

# INTERNAL CONTROL IN THE PUBLIC SECTOR IN INDONESIA: A CASE STUDY OF STATE TAX RECEIVABLES MANAGEMENT

**Asqolani<sup>1\*</sup>**

Politeknik Keuangan Negara STAN  
[asqolani@pknstan.ac.id](mailto:asqolani@pknstan.ac.id)

**Rahmat Taufik Hidayat<sup>2</sup>**

Politeknik Keuangan Negara STAN

**Marsono<sup>3</sup>**

Politeknik Keuangan Negara STAN

**Bayu Kalpikotomo<sup>4</sup>**

Directorate General of Taxes

Received on 20 October 2023

Accepted on 24 November 2023

**Abstract**— This research focuses on the Internal Control System (SPI) in managing tax collection at the Directorate General of Taxes (DGT). This study is concerned with the effectiveness of internal control in the public sector, especially on the revenue administration of the central government, which is also stated in the Audit Agency (BPK) report. Internal control is vital to maintain the reliability of financial information in an organization. The method used is qualitative, using The DGT as a case study. The novelty of this research lies in its focus on the tax receivable from both internal and the auditor's points of view. Interviews were conducted with the DGT, the Financial Audit Agency (BPK), and the Inspectorate General (Inspektorat Jenderal/Itjen). Data comes from the Central Government Financial Statements (Laporan Keuangan Pemerintah Pusat/LKPP) and Audit Reports (Laporan Hasil Pemeriksaan/LHP). The results of this study show that the SPI in managing tax collection is good, but there is still room for improvement. It is expected that some recommendations for improving the SPI, such as improving the issuance of letters for the implementation of tax receivables to be entirely through the system, limiting the materiality of collecting tax receivables, maximizing tax collections, especially those that will expire, adding an early warning system to detect overdue collections, faster solving suspend data, and data integration, especially with the tax court for appeal decisions and commercial courts for registration of tax receivables to curators.

**Keywords:** Audit Report; Central Government Financial Report (LKPP); Internal Control System; Tax Receivables.

## 1. INTRODUCTION

### 1.1 Background

Tax is a mandatory contribution to the state that is coercive but does not provide direct rewards to taxpayers. According to local laws and regulations, taxes can be levied by the Central Government, including Import Duties and Excise, and taxes levied by Local Governments. This

tax revenue takes up the most significant portion, 77,19% of the realization of state revenues and grants in the FY 2022 State Budget (APBN) (Kementerian Keuangan, 2023).

**Table 1. State Revenue from Taxes Year 2018-2022**

	2018	2019	2020	2021	2022
<b>Tax Revenue</b>	1,518.79	1,546.14	1,285.13	1,547.84	2,034.55
<b>State Revenue</b>	1,943.67	1,960.63	1,647.78	2,011.34	2,635.84
<b>Percentage</b>	78.14%	78.86%	77.99%	76.96%	77.19%

Source: Audit Report 2018-2022

Tax receivables arise from tax payables that are not paid at maturity. The tax debt can come from tax research, audit, or investigation with a legal product in the form of a Tax Bill (STP) and a tax assessment letter in the form of an Underpaid Tax Assessment Letter (SKPKB), and an Additional Underpaid Tax Assessment Letter (SKPKBT). In legal products, it can be in the form of tax principal, sanctions, in the form of interest, fines, increases, and tax collection costs. The tax receivable should be continued with payment by the taxpayer. However, there are times when these receivables are not paid either because they do not agree with the results set or because they file legal remedies. Still, some do not want to pay for various reasons unrelated to legal remedies, resulting in tax receivables that must be collected.

Although tax receivables are not a component of the State Budget, tax receivables are one of the essential items of government assets in the balance sheet, which, on the date of the Financial Statements, if there is a government right to collect, must be recorded as an addition to government assets in the form of receivables. Receivables represent the potential for state revenue receipts. In addition to the potential as tax revenue, tax receivables are also audit findings that the Audit Agency always disputes. The development of tax receivables is increasing every year. Errors in recording tax receivables will affect the share of assets in the central government's balance sheet.

The definition of assets stated on the Statement of Government Accounting Standards (PSAP) 01 concerning the Presentation of Financial Statements. Assets, which can be measured in monetary units and include non-financial resources required for the provision of community services, are economic resources that the government controls and owns because of past events and from which future economic and social benefits are expected to be obtained, both by the government and society. For historical and cultural reasons, power is preserved.

From the beginning, the development of tax receivables was highlighted by the House of Representatives (Bagian Analisa Pendapatan Negara dan Belanja Negara Dewan Perwakilan Rakyat, 2013; Dewan Perwakilan Rakyat, 2022). The House of Representatives sees that efforts to manage tax receivables have not been maximized, as shown by three aspects: technical accounting records, write-offs, and collection of tax receivables. The increase in the amount of tax receivable still cannot be offset by disbursement activities. Therefore, carrying out tax collection actions with coercive legal force is necessary.

BPK sees weaknesses in the internal control system in managing tax receivables in DGT, which are recurring yearly. This problem certainly has an impact on the completeness and accuracy of the presentation of the value of tax receivables because STP and SKP are source documents used by DGT as the basis for recording and collecting tax receivables (Badan Pemeriksa Keuangan (BPK), 2021, 2022, 2023).

The public, including tax observers and practitioners, also revealed weaknesses in managing tax receivables, as conveyed by the Executive Director of the Center for Indonesia Taxation Analysis (CITA), Justin Prastowo (Ananti, 2018). Some weaknesses in the billing

process can be seen from the regulatory aspect; for example, some are not clear and firm, confusing the field, expiring, and removing sanctions.

Previous research has further highlighted the presentation of tax receivables (Pratiwi, 2021), Tax Receivables Information (Djunur, 2020), and most from the micro side, which usually focuses on managing tax receivables in the collection section of the Tax Service Office. Several studies examined the effectiveness of tax receivables collection in the collection section, especially at the Tax Service Office (KPP) (Febriana & Riharjo, 2017; Kurniawati, 2016; Tanuwijaya & Budiono, 2014). There is also an emphasis on the implementation of tax receivables carried out by the state tax bailiff (JSPN) in the collection section. In addition, there is also research on tax receivables seen from the procedures for writing off tax receivables in several KPPs (Fasekordya, 2018; Nurul Sa'adah, 2019; Tamba, 2017).

Another thing that was also examined was how internal control in the audit, assessment, and collection section disbursing tax receivable arrears. The research results generally mentioned several weaknesses in the Internal Control System (Aprilianthi, 2014; Laksana et al., 2019; Muhamad & Wahyuni, 2017; Sormin, 2010). Research by Suhendro supports internal control systems on the performance of higher education (Aprilia et al., 2022). Internal control systems support the effectiveness of the DGT system. On the other hand, the perception of tax system effectiveness does not affect willingness to pay taxes (Tajuddin & Eforis, 2023).

The research gap in this study compared to previous studies is that this study covers DGT agencies, using the latest provisions, namely the Law on Harmonization of Tax Regulations (UU HPP), the data processed is more comprehensive, and involves resource persons involved in the DGT internal control system in managing tax receivables and from the side of external auditors (BPK) and internal auditors (ITJEN). Several KPP samples will be selected based on the most significant tax receivables data included in the BPK's findings to explore its internal control weaknesses further. In addition, this study also analyzes the policies that will be carried out by DGT related to tax receivables, namely the establishment of a Taxpayer Account (TPA) Revenue Accounting System (RAS) Module.

This research takes the theme related to tax receivables because tax receivables are significant potential state revenues in the form of assets, which means financial resources that the government owns and controls as a result of previous occurrences and from which both the government and society anticipate future economic and social benefits, which if not appropriately managed then the potential does not generate state revenue. Especially with the findings of the BPK audit of LKPP in 2022, tax receivables rank highest in the findings related to the Internal Control System and Compliance with Laws and Regulations (Badan Pemeriksa Keuangan (BPK), 2023).

Therefore, this study focuses on the Internal Control System carried out by DGT, especially related to handling tax receivables. The results of this study are expected to identify things in the DGT Internal Control System that are of concern and are expected to provide input and scientific study materials to improve the SPI.

## 1.2 Problem Statement

Based on the background of research, the following problems can be formulated:

1. How is the Internal Control System carried out by the Directorate General of Taxes, especially in handling tax receivables?
2. What elements can be identified as weaknesses in SPI in managing tax receivables?
3. What can be recommended to improve SPI, especially in following up on recommendations by the Audit Board (BPK)?

### 1.3 Literature Review and Hypothesis

#### 1.3.1 Internal Control According to COSO and the Government's Internal Control System (SPIP)

Literature studies show that many studies related to applying the COSO framework in internal control in finance, for example, are associated with the level of effectiveness of the COSO framework. Internal control is part of each system used as operational procedures and guidelines for specific companies or organizations. The COSO framework is designed to assist companies in establishing and improving internal control systems. Internal control is considered essential to the organization's operations. It determines the quality of financial statements in the form of "reasonable assurance" that the amounts presented in the financial statements are correct and establishes a reliable basis for making informed decisions. Companies use the Internal Control System to direct operations and prevent system abuse. Many authors' definitions of internal controls are generally sourced from the definition made by COSO (The Committee of Sponsoring Organizations of Treadway Commission) (COSO, 2013). COSO 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, according to the COSO, since it permeates organizational operations and is a crucial component of fundamental management tasks. Only moderate confidence, not total desire, may be provided by internal control. Internal control demonstrates that, despite its best efforts to be both adequately conceived and structured, internal control can only offer a sufficient level of confidence. It cannot, however, be entirely successful in accomplishing its goals. The success of the perfect internal control, no matter how well it is planned, is inextricably linked to some limitations and is dependent more on competition and restrictions than on how it is implemented.

There are 17 components to the internal control principles as presented in COSO's 2013 Framework:

**Table 2. Components and Principles of COSO 2013 Framework**

Components	Description of the components	Principles
Control Environment	The institution's guiding principles and vision are embodied in the control environment, or the management's governance culture affects how well the other internal control mechanisms work. It refers to a collection of guidelines, procedures, and frameworks that the company uses to carry out internal control. It encompasses the institution's moral principles and integrity as well as the norms that allow the board of directors to fulfill its duties in defining roles and responsibilities and supervising organizational structure and governance.	<ol style="list-style-type: none"> <li>1. The organization demonstrates a commitment to integrity and ethical values.</li> <li>2. The BOD demonstrates independence from management.</li> <li>3. The BOD establishes structures, reporting lines, and appropriate responsibilities in the pursuit of objectives.</li> <li>4. Commitment to attract, develop, and retain competent individuals.</li> <li>5. Holding individuals accountable for their internal control responsibility.</li> </ol>
Risk Management	An event may occur and adversely affect the achievement of [an organization's] objectives. It indicates that each organization may face a variety of risks, external and internal. According to the COSO concept, the assessment of risks is a continuous dynamic process for identifying and	<ol style="list-style-type: none"> <li>6. Specifying objectives with sufficient clarity to identify and assess risks.</li> <li>7. Identifying and analyzing risks across the entity to determine how they should be managed.</li> <li>8. Considering the potential for fraud as a possible risk.</li> </ol>

Components	Description of the components	Principles
	assessing the risks that threaten the achievement of the institution's goals.	9. Identifying, evaluating, and analyzing changes that could significantly impact the system of internal controls.
Control Activities	Control activities are procedures established through policies and arrangements that help ensure the implementation of management directives to mitigate risks related to achieving the entity's goals.	10. Selection and development of control activities to mitigate risks. 11. Selection and development of technology-dependent general control activities. 12. Deployment of policies that define what is expected and procedures that implement them.
Information and Communication	It describes the ongoing, iterative process of supplying, exchanging, and acquiring the required data. Information is distributed to various divisions within the organization through communication.	13. Obtaining and using relevant and credible information. 14. Internal communication by disseminating information internally. 15. External communication on matters affecting the conduct of internal control.
Monitoring Activities	To verify that every one of the five internal control components is present and functioning properly, monitoring activities are conducted using either a continuous assessment process, a discontinuous evaluation process, or a mix of both.	16. Conducting continuous or separate evaluations 17. Evaluating and communicating deficiencies of internal control.

Source: Bouheraoua & Djafri (2022); COSO, (2013)

Internal control is effective if it meets the five applicable components and functions and is operationally applied in an integrated manner. In addition, organizational leaders can ensure adequate implementation of internal control. Reference points for evaluating the efficacy of internal control include the laws, rules, regulations, and standards that the organization must abide by; the type of business the organization conducts and the markets it serves; the extent and character of the management operating model; the skill of the employees in charge of internal control; the use and reliance on technology; and the management's reaction to the risks identified. (COSO, 2013; McNally, 2013).

The definition of an Internal Control System is stated in Government Regulation (PP) Number 60 of 2008 concerning the Government Internal Control System (SPIP). The purpose of the Internal Control System is to ensure that leaders and staff members maintain a high level of confidence in the attainment of organizational objectives through efficient and productive work, accurate financial reporting, safeguarding state assets, and adherence to legal and regulatory requirements. Following PP Number 60 of 2008, SPIP consists of five elements:

1. Control environment: Government Agencies' conditions that affect internal control's effectiveness. All employees' overall commitment, ethics, values, behaviors, and actions.
2. Risk assessment: assessment activities on possible events that threaten the achievement of the goals and objectives of Government Agencies
3. Control activities: actions necessary to address risks and establish and implement policies and procedures to effectively implement risk mitigation measures.
4. Information and communication. When it comes to performing the tasks and operations of government agencies, information is defined as data that has been processed and is suitable for use in decision-making. Delivering information or messages through certain symbols, either directly or indirectly, to elicit feedback is called communication.

5. Internal control monitoring: the procedure for evaluating the effectiveness of the Internal Control System and procedures that guarantee the timely follow-up on audit findings and other assessments.

To achieve efficacy and efficiency in accomplishing the goals of state governance, financial reporting dependability, asset security for the state, and legal and regulatory compliance, SPIP seeks to offer sufficient confidence. As a follow-up to PP 60 of 2008, the Ministry of Finance has issued Decree of the Minister of Finance (PMK) Number 130/KMK.09/2011 concerning the Internal Supervision Policy of the Ministry of Finance and PMK Number 152/KMK.09/2011 concerning Improvement of the Implementation of Internal Control within the Ministry of Finance.

The Directorate General of Taxes has issued a Decision of DGT (KEP) No. 238/PJ/2012 concerning the Implementation of Internal Control within the DGT as a follow-up to PMK No. 152/KMK.09/2011 concerning Increasing the Implementation of Internal Control within the Ministry of Finance. The implementation of internal control within the Directorate General of Taxes includes:

- a. Internal control is carried out by the task owner in the form of inherent supervision by the direct supervisor of the task executor.
- b. Internal control monitoring is conducted by the Internal Control Monitoring Implementation Unit (UP3I).

UP3I is an employee who meets specific requirements for internal control monitoring in the work unit concerned. Specific requirements are:

- a. the lowest education is Diploma III;
- b. the lowest rank is Regulator (Group II/c);
- c. physically and spiritually healthy;
- d. have high integrity;
- e. have sufficient technical competence;
- f. have the ability to interact and communicate well, orally and in writing, and
- g. It is not currently undergoing disciplinary punishment or is not in the process of being investigated for disciplinary violations and has never undergone severe disciplinary punishment based on Government Regulation Number 53 of 2010 and other applicable regulations.

Especially for tax receivables, Circular Letter (SE) No. 03/PJ/2017 concerning the Internal Control System (SPI) on the Administration of Tax Receivables and SE-38/PJ/2017 concerning the Internal Control System for the Administration of Tax Receivables has been issued. The scope of this unique SPI related to tax receivables includes the following:

- A. Control procedure for the formation of tax receivable balances.
- B. Control Procedure for Determining Tax Receivables:
- C. Tax Receivables Adjustment Control Procedure:
- D. procedure for controlling the repayment of tax receivables.
- E. Monitoring and Evaluation of Internal Control System on Tax Receivables Administration.

This activity ensures that the internal control system of tax receivables administration has run as expected and that the necessary improvements have been implemented.

### 1.3.2 Internal Control of the Public Sector

The public sector needs to ensure integrity, transparency, and accountability. Internal control ensures that operations in the public sector are conducted efficiently, effectively, and by government authorities' laws and policy objectives. Internal control also aims to prevent

abuse, corruption, and violations in government (OECD, 2011). Goodwin compares internal control between the public and private sectors. Apart from the difference in the intended party from financial reporting and costs, differences can also be seen in the level of interaction and internal control activities (Goodwin, 2004).

The results showed significant developments in audit institutions and internal control activities since 1980. Each country is different in organizing its institutions, the products or services produced, and their influence on society. However, there are specific matters related to the internal control function for the eradication of corruption that is still low (Johnsen, 2019).

For budget-based government institutions, efficiency efforts are one of the easiest ways to achieve a broader scope of activities. Improving efficiency will be easier than submitting additional budgets that the House of Representatives must approve. If government management in the past focused only on securing resources, now it is on the more efficient and effective use of resources. For the management of resources to be carried out more efficiently and effectively, management decisions must be based on organized and controlled trust principles (Kuntadi et al., 2022).

The Organisation for Economic Co-operation and Development (OECD) has published a report on public sector control in a seminar themed "Control and Internal Audit: Ensuring Public Sector Integrity and Accountability," providing a framework to improve integrity and prevent corruption in the public sector in the form of an Integrity Framework that focuses on:

*"Understanding the implementation of instruments, processes, and structures to support; i) the delivery of quality services in an efficient manner, following planned outcomes; ii) safeguard public resources against misconduct and (active and passive) waste; iii) maintain, and disclose through timely reporting, reliable financial, and management information; and iv) comply with applicable legislation and standards of conduct."* (OECD, 2011)

The COSO framework can be used in testing public sector internal control systems. Research conducted by (Yao et al., 2017) on four departments in Ghana using six elements of the COSO conceptual framework with a sample of 100 respondents. This study wanted to see the effectiveness of management in the public financial sector. Other studies have adopted the COSO methodology for Sharia-based internal audits at Islamic financial institutions (IFIs). COSO is also used to assess internal control implementation in all Kosovo budget units (Bouheraoua & Djafri, 2022). The results show that the Public Internal Financial Control (PIFC) strategy has positively affected public sector reform in Kosovo, with some improvement notes (Ujkani & Vokshi, 2019).



**Figure 1. Effective Financial Controls**  
 Source: Hendikawati dan Hidayati (2019)

### 1.3.3 Administration of Tax Receivables

Referring to regulation No. 20/PJ/2020 concerning tax receivables accounting guidelines, tax receivables are receivables arising from accrued taxes, including administrative sanctions in the form of interest, penalties, or increases listed in tax assessment letters or similar letters based on the provisions of laws and regulations in the field of taxation that have not been paid until the end of the Financial Statement period. Tax receivables arise because there is still a state collection suitable for tax arrears that the taxpayer has not paid. These tax receivables must be accounted for by DGT so that they can be presented in the Financial Statements reliably and on time. DGT officially conducts research, examination, or investigation in the field of taxation that can produce legal products owed tax that have binding legal force (inkracht) and must be paid by taxpayers by the provisions of tax laws and regulations.

Administration of tax receivables according to SE-38/PJ/2017 concerning Internal Control System Administration of Tax Receivables is an activity to manage all tax assessments and tax bills issued until payment/repayment, including legal remedies to generate delinquent balances that will be used for further processing.

According to SAP Conceptual Framework Paragraphs 90 and 91, When the government receives prospective future financial rewards and an expense that can be accurately calculated, it is said to have an asset. Assets in the form of receivables or prepaid expenses are recognized concurrently with the accrual basis of accounting when the right of claim for cash inflows or other economic benefits from another entity has been or continues to be fulfilled and the value of such claims can be measured or estimated. Thus, tax receipts are recognized when state claim rights have arisen. This activity aligns with the formal theory in recognition of Tax Debt, namely, tax debt arises due to tax laws when tax officials issue tax assessment letters. So, as long as there is no tax assessment letter, there is no tax debt, even though subjective conditions and objective conditions and time have been met.

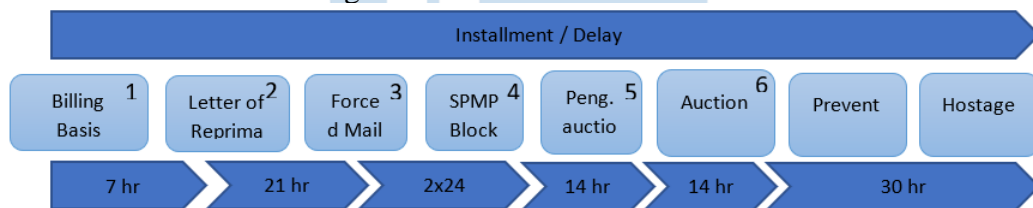
Tax receivables are presented on the balance sheet of LKPP in the group of current assets, provided that tax receivables are presented at the unpaid value of the value stated in the documents on which tax receivables are recognized. According to the concept in the Statement



of Government Accounting Standards (PSAP) 01 concerning the Presentation of Financial Statements, A balance sheet is a financial asset that the government owns and controls as a result of past transactions and from which it anticipates future economic and social gains for society as a whole. It is quantifiable in monetary units. The units comprise historical and culturally significant resources as well as non-financial resources required for community service delivery. Tax receivables are recorded at par value on a recognition basis, then followed up by preparing Financial Statements and making explanations on Tax Receivables accounts in the Notes to Financial Statements (CALK) and reported to higher accounting entities.

To present the value of Tax Receivables on the balance sheet that reflects net realizable value, a classification of the quality of tax receivables on tax receivables based on the provisions of laws and regulations in the field of taxation and does not meet the criteria for asset recognition, tax receivables should be written off. This activity has been regulated by the Minister of Finance Regulation No. 43/PMK.03/2018 concerning the Accounting Policy for Bookkeeping of Tax Receivables that has expired and regulation No. 01/PJ/2020 concerning Quality Classification of

The tax receivables are followed up with a collection process starting from the collection basis consisting of STP, SKPKB, SKPKBT, Rectification Decree, Mutual Consent Decree, Objection Decree, Appeal Decision, and Review Decision, which causes the amount of tax accrued to increase. Tax claims if there is a request for tax collection assistance from a partner country or partner jurisdiction and taxes that should not be returned as stipulated in Government Regulation 50 of 2022 concerning Procedures for Implementing Tax Rights and Fulfilling Obligations. Here is the tax billing flow:



**Figure 2. Tax Collection Flow**  
Source: Processed by the author

To follow up on BPK's recommendations and realize uniform accounting treatment of tax receivable accounts in the Central Government Financial Statements (LKPP), DGT has developed an application Tax Payer Account (TPA) Revenue Accounting System (RAS) Module nationally starting July 1, 2020. In the Framework of Recording Tax Transactions, the person in charge of the application is the DGT (Direktur Jenderal Pajak, 2022). The provisions of PER No. 20/PJ/2020 are intended to apply accrual-based accounting treatment by the mandate of Government Regulation No. 71/2010 concerning Government Accounting Standards (SAP), which includes recognition, measurement, recording, presentation, and disclosure of tax receivables in financial statements. The use of this landfill is based on the advice made by, which evaluates the problem of tax receivables administration at the DGT using BPK LHP data on LKPP from 2013 to 2019 based on the provisions of PER No. 08 / PJ / 2009 (Pratiwi, 2021; Pratiwi & Martani, 2021).

**2. RESEARCH METHOD AND DATA ANALYSIS**

**2.1 General Description of Research Objects**

The object studied in this study is the Directorate General of Taxes (DGT), a government body under the Ministry of Finance of Indonesia. Respondents in this study are employees of

DGT, Jakarta Special Regional Tax Office, Large Taxpayer Tax Office One, and Pondok Aren Tax Office. The study period is 2023.

## 2.2 Research Method

This research adopts qualitative methods, using inductive methods and content analysis to build comprehensive knowledge that will help explore the COSO methodological framework and the extent to which DGT can adopt it (Creswell & Creswell, 2017). This research uses qualitative methods with a case study approach. Three qualitative research techniques were used: theme analysis (method 1), interactive qualitative analysis (method 2), and written questions in the form of semi-structured interviews (method 3) to gather information for research questions (Du Preez, 2018; Rahardjo, 2010). In this study, the subject is the Directorate General of Taxes (DGT), and the object is the internal control system in the administration of tax receivables.

The data sources used are secondary data and primary data. Primary data results from interviews and forums from parties related to tax receivables management. Selection of respondents using Purposing Sampling: It only uses parties directly related to the problems analyzed in this research. Triangulation, DGT, BPK, and ITJEN do data sourcing. Triangulation is used to check the veracity of data or information obtained by researchers from different points of view in a way that reduces the amount of data or information that can occur during data collection and analysis as much as possible (Rahardjo, 2010). The secondary data used are the LKPP and the report on the Examination Results of the Internal Control System of the Central Government Financial Statements for 2018-2022 by BPK. The method used by the author in conducting this study is a semi-structured interview and literature study.

## 3. RESULTS AND DISCUSSION

In the official assessment system, the tax to be paid by the taxpayer is determined by the DGT. Determination of when tax receivables occur, recorded and assessed based on the applicable tax collection system and the accounting basis of asset recognition regulated in SAP. Until 2019, the presentation of Tax Receivables is sourced from the database of Tax Receivables Development Report (LP3), details of the initial balance and mutation added less, working paper (KK) Allowance for Tax Receivables, legal remedy register from the Information Systems Directorate General of Taxation (SIDJP), and legal remedy register from the Directorate of Objections and Appeals. LP3 administers the details of tax receivable balances and mutations, including initial balances, mutations of receivables adders and deductions, and final balances of tax receivables. As of July 1, 2020, based on SE-38/PJ/2020 concerning the Implementation of the RAS Module TPA Application, the tax receivable balance presented in the financial statements is generated from the RAS Module TPA Tax Receivables Report.

To evaluate the effectiveness of internal control of tax receivables management, researchers use the COSO Internal Control-Integrated Framework: Guidance on Monitoring Internal Control Systems (COSO, 2009), using adjustments to the COSO Framework 2013 which is 17 components in the Principles of Internal Control (COSO, 2013). as well as adopting the research of Udeh, Bouheraou, and McNally (Bouheraoua & Djafri, 2022; McNally, 2013; Udeh, 2020).

### 3.1 Control Environment

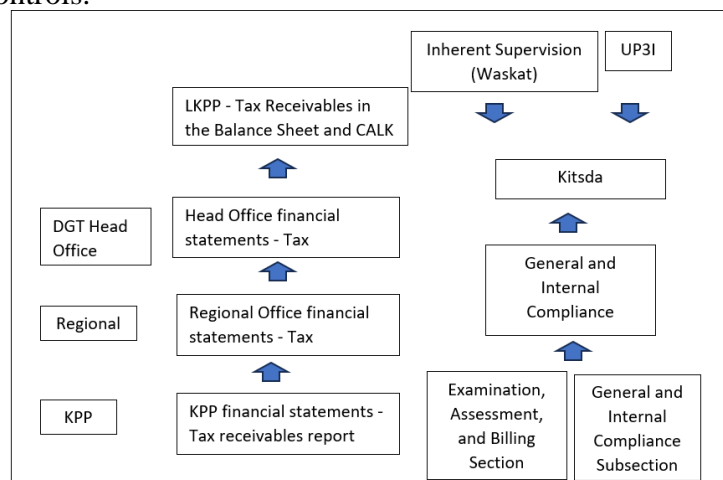
The institution's guiding principles and culture of management governance, known as the control environment, influence how well other internal control elements work. It displays the

collection of guidelines, procedures, and frameworks that a company uses to put internal control in place. It includes the institution's moral principles and integrity as well as the norms that allow the board of directors to fulfill its duties in defining roles and responsibilities, monitoring organizational structures, and supervising governance. The following are elements of the control environment: exhibiting a dedication to moral principles and integrity; performing supervisory duties; creating authority, structure, and accountability; exhibiting a dedication to competence; and maintaining accountability.

The central and local governments have (and are obligated) to implement the internal control system regulated in Government Regulation No. 60 of 2008 concerning the Government Internal Control System (SPIP). The objectives of this control are to secure state assets, ensure reliable financial reporting, manage state finances effectively and efficiently, and comply with legal requirements (accountable). SPIP elements are the same as the COSO Framework: the control environment, risk assessment, control activities, information and communication, and internal control monitoring. Meanwhile, at the Ministry of Finance level, it has been regulated in the Decree of the Minister of Finance Number 152/KMK.09/2011 concerning Increasing the Implementation of Internal Control within the Ministry of Finance. At the level of echelon one unit, DGT has also implemented internal control, regulated in KEP-238/PJ/2012, concerning the Application of Internal Control within the Directorate General of Taxes.

DGT has adopted the Internal Control System (SPI) provisions on Tax Receivables Administration with SE-03/PJ/2017 issuance in managing tax receivables. The regulation stipulates procedures for controlling the formation of tax receivable balances, controlling procedures for determining tax receivables, controlling procedures for adjusting tax receivables, controlling repayment of tax receivables, and monitoring and evaluating the internal control system for tax receivables administration. The provision stipulates the responsibility of monitoring and evaluating SPI, namely the Directorate of Internal Compliance and Transformation of Apparatus Resources (KITSDA). Based on SPI monitoring and evaluation, the KPP Internal Compliance Unit, DGT Regional Office, and KITSDA Directorate provide adequate assurance regarding the compliance of tax receivables administration procedures. The Internal Compliance Unit makes monitoring and evaluation reports on SPI on Tax Receivables Administration in stages. The report can be an Activity Level Internal Control Monitoring Report (PPU) and an Entity-Level Internal Control Evaluation Report (EPITE).

DGT has demonstrated the existence of reliable standards, processes, and structures to implement internal controls.



**Figure 2. Internal Control Structure of DGT Tax Receivables**  
 Source: Processed by the author

In addition, the structure, authority, and responsibility for managing internal control are also regulated. The organizational structure has been decentralized according to the nature of the organization. The billing, examination, and assessment sections have written procedures and policies for hiring, training, promoting, and rewarding employees.

Regarding integrity and ethics, DGT has a code of ethics that also covers tax receivables managers, for example, for the KPP level of executors, bailiffs, section heads, and office heads. Internal control monitors must also make integrity pacts. The dissemination activities of the Code of Ethics and its reports are the Monitoring Report on the Implementation of the Code of Ethics and the Code of Conduct and the Socialization of the Code of Ethics.

Several things still cause obstacles in the recognition of tax receivables. In PER-20/PJ/2020, related to the recognition of Tax Debt, tax debt arises due to tax law when the tax official issues a tax assessment letter. So, as long as there is no tax assessment letter, there is no tax debt, even though subjective conditions and objective conditions and time have been met. These conditions are a finding of the BPK because of tax provisions that should be issued but not for various reasons. From the interview, it is known that the unrecognition of tax receivables is as follows:

1. It is not yet clear which provisions have permanent legal force (inkracht) that are binding and must be paid by taxpayers because the decision document from the tax court has not been received. The system in the tax court has not been integrated with the DGT, so information on the results of appeal decisions only relies on physical documents received.

2. The amount of tax to be issued is a nominal value. However, quite a lot of the amount of the determination, so it seems the tax potential is significant even though the collection fee does not cover the bill's value. The concept of materiality should not be used in issuing tax assessments that later lead to the recognition of tax receivables.

3. Taxpayers are not known to exist, so if a tax assessment is issued, it can potentially pose a risk of tax receivables not collectible. According to the formal theory in Tax Debt recognition, according to SAP Conceptual Framework Paragraphs 90 and 91, Assets are recognized when the government obtains potential future economic benefits and have a value or cost that can be reliably measured or estimated. Taxpayers whose whereabouts are unknown by DGT are considered, and the potential economic benefits of paying the tax cannot be measured/estimated. Because these reasons are not explicitly regulated in the existing regulations, the delay in issuing the tax assessment is one of the examiner's findings by the BPK.

4. Human resources related to receivables administration must be improved to eliminate input errors and complete assignments on time. For example, the tax bailiff incorrectly entered the handover date of the Forced Letter Submission Report (LPSP) and did not input the LPSP handover date; the forced letter has not been notified to WP / PP, the anomaly of the handover date in the LPSP register, the LPSP date precedes the SP date, Case Management (CM) has not been closed so that random dates appear from the system, WP deletes / moves so that KPP cannot conduct further research, as well as the date the installment application has not been administrated at SIDJP. Lack of accuracy in the process of preparing LHP so that the issuance of SKP exceeds the specified time and input errors in tax assessments (Badan Pemeriksa Keuangan (BPK), 2021, 2022, 2023).

5. The inspection instruction should pay attention to the remaining period of issuance of SKP and the burden of the KPP so as not to encourