Carriers within the Institutional Logics Framework in the Government Assistance Program of Ministry X

Riawati Anggraeni[1]
Ratna Wardhani[2]
[1,2,3]Faculty of Economics and Business, University of Indonesia, Indonesia
Correspondences : riawati.anggraeni@ui.ac.id

ABSTRACT

Audit findings on government assistance expenditures at Ministry X reveal internal control weaknesses, particularly incomplete accountability reports and inconsistent procedural practices across work units. This condition indicates that the effectiveness of Internal Control over Financial Reporting (ICoFR) is influenced not only by technical mechanisms but also by institutional dimensions. This study aims to analyze symbolic factors affecting ICoFR effectiveness in government assistance programs. Using a qualitative approach, the study applies thematic analysis, constant comparison, and triangulation across implementing, assessment, and review teams. The findings identify four key symbolic carriers: formal regulations, integrity, accountability, and transparency. These factors shape daily routines and compliance patterns. However, when compliance remains predominantly symbolic and administrative rather than substantive, ICoFR effectiveness becomes constrained. This study contributes by demonstrating that limited ICoFR effectiveness is driven not only by technical shortcomings, but also by symbolic compliance embedded within institutional logics.

Keywords   Internal Control; Internal Control over Financial Reporting (ICoFR/PIPK); Symbolic Carrier; Institutional Logics

Evaluasi Efektivitas Pengendalian Internal atas Pelaporan Keuangan (ICoFR) Berdasarkan Media Simbolik dalam Kerangka Logika Kelembagaan pada Program Bantuan Pemerintah Kementerian

ABSTRAK

Temuan audit atas belanja bantuan pemerintah di Kementerian X menunjukkan kelemahan pengendalian intern, khususnya laporan pertanggungjawaban yang tidak lengkap dan ketidakkonsistenan penerapan prosedur antar satuan kerja. Kondisi ini mengindikasikan bahwa efektivitas Pengendalian Intern atas Pelaporan Keuangan (PIPK) tidak hanya dipengaruhi aspek teknis, tetapi juga dimensi institusional. Penelitian ini bertujuan menganalisis faktor-faktor simbolik yang memengaruhi efektivitas PIPK dalam program bantuan pemerintah. Penelitian menggunakan pendekatan kualitatif dengan analisis tematik, perbandingan konstan, dan triangulasi terhadap tim penerap, penilai, dan pereviu. Hasil penelitian mengidentifikasi empat symbolic carriers, yaitu regulasi formal, integritas, akuntabilitas, dan transparansi. Keempatnya membentuk rutinitas kerja dan pola kepatuhan. Namun, dominasi kepatuhan simbolik yang bersifat administratif menyebabkan efektivitas PIPK belum optimal. Kontribusi penelitian ini menegaskan bahwa keterbatasan efektivitas PIPK tidak hanya bersumber dari mekanisme teknis, tetapi juga dari praktik kepatuhan simbolik dalam logika institusional.

Kata Kunci: Pengendalian Intern; Pengendalian Intern atas Pelaporan Keuangan (PIPK); Symbolic Carrier; Institutional Logics

Artikel dapat diakses : https://ejournal1.unud.ac.id/index.php/Akuntansi/index

INTRODUCTION

Ministry X is one of the government ministries/agencies that receives one of the largest budget allocations in the State Budget (APBN), thereby bearing substantial responsibility for ensuring transparent and accountable budget execution. Strengthening financial governance within Ministry X is mandated not only by the general principles of the Government Internal Control System (SPIP) as stipulated in Government Regulation No. 60 of 2008, but also reinforced specifically through the Minister of Finance Regulation No. 17/PMK.09/2019 on the Guidelines for the Implementation, Assessment, and Review of Internal Control over Central Government Financial Reporting (PIPK).

During the period 2013–2024, Ministry X consistently received an unqualified opinion (WTP) from the Audit Board of Indonesia (BPK RI) for eleven consecutive years. This opinion was reaffirmed by the Sixth Member of BPK RI during the presentation of the Audit Report (LHP) on the Ministry's Financial Statements for Fiscal Year 2023 on 14 June 2024. Nevertheless, BPK continued to identify recurring weaknesses, particularly in the management of government assistance expenditures and several other internal control components. Specifically, during the 2023 audit entry meeting, BPK emphasized the use of a risk-based audit approach, designating the government assistance expenditure account as one of the key areas of concern. BPK assessed this account as having a high risk of misstatement and risk of disbursement realization, thereby warranting closer scrutiny. Consistent with this focus, repeated findings in the LHP indicate that internal control over government assistance programs remains not fully effective.

From an internal assessment perspective, PIPK evaluations at the ministry level between 2019 and 2024 concluded that internal control within Ministry X was effective with exceptions. This indicates that, although internal control mechanisms generally function, certain areas still require improvement. For the government assistance expenditure account, the 2019 assessment identified weaknesses such as ineffective monitoring of accountability reports (LPJ) and vulnerabilities arising from operator turnover and password-sharing practices. Meanwhile, the 2024 assessment again identified deficiencies in the verification of disbursements, monitoring of disbursements, and verification of LPJ for government assistance.

This phenomenon reveals a gap between formal financial governance achievements reflected in unqualified audit opinions and favorable PIPK assessments and the substantive effectiveness of internal control in practice, particularly in government assistance programs. This condition suggests that limitations in PIPK effectiveness are not solely attributable to technical or procedural shortcomings, but also to how internal control requirements are interpreted, internalized, and enacted by organizational actors at the operational level.

To address this gap, this study adopts an institutional theory perspective, specifically the *institutional logics* framework, which explains how rules, values, and norms shape organizational decision-making and practices. Within the PIPK context, this perspective is operationalized through the concept of *symbolic carriers*,

referring to regulations, integrity, accountability, and transparency as carriers of institutional meaning that shape daily routines and compliance patterns (Lepoutre & Valente in Kisworo & Shauki, 2019). Shauki and Kisworo (2019) demonstrate that compliance in public sector reporting is often perceived as a symbolic obligation, which may not always translate into substantive effectiveness.

Unlike previous studies such as (Naimatuzarah, 2024.) which focused on evaluating PIPK implementation and the role of the Inspectorate General, and Maghfira (2023), which employed gap analysis between actual and expected conditions this study emphasizes identifying the drivers of internal control ineffectiveness from an institutional and operational practice perspective, specifically within the government assistance domain. Other studies, such as (Pramono,2017) utilized selective COSO components (risk assessment and control activities), whereas this study applies an institutional logics framework focusing on symbolic carriers.

In contrast, this study emphasizes identifying the institutional and operational factors influencing the effectiveness of internal control over financial reporting. By focusing on government assistance expenditures as a material and high-risk account, this research aims to explain why PIPK effectiveness remains partial despite the existence of comprehensive regulatory frameworks and positive formal evaluations.

RESEARCH METHOD

Based on the preceding background, this study aims to identify the symbolic-carrier factors that influence the effectiveness of Internal Control over Financial Reporting (PIPK) for government assistance expenditures in Ministry X. Symbolic carriers consist of rules, norms, and belief systems embedded within institutional logics (Lepoutre & Valente in Shauki & Kisworo, 2019). In this study, the symbolic-carrier construct is operationalized into four factor indicators: Minister of Finance Regulation (PMK) Number 17/PMK.09/2019, integrity, accountability, and transparency.

Symbolic elements associated with rules are reflected in compliance with applicable regulations specifically PMK Number 17/PMK.09/2019 on the implementation, assessment, and review of PIPK. This regulation provides comprehensive guidance on how PIPK should be implemented, assessed, and reviewed. Accordingly, actors involved in PIPK are expected to carry out their roles and responsibilities in accordance with these regulatory provisions.

Norms serve as mechanisms that transport institutional elements across contexts and over time through values, standards, roles, and social obligations (Scott, 2003). The value applicable across the roles examined in this study is integrity, which also aligns with the COSO 2013 internal control principle within the control environment component.

The belief system within institutional logics represents the foundational values of an institution that justify why certain rules and practices are considered important. These values guide which behaviors are perceived as legitimate and appropriate within the institution. In this study, the belief-system aspect of symbolic carriers is reflected in transparency and accountability. This aligns with Novatiani et al. (2019), who concluded that transparency and accountability

influence local government performance. Similarly, Satria Saputra and Abdullah (2015) found that transparency and accountability, both individually and simultaneously, positively affect the performance of regional government units. Moreover, transparency and accountability constitute two of the eight values established by the United Nations Development Programme (UNDP) as principles of good governance.

This study employs a case study strategy. According to Yin (2018), a case study is a qualitative inquiry that examines contemporary phenomena within real-life contexts, particularly when the boundaries between phenomenon and context are not clearly defined. The research adopts a qualitative approach. As noted by Creswell (2014), qualitative methods rely on textual or visual data, involve distinct analytical procedures, and encompass diverse research designs. A qualitative approach seeks to explore and interpret the meaning individuals or groups assign to a social phenomenon (Creswell, 2014).

This research was conducted from January to November 2025. The data sources consisted of both primary and secondary data. According to Bryman (2016), primary data are data collected directly from original sources for specific research purposes and can be obtained through data collection methods such as surveys, interviews, observations, and experiments. In this study, primary data were obtained through in-depth interviews with respondents classified according to the categories stipulated in Minister of Finance Regulation (PMK) Number 17/PMK.09/2019, namely the implementing team, the assessing team, and the reviewing team.

Data collection was carried out using semi-structured interviews, with three respondents selected from each team category. All respondents were asked substantively similar questions, which were adjusted to reflect their respective roles in the implementation of Internal Control over Financial Reporting (ICoFR) for government assistance expenditure accounts.

The selection of respondents from the implementing team was based on the consideration that their organizational units had previously been selected as samples (*uji petik*) in ICoFR assessments for significant government assistance accounts and had been subject to audit findings issued by the Audit Board of the Republic of Indonesia (BPK RI) during the period 2020–2023 related to government assistance. Respondents from the assessing team were selected from the corresponding echelon I units associated with the implementing team respondents. Meanwhile, respondents from the reviewing team consisted of Government Internal Supervisory Apparatus (APIP) officials responsible for supervising the respective echelon I units. The list of respondents is presented in Table 1 below:

Table 1. List of Interview Respondents

No.	Role	Organizational Unit	Number of Respondents (Persons)
1	Implementing Team	Directorate A / P1	1
2	Implementing Team	Directorate B / P2	1
3	Implementing Team	Directorate C / P3	1
4	Assessment Team	Directorate General A / N1	1

5	Assessment Team	Directorate General B / N2	1
6	Assessment Team	Secretariat General / N3	1
7	Review Team	Inspectorate A / R1	1
8	Review Team	Inspectorate B / R2	1
9	Review Team	Inspectorate C / R3	1

Source: Research Data, 2025

Secondary data, according to Bryman (2016), refer to data obtained from existing records and documents. Secondary data consist of information that has already been collected and documented by other parties and subsequently utilized by researchers for specific research purposes. In this study, secondary data were obtained from both internal and external sources of Ministry X, including regulatory documents, internal assessment reports, audit findings, and other relevant institutional records related to the implementation of Internal Control over Financial Reporting (ICoFR).

The interview method was conducted through face-to-face meetings as well as through alternative media, such as Zoom and telephone interviews, for respondents who were unable to meet in person due to official duties outside the city. The interviews employed a semi-structured approach, which enables the collection of qualitative data by allowing the researcher to ask pre-defined questions while also providing respondents with sufficient flexibility to elaborate on their responses and share broader perspectives based on their experiences (Bernard, 2017).

The interview questions were developed by the researcher and guided by three main aspects—knowledge, experience, and perceptions of the respondents (Patton, 1980:207–211 in Moleong, 2000)—in relation to symbolic carrier factors influencing the effectiveness of Internal Control over Financial Reporting (ICoFR).

To identify and analyze patterns within the data, this study uses thematic analysis and constant comparative analysis (Braun & Clarke in Nurdiana & Shauki, 2023). Interview data were analyzed to identify emergent patterns that inform the discussion and answer the research questions. Thematic analysis is a qualitative method for identifying, analyzing, and reporting themes within a dataset. The resulting themes represent patterned meanings relevant to the research questions (Braun & Clarke in Nurdiana & Shauki, 2023).

Following thematic analysis, the study employs constant comparative analysis, which compares analytical categories using data matrices and diagrams. Constant comparative analysis enables integrated, consistent, and credible interpretation of findings in relation to the theoretical framework guiding the study (Boije in Nurdiana & Shauki, 2023). The comparative results across the three respondent categories are synthesized to provide conclusions that directly address the research problem.

RESULTS AND DISCUSSION

Thematic analysis was conducted for each respondent category by grouping interview findings into codes and organizing them into themes. The codes and themes for each respondent category are presented in Table 2.

Table 2. Thematic Analysis Based on Respondent Categories

No.	Respondent Group	Codes	Themes
1	Implementation Team	Limited understanding of ICoFR; compliance focused merely on fulfilling documentation requests	Low Level of Understanding of ICoFR
2	Implementation Team	Risk tables completed mechanically; involvement limited to document provision	Administrative Rather than Substantive Involvement
3	Implementation Team	Limited awareness of ICoFR benefits such as risk management; work units do not update risk documentation; low motivation to implement ICoFR	Limited Perceived Benefits and Lack of Deep Understanding
4	Assessment Team	ICoFR perceived as an early warning mechanism to strengthen ICoFR; part of the Government Internal Control System; control review embedded in transaction processes	Uneven Understanding of ICoFR
5	Assessment Team	Implementation limited to Echelon I level; assessment based on tables prepared by central bureaus; restricted access to data as assessment evidence	Inconsistent Implementation and Significant Technical Constraints
6	Assessment Team	Inadequate assessor competencies; limitations in processes and control mechanisms	Human Resource Competency Gaps and Process Control Challenges
7	Review Team	Activities focused on assistance rather than formal review; limited competency and training related to ICoFR; normative understanding of regulations	Regulatory Understanding Exists but Remains Normative and Limited
8	Review Team	Work units' limited understanding of ICoFR; low auditor interest; ICoFR implementation not routine or planned; practice aligned with regulation but weak in execution	Review Practices Constrained by Planning Issues, Work Unit Understanding, and Limited Organizational Support
9	Review Team	Low organizational priority assigned to ICoFR; positive perceptions of ICoFR benefits; clear regulations but difficult implementation	Clear Regulations but Low Priority and Weak Implementation

Source: Research Data, 2025

Based on the sub-themes identified within each respondent category, similar themes across the three respondent groups were further aggregated into overarching major themes, as presented in Table 3.

Table 3. Grouping of Minor Themes into Major Themes for PMK No. 17/PMK.09/2019

No.	Sub-Themes	Major Themes
1	Low level of understanding of ICoFR	
2	Limited perceived benefits and lack of in-depth interpretation	Understanding of PMK No. 17/PMK.09/2019
3	Uneven understanding of ICoFR	
4	ICoFR implementation is ongoing but inconsistent and constrained by technical challenges	
5	Regulatory understanding exists but remains normative and limited	Practical Implementation of PMK No. 17/PMK.09/2019
6	Regulations are clear, but organizational priority and implementation remain low	
7	Human resource competency gaps and process control challenges	
8	Review practices constrained by planning issues, work unit understanding, and limited organizational support	Barriers to the Implementation of PMK No. 17/PMK.09/2019
9	Administrative rather than substantive involvement	Impact of PMK No. 17/PMK.09/2019 Implementation on ICoFR Effectiveness

Source: Research Data, 2025

Based on the major themes identified in Table 3, a constant comparative analysis was conducted using interview data from the implementing team, assessing team, and reviewing team. The findings were then organized into analytical themes that capture similarities and differences in perspectives among the three respondent groups, as presented in Table 4.

Table 4. **Comparison of Interview Conclusions on the PMK Number 17/PMK.09/2019 Indicator from the Perspectives of Three Actors (Implementing Team, Assessment Team, and Review Team)**

No	Theme	Implementing Team	Assessment Team	Review Team	Similarities	Differences
1	Understanding of PMK 17/2019	Understands PMK as the basis for procedures on fund disbursement and accountability reports (LPJ); PMK is viewed as a normative guideline.	Understands PMK as a source of authority and a standard for ensuring objectivity in assessment.	Understands PMK as a review guideline, although it is often fulfilled merely as an administrative requirement.	All three groups agree that PMK constitutes a formal and mandatory guideline for PIPK.	The Implementing Team focuses on procedural aspects, the Assessment Team emphasizes evidence criteria, and the Review Team views PMK primarily as an administrative requirement.
2	Implementation of PMK in Practice	Implemented, but often formalistic due to time pressures and the presence of external intervention.	Implemented, but constrained by limited data access and beneficiary-selection processes that are not fully transparent.	Implementation often shifts toward assistance instead of review; review activities are not optimal because PMK is treated mainly as an administrative task.	All three teams implement PMK, yet the implementation tends to be non-substantive.	Implementing Team: formalistic/ritualistic execution; Assessment Team: constrained by evidence limitations; Review Team: administrative and suboptimal.
3	Barriers to PMK Implementation	External intervention, variation in recipient integrity, and capacity gaps among beneficiary institutions.	Limited access to information; leadership does not disclose selection evidence, hindering assessment.	Tight timelines, limited human resources, insufficient understanding among work units; reviews often shift to assistance.	All three teams encounter structural barriers in implementing PMK.	Implementing Team: external-actor barriers; Assessment Team: information barriers; Review Team: technical and competency barriers.
4	Impact of PMK 17 on PIPK Effectiveness	PMK provides process structure but does not ensure recipient integrity, and BPK findings remain a risk.	PMK supports objectivity, but limited data access can bias assessment results.	PMK strengthens documentation, but when fulfilled only formally, PIPK performance does not reflect actual conditions.	All three teams note that PMK's impact depends heavily on implementation quality and actor integrity.	Implementing Team focuses on program-level risks; Assessment Team on assessment risks; Review Team on misstatement and transparency risks.

Source: Research Data, 2025

The thematic analysis across the three groups of actors indicates that PMK Number 17/PMK.09/2019 functions as a *symbolic carrier* that frames and standardizes the Internal Control over Financial Reporting (ICoFR) process. All three groups share a common understanding that the regulation serves as a mandatory guideline governing implementation, assessment, and review activities. However, empirical evidence reveals a discernible gap between the regulatory norms and substantive practices. As stated by respondent N1, "*…in practice, within our ministry, internal control is only implemented at the echelon I and ministerial levels, because many smaller entities or sub-units do not yet understand how to properly conduct ICoFR assessments.*"

The findings further demonstrate that compliance with PMK tends to remain at an administrative level, such as completing prescribed templates and fulfilling documentation requirements. This condition is reinforced by respondent *P1, who noted,* "as a manager of one government assistance program at the Directorate level, I was only asked to fill in the risk and control tables." From the assessing team's perspective, respondents also acknowledged limited familiarity with the regulation itself. As one respondent stated, "*I personally have never read PMK 17; during the assessment, I relied on information provided by the Bureau and the Secretariat General, filled in the tables, and consulted the Secretariat General when I did not understand.*"

For the implementing team, PMK is followed primarily to ensure procedural completeness, although the implementation of government assistance programs remains susceptible to external intervention. The assessing team uses PMK as an instrument to support objectivity; however, limited access to evidence—particularly during the interview selection stage of government assistance recipients—reduces the comprehensiveness of assessments. This was illustrated by respondent N3, who stated that "*some aspects could not be reviewed because the required data were not provided due to leadership reluctance, such as recordings of interviews during the selection of government assistance beneficiaries.*" The reviewing team most explicitly emphasized that compliance with PMK is often formalistic and lacks substantive review depth. As expressed by respondent R1, field activities often shift from review to assistance, focusing on completing formats on-site, followed by documentation-oriented reporting.

These conditions indicate that while symbolic carriers are structurally present, they have not fully translated into material practices that strengthen internal control quality. The recurring obstacles—stakeholder intervention (implementers), information constraints (assessors), and limitations in human resources, competence, and time (reviewers)—suggest that PMK has not yet functioned as a *living rule.* Institutionally, this reflects a decoupling between formal regulations and actual practices. Although PMK is accepted as a normative standard, it has not been fully internalized in day-to-day operations.

Ultimately, the effectiveness of PMK depends heavily on actor integrity, data and evidence availability, technical capacity, accountability culture, and resource adequacy. In the absence of these enabling conditions, PMK generates ritualistic compliance that is insufficient to enhance ICoFR effectiveness. Thus, PMK Number 17/PMK.09/2019 serves as a carrier of regulatory logic but does not

automatically improve internal control quality without strengthened capacity and substantive operational practices.

Integrity refers to acting in a manner that is consistent with one's stated principles. It embodies the alignment of mindset, emotion, speech, and behavior with moral conscience and applicable norms. Within the COSO Internal Control Integrated Framework—particularly in the context of Internal Control at the Entity Level (PITE) as part of PIPK—integrity constitutes one of the fundamental pillars of the Control Environment, which forms the foundation of the entire internal control system.

A thematic analysis was conducted by coding the interview results and organizing them into themes. The findings related to the integrity indicator are presented in Table 5.

Table 5.Thematic Analysis of the Integrity Indicator

No.	Respondent Group	Codes	Themes
1	Implementing Team	Acting honestly, transparently, and in accordance with regulations and SOPs	Integrity as honesty and compliance with rules
2	Implementing Team	Compliance with regulations, involvement of external partners, presence of external pressure but adherence to requirements, Directorate operates according to SOPs, inability to fully guarantee the integrity of government assistance recipients	Implementation aligned with regulations despite external pressure
3	Implementing Team	Integrity affects ICoFR, persistence of audit findings, outcomes not fully aligned with expectations	Integrity influences ICoFR effectiveness
4	Assessing Team	Honesty and objectivity, evidence-based judgment, no abuse of authority	Understanding of integrity
5	Assessing Team	Absence of direct pressure in assessments, limitations in obtaining audit evidence	Experiences of pressure and challenges in maintaining integrity
6	Assessing Team	Integrity has been established but requires further strengthening, improvements compared to the past, lack of integrity may lead to deviations from objectives	Integrity as a critical element of internal control
7	Reviewing Team	Honesty in document review, transparency regarding deficiencies, procedural compliance, accountable review results	Integrity understood as honesty, compliance, and accountability
8	Reviewing Team	Limited understanding of ICoFR at the operating unit level, review activities shifting into assistance, simultaneous execution of processes, suboptimal outcomes, mere procedural compliance with PMK 17	Practical challenges to integrity in review implementation
9	Reviewing Team	Weak integrity culture, uneven application across operating units, risk of biased ICoFR outcomes, results not reflecting actual conditions	Risks of dishonesty and the impact of weak integrity

Source: Research Data, 2025

Themes initially grouped by respondent category (minor themes) were further consolidated by identifying common patterns across the three respondent groups into broader themes, as presented in Table 1.7.

Table 6. Grouping of Minor Themes into Major Themes for the Integrity Indicator

No.	Minor Themes	Major Themes
1	Integrity understood as honesty and compliance with rules	
2	Conceptual understanding of integrity	Understanding of integrity
3	Integrity perceived as honesty, compliance, and accountability	
4	Integrity practiced in accordance with regulations despite external pressure	
5	Experiences of pressure and challenges in upholding integrity	Pressures and challenges in maintaining integrity
6	Practical challenges of integrity in the review process	
7	Integrity influences the effectiveness of ICoFR	
8	Integrity as a critical component of internal control	Integrity as an element of internal control
9	Risks of dishonesty and the impact of weak integrity	

Source: Research Data, 2025

Based on the major themes identified, a comparative analysis of integrity perspectives across the three actor groups was conducted, as presented in Table 7

Table 7. Comparison of Interview Conclusions on the Integrity Indicator from the Perspectives of Three Actors (Implementing Team, Assessment Team, and Review Team)

No	Theme	Implementing Team	Assessment Team	Review Team	Similarities	Differences
1	Understanding of Integrity	Integrity is defined as honesty, authenticity, and adherence to rules and requirements. Deliverables (LPJ) are assessed strictly based on supporting evidence.	Integrity refers to honesty, objectivity, and consistent application of PIPK principles.	Integrity is understood as honesty, procedural compliance, and accountability.	All groups conceptualize integrity as honesty and adherence to rules. Integrity is viewed as the foundation for PIPK quality.	Implementers emphasize honesty in fulfilling requirements. Assessors highlight objectivity and consistency. Reviewers stress procedural compliance and documentation accountability.
2	Pressures and Challenges in Maintaining Integrity	External pressures exist (e.g., requests from stakeholders to approve certain beneficiaries), but rules and requirements remain the primary reference.	Challenges arise when conducting assessments but access to essential source documents is restricted. Additional challenges relate to budget, human resources, and time.	Challenges include limited technical understanding among both satker units and APIP, as well as constraints in budget and review timelines.	All groups face pressures or challenges in maintaining integrity.	Pressures on Implementers are externally driven. Assessors face limitations in evidence quality and share structural constraints (budget, HR, time) similar to Reviewers.
3	Integrity as an Element of Internal Control	Integrity affects the effectiveness of internal control.	Integrity is essential to ensure assessment results are free from bias.	Weak integrity can trigger misstatements, bias, and potential irregularities.	All groups acknowledge that integrity significantly influences the quality and effectiveness of PIPK.	Implementers focus on its impact on compliance with requirements. Assessors focus on its impact on objectivity. Reviewers focus on risks of errors, misstatements,

No	Theme	Implementing Team	Assessment Team	Review Team	Similarities	Differences
						and irregularities.

Source: Research Data, 2025

Integrity emerges as a consistent symbolic carrier across all actor groups, albeit with differing emphases and pressures associated with each role. All three groups conceptualize integrity as honesty, objectivity, adherence to rules, and professional responsibility, which collectively form the behavioral foundation for the implementation of PIPK. As stated by respondent R1, "*In my view, integrity is the core of PIPK, particularly when reviewing government assistance reports. It means being honest in assessing the actual conditions, not concealing documentation deficiencies, and consistently following procedures, so that the review results can be held accountable.*" In practice, integrity influences the level of diligence, the quality of verification, and the reliability of internal control processes. The Implementing Team perceives integrity as a safeguard for compliance when facing external pressures, as expressed by respondent P2 "*There were instances where external requests were conveyed to senior management to approve certain cases, but we emphasized that all requirements still had to be fulfilled. Ultimately, acceptance or rejection was decided by the leadership.*" The Evaluating Team regards integrity as a mechanism for maintaining objectivity in assessing the completeness and appropriateness of evidence. This was highlighted by respondent N3 "*…in conducting the PIPK assessment for government assistance accounts, we encountered significant constraints in evaluating the recipient selection process during the interview stage, as the leadership was unwilling to provide the relevant data. Nevertheless, we documented our assessment based on the evidence available.*" Meanwhile, the Reviewing Team associates integrity with the prevention of bias, misstatements, and ritualized reviews, as noted by respondent R3 "*There is a risk that assessment results become biased if the evaluation team does not perform its duties objectively, honestly, and in accordance with the regulations.*"

Constraints such as stakeholder interventions, limited access to evidentiary documents, and shortages in personnel and time weaken the materialization of integrity into technical practice, revealing a decoupling between integrity norms and their implementation. These findings are consistent with prior studies. For example, Alam et al. (2019) demonstrated that integrity systems exert a significant influence on public sector accountability. Aziz et al. (2015) also found that integrity systems and internal control are primary determinants of enhanced accountability. Khersiat (2020) showed that the application of COSO components strengthens integrity and governance quality. Similarly, Brenya Bonsu et al. (2023) confirmed that integrity, internal control, and leadership have a positive and significant effect on public accountability. Furthermore, Zahari et al. (2023) argue that a control environment emphasizing integrity and ethical values constitutes the most significant factor in the effectiveness of internal control systems.

Overall, integrity clearly contributes to the effectiveness of PIPK; however, its influence remains suboptimal because integrity tends to operate more as a symbolic expression of compliance than as a substantive practice. Optimizing the role of integrity requires strengthening technical competencies, ensuring

consistency in standards, and cultivating an organizational culture that promotes genuine internalization of values rather than mere administrative compliance.

Accountability refers to the obligation of an entrusted party (A) to provide reports, explanations, and justifications for their actions or decisions to the party granting the trust (B), and to accept sanctions in the event of deviations (Schedler in Kyriacou, 2008). The accountability indicator is intended to assess the extent of respondents' understanding of accountability in general, their experiences in carrying out their respective roles in PIPK related to their responsibilities, and their views on the challenges encountered in implementing accountability within the PIPK framework.

A thematic analysis was conducted by grouping the interview findings into codes and organizing them into themes for the accountability indicator, as presented in Table 8 below.

Table 8 Thematic Analysis of the Accountability Indicator

No.	Respondent Group	Code	Theme
1	Implementing Team	Accountability implies being answerable and supported by documentation	Accountability as answerability supported by documentary evidence
2	Implementing Team	Documentary evidence is stored in the Government Assistance application, except for files affected by a virus	Documentation accountability through system-based records
3	Implementing Team	Government assistance activities are perceived as accountable; technical guidelines and documentation are regularly evaluated, but the validity of accountability reports remains inadequate	Government assistance is considered accountable, yet the validity of accountability reports remains insufficient
4	Assessment Team	Accountability is reflected through documented reports and the ability to justify actions taken	Documentation and answerability as the foundation of accountability
5	Assessment Team	Assessments are conducted objectively, based on criteria and evidence, and distributed among sub-teams according to competence	Evidence-based assessment and team collaboration
6	Assessment Team	Variations exist in accountability implementation across work units; accountability has improved compared to previous years but technical weaknesses persist	Improved accountability at work-unit level with remaining technical weaknesses
7	Review Team	Processes are documented and supported by guidelines for the use and reporting of government assistance	Importance of documentation and verification
8	Review Team	Accountability is treated merely as document fulfillment; beneficiaries lack awareness of their obligations, resulting in conclusions that risk inaccuracy and may obscure internal control weaknesses	Accountability challenges
9	Review Team	Accountability is crucial in assessing transactions; changes in beneficiary administrators and information disclosure are essential foundations	Building accountability through transparency and commitment

Source: Research Data, 2025

Based on the themes grouped by respondent categories (sub-themes), similar themes across the three respondent groups were subsequently consolidated into overarching themes, as presented in Table 9.

Table 9. Grouping of Minor Themes into Major Themes for the Accountability Indicator

No.	Minor Themes	Major Themes
1	Accountability is defined as being answerable and supported by documentary evidence	Understanding of Accountability
2	Documentation and answerability as the basis of accountability	
3	Accountability documentation is stored in the application system	
4	Accountability challenges	Challenges and weaknesses in accountability
5	Government assistance is considered accountable, but the validity of accountability reports remains inadequate	
6	Accountability at the work-unit level has improved, yet technical weaknesses persist	
7	Evidence-based assessment and team collaboration	Enhancing accountability through processes and practices
8	Importance of documentation and verification	
9	Building accountability through information transparency and commitment	

Source: Research Data, 2025

Based on the overarching themes identified, a comparative analysis of accountability perspectives across the three groups of actors was conducted, as presented in Table 10.

Table 10. Comparison of Interview Conclusions on the Accountability Indicator from the Perspectives of Three Actors (Implementing Team, Assessment Team, and Review Team)

No	Theme	Implementer Team	Assessor Team	Reviewer Team	Similarities	Differences
1	Documentation as the basis of accountability	Documentation is mandatory evidence for every Banpem process, from announcements to financial accountability reports (LPJ). Many work units still comply only at a formal level.	Documentation is essential as the basis for assessment; insufficient evidence leads to inaccurate results.	Every conclusion must be supported by adequate evidence (documents, records, interviews, observations).	All emphasize the importance of documentation and supporting evidence.	Implementers focus on implementation documents; assessors and reviewers focus on the adequacy and quality of evidence.
2	Compliance with guidelines (Technical Guidelines, PMK 17/2019)	The technical guidelines (Juknis) for Banpem serve as the main reference, but compliance by recipients is not always consistent.	Assessments must follow PIPK guidelines; inconsistencies reduce the quality of results.	Review activities must comply with PMK 17/2019 through tiered verification.	All view the guidelines as the foundation of accountability.	Levels of discipline differ: implementers highlight non-compliance by recipients; assessors emphasize inaccuracies in analysis; reviewers stress the strictness of verification.
3	Accountability challenges	Main challenges include recipients' limited understanding of obligations, delays in LPJ submission, and potential fraud.	Challenges include insufficient evidence, inconsistent criteria, and incomplete assessment processes.	Challenges stem from limited data transparency from implementers and the risk of inaccurate conclusions.	All acknowledge barriers that affect accountability quality.	Types of challenges differ: implementers focus on issues with recipients; assessors focus on document quality; reviewers focus on data transparency and access.

No	Theme	Implementer Team	Assessor Team	Reviewer Team	Similarities	Differences
4	Role of technology and applications	Significant improvement since the adoption of digital applications (Takola/e-proposal), although technical issues have occurred.	Technology enhances the strength of evidence and facilitates the assessment process.	Digital documents facilitate tiered verification and reduce the risk of document loss.	All recognize the positive role of digital applications.	Implementers focus on operational use; assessors and reviewers focus on the quality of uploaded data.
5	Information transparency	Recipient transparency is often problematic, especially when management changes occur.	Assessors require honest and complete data to produce valid evaluations.	Reviewers strongly emphasize transparency because it affects the credibility of review conclusions.	All view transparency as a key determinant of accountability.	Implementers face issues from recipients; assessors and reviewers face issues related to data providers and access.
6	Efforts to enhance accountability	Existing efforts include the use of applications and ensuring timely LPJ submission.	Conducting objective assessments, providing recommendations, and improving evidence quality.	Strengthening review rigor, tiered verification, and ensuring accurate conclusions.	All parties seek to enhance accountability within their respective roles.	Improvement priorities differ: implementers focus on recipient compliance; assessors on assessment quality; reviewers on verification accuracy.

Source: Research Data, 2025

The findings indicate that accountability influences the effectiveness of Internal Control over Financial Reporting (ICoFR) related to government assistance in Ministry X; however, this influence has not been optimal because accountability practices in the field remain largely administrative and have not fully reflected the substantive principles stipulated in PMK Number 17/PMK.09/2019. This condition was articulated by respondent P3, who stated, *"…in terms of document fulfillment, I think it is accountable, but regarding its validity, it may not be fully adequate. We cannot entirely guarantee that what is uploaded by the beneficiaries reflects the actual conditions in the field. Even though the number may not be significant, there is always the potential for fraud."*

Although, normatively, accountability requires complete documentation, sufficient supporting evidence, information transparency, and multi-layered verification, the findings reveal that the fulfillment of these elements has been inconsistent. Some beneficiaries still perceive accountability merely as an obligation to upload or provide formal documents without ensuring the substantive conformity of activities. As expressed by respondent R2, *"I observe that work units clearly state the obligation of beneficiaries to submit accountability reports in*

the technical guidelines; however, the beneficiaries themselves are sometimes still unaware of their obligation to submit the accountability report within the specified timeframe." This condition weakens the capacity of ICoFR to identify deviations, process non-compliance, and potential fraud. Furthermore, assessment and review processes are frequently constrained by inadequate evidence, incomplete data, and weak tiered verification mechanisms.

Other structural barriers including limited competencies, inadequate understanding of reporting obligations, turnover of program managers, and low levels of information transparency further constrain assessment quality. These findings align with Scott's (2014) view on the importance of institutional carriers and data openness in enabling substantive accountability. While digital platforms such as Takola and e-Proposal have improved document traceability, their benefits are not evenly realized due to technical issues and varying capacities across implementing units.

Overall, accountability contributes to the effectiveness of PIPK, but has not reached an optimal level because gaps persist between normative expectations and actual practices. The effectiveness of PIPK will improve when accountability is practiced substantively through accurate documentation, valid supporting evidence, transparent information, competent human resources, and consistent tiered verification. These findings reinforce existing literature asserting that the quality of accountability is a primary determinant of the effectiveness of internal control systems and public sector governance.

Transparency is defined as the availability of relevant, high-quality, and timely information, supported by effective accountability mechanisms such as a free media and legitimate oversight channels. Transparency is regarded as a public value to counter corruption, synonymous with openness in decision-making, and a core instrument of good governance. Schnackenberg et al. (2021) state that transparency comprises three dimensions: information disclosure, clarity, and accuracy. Together, these dimensions shape perceptions of transparency quality within an organization.

The transparency indicator in the implementation of PIPK for government assistance accounts aims to examine respondents' understanding of transparency, how transparency is practiced both in the administration of government assistance and within PIPK processes, and respondents' views on what aspects of transparency require improvement within their work environment.

Thematic analysis was conducted by coding the interview findings and organizing them into themes related to the transparency indicator, as presented in Table 11 below.

Table 11. Thematic Analysis of the Transparency Indicator

No	Respondent Group	Codes	Themes
1	Implementing Team	Openness of information in the selection of government assistance; access restrictions for unauthorized parties	Transparency is associated with information openness
2	Implementing Team	Availability of documentary evidence and involvement of local government agencies increase transparency; dissemination of information through social media	Transparency is closely linked to accountability, particularly in the disclosure of government assistance information
3	Implementing Team	The implementation process has been perceived as transparent	Government assistance management is considered transparent
4	Assessment Team	Assessment results are clearly communicated in reports; audit and assessment procedures are traceable	Transparency is demonstrated through openness and traceable processes
5	Assessment Team	Assessment procedures comply with standards; each step is adequately documented in accordance with the PMK	Assessment implementation follows established standards and is supported by complete documentation
6	Assessment Team	Transparency is maintained through regular reporting to management; documentation is complete	Transparency in PIPK has been implemented effectively but still requires continuous maintenance
7	Review Team	Government assistance information is available in the application system; transparency is supported by assignment letters and relevant recommendations	Digitalization, information openness, compliance with assignment letters, and provision of relevant recommendations
8	Review Team	No resistance encountered; technical issues in the application system; accountability reports (LPJ) are poorly documented, not digitally available, and often submitted late	Absence of resistance, but frequent access and technical constraints
9	Review Team	Transparency is important but must be appropriately limited; review processes are based on evidence and tiered verification	Limits of transparency, information protection, and evidence-based, multi-level verification review processes

Source: Research Data, 2025

From the themes identified within each respondent category (minor themes), similar themes were subsequently regrouped across the three respondent categories into overarching themes, as presented in Table 1.13 below

Table 12. Grouping of Minor Themes into Major Themes for the Transparency Indicator

No.	Minor Themes	Major Themes
1	Transparency is associated with information openness	Transparency as information openness
2	Transparency is related to accountability, such as disclosure of government assistance information	
3	Government assistance management is already transparent	
4	Transparency is demonstrated through openness and traceable processes	Transparency in processes and documentation
5	Assessment is conducted in accordance with standards and supported by complete documentation	
6	Transparency in PIPK has been implemented well but still needs to be maintained	
7	Digitalization, information openness, compliance with assignment letters, and provision of relevant recommendations	Transparency in operational practices and practical limitations
8	No resistance was encountered; however, access constraints frequently occur	
9	Limitations of transparency, information protection, and review processes based on evidence and verification	

Source: Research Data, 2025

The comparative analysis of perspectives among the three respondent groups across the three major transparency themes presented in Table 1.13 is summarized in Table 1.14 below

The findings indicate that transparency in the management of Government Assistance programs as well as in the implementation of Internal Control over Financial Reporting (ICoFR) is consistently understood by all three respondent groups as a key element for ensuring information openness, traceable processes, and accountability. Transparency is most evident during the government assistance selection stage through the public disclosure of eligibility requirements, application mechanisms, and program information across various digital platforms. As noted by respondent P2, *"for government assistance programs, we disseminate initial information such as eligibility requirements through multiple social media platforms and the Takola system, along with schedules and technical guidelines, and this is also supported by socialization activities via YouTube."*

In the context of ICoFR, transparency is manifested through the issuance of formal assignment letters, the communication of assessment bases to work units, and the preparation of comprehensive documentation of findings. This was emphasized by respondent R3, who stated that *"the ICoFR review plan must first be communicated to the work units through the issuance of an Assignment Letter. In addition, the results of the ICoFR review must be accompanied by improvement recommendations based on the findings and an analysis of internal control effectiveness."*

Digitalization plays a significant role in reinforcing these practices, as the government assistance application and related platforms provide real-time access to information and facilitate electronic document uploads. This condition was highlighted by respondent P1, who remarked that *"this is also closely related to accountability, because documentary evidence uploaded into the system makes everything transparent and ensures that nothing is concealed."*

These findings align with prior studies that affirm the role of digitalization in enhancing information accessibility and improving audit process reliability through more traceable documentation. However, transparency is also understood to have limits, particularly concerning the protection of sensitive data such as accountability reports (LPJ) and transactional evidence. Consequently, its implementation adheres to the principle of bounded transparency as articulated in the public administration literature. Barriers to transparency are primarily technical in nature, including system disruptions, non-digitized documents, or files that are difficult to access, although coordination among relevant parties has proven effective in mitigating these challenges.

Overall, transparency practices within the Banpem and PIPK processes are functioning adequately and are consistent with theoretical perspectives and previous research findings, although further improvements in the quality of digital documentation and the stability of information systems are needed to achieve a higher level of effectiveness.

Previous studies on Internal Control over Financial Reporting (ICoFR) in the public sector have predominantly emphasized formal compliance, technical control mechanisms, and normative frameworks such as COSO. However, this line of research has not fully explained the persistence of internal control weaknesses in government assistance expenditures including incomplete accountability reports, weak verification processes, and inconsistent control practices despite the existence of comprehensive regulations, the implementation of digital systems, and the issuance of unqualified audit opinions.

Specifically, prior research has not examined ICoFR effectiveness through an institutional perspective that positions symbolic carriers namely regulations (PMK 17/2019), integrity, accountability, and transparencyas key factors shaping how organizational actors interpret, enact, and document financial reporting responsibilities. Integrity has largely been treated as a normative element of the control environment, without sufficient analysis of how it is operationalized in verification and monitoring practices. Similarly, accountability and transparency are often conceptualized as principles of good governance rather than as institutional practices deeply influenced by documentation quality, information openness, and consistency of control implementation, particularly in high-risk areas such as government assistance spending.

Moreover, although digitalization is widely acknowledged to enhance transparency, existing studies have not adequately explored how digital systems reshape actors' interpretations of accountability and transparency and how these interpretations affect the effectiveness of ICoFR. As a result, the literature remains limited in explaining why compliance with ICoFR regulations frequently remains symbolic—focused on administrative fulfillment rather than substantive internalization of internal control objectives.

Addressing these gaps, this study directly responds to the research problem by demonstrating that the effectiveness of internal control over financial reporting in government assistance expenditures is not solely determined by technical control mechanisms or formal regulatory compliance. Instead, it is shaped by institutional factors operating through symbolic carriers. The interaction between regulations, integrity, accountability, and transparency influences work routines, documentation practices, and the implementation of ICoFR, thereby providing a more comprehensive explanation for the persistence of control weaknesses despite the presence of formal systems and digital infrastructure.

CONCLUSION

This study concludes that the effectiveness of Internal Control over Financial Reporting (ICoFR) on government assistance expenditures in Ministry X has not yet been fully achieved. Qualitative findings indicate that the four *symbolic carriers* PMK 17/2019 as the regulatory framework, integrity, accountability, and transparency are formally present and consistent with the results of the 2019 and 2024 ICoFR assessments. However, these values, norms, and rules have not been fully internalized into day-to-day control practices.

The 2019 and 2024 ICoFR assessments reveal recurring weaknesses, including ineffective monitoring of accountability reports (LPJ), delays in reporting, password-sharing practices, and inadequate verification and monitoring of fund disbursement. These conditions indicate a dominance of administrative and symbolic compliance, while substantive accountability and procedural integrity remain inconsistently implemented. This finding confirms the phenomenon of *decoupling*, whereby formal compliance with regulations serves primarily as a source of legitimacy without fully delivering the expected quality of internal control.

The main contribution of this study lies in extending the understanding of ICoFR effectiveness by integrating the *institutional logics* perspective and the concept of *symbolic carriers*. The findings demonstrate that weaknesses in ICoFR stem not only from technical deficiencies but also from limited internalization of institutional values and norms within organizational routines, particularly in material and high-risk expenditure accounts.

This study is limited by its single-case design and reliance on qualitative data based on key informants' perceptions. Future research is encouraged to conduct comparative studies across ministries or adopt mixed-method approaches to examine the relationship between symbolic compliance, digital documentation quality, and external audit findings more comprehensively. Strengthening ICoFR effectiveness in the future therefore requires not only regulatory compliance but also deeper value internalization, enhanced human resource competencies, and sustainable verification mechanisms.

REFERENCES

Alam, M. M., Said, J., & Abd Aziz, M. A. (2019). Role of integrity system, internal control system and leadership practices on the accountability practices in the public sectors of Malaysia. *Social Responsibility Journal*, *15*(7), 955–976. https://doi.org/10.1108/SRJ-03-2017-0051

Aziz, M. A. A., Rahman, H. A., Alam, Md. M., & Said, J. (2015). Enhancement of the Accountability of Public Sectors through Integrity System, Internal Control System and Leadership Practices: A Review Study. *Procedia Economics and Finance*, *28*, 163–169. https://doi.org/10.1016/s2212-5671(15)01096-5

Brenya Bonsu, A., Appiah, K. O., Gyimah, P., & Owusu-Afriyie, R. (2023). Public sector accountability: do leadership practices, integrity and internal control systems matter? *IIM Ranchi Journal of Management Studies*, *2*(1), 4–15. https://doi.org/10.1108/irjms-02-2022-0010

Hsu, A., & Schletz, M. (2024). Digital technologies–the missing link between climate action transparency and accountability? *Climate Policy*, *24*(2), 193–210. https://doi.org/10.1080/14693062.2023.2237937

Khersiat, O. M. (2020). The efficiency of applying the internal control components based on COSO framework to transparently carry out tasks and services, ensure integrity and enhance quality and efficiency: Case study-the greater amman municipality. *International Journal of Financial Research*, *11*(2), 371–381. https://doi.org/10.5430/ijfr.v11n2p371

Kyriacou, A. P. (n.d.). *"Defining Accountability."*

Matheus, R., Janssen, M., & Janowski, T. (2021). Design principles for creating digital transparency in government. *Government Information Quarterly*, *38*(1). https://doi.org/10.1016/j.giq.2020.101550

Meyer, J. W., & Rowan, B. (1977). Institutionalized Organizations: Formal Structure as Myth and Ceremony. In *Source: The American Journal of Sociology* (Vol. 83, Issue 2). http://www.jstor.orgURL:http://www.jstor.org/stable/2778293

Naimatuzarah. (n.d.).

Novatiani, A., Wedi, R., Kusumah, R., & Vabiani, D. P. (2019). Pengaruh Transparansi dan Akuntabilitas Terhadap Kinerja Instansi Pemerintah. In

Jurnal Ilmu Manajemen dan Bisnis (Vol. 10).
www.eporja.bandungbaratkab.go.id

Satria Saputra, D., & Abdullah, S. (n.d.). *Pengaruh Transparansi, Akuntabilitas Dan Komitmen Organisasi Terhadap Kinerja Satuan Kerja Perangkat Daerah (Studi Pada Pemda Kabupaten Aceh Selatan)*. 3(2), 2014–2076.

Schnackenberg, A. K., Tomlinson, E., & Coen, C. (2021). The dimensional structure of transparency: A construct validation of transparency as disclosure, clarity, and accuracy in organizations. *Human Relations*, *74*(10), 1628–1660. https://doi.org/10.1177/0018726720933317

Scott, W. R. (2003). *Institutional carriers: reviewing modes of transporting ideas over time and space and considering their consequences*.

Zahari, A. I., Said, J., Muhamad, N., & Ramly, S. M. (2023). Evaluation of the Internal Control Systems in the Malaysian Public Sector. *Proceedings of the International Conference in Technology, Humanities and Management (ICTHM 2023), 12-13 June, 2023, Istanbul, Turkey*, *131*, 472–482. https://doi.org/10.15405/epsbs.2023.11.40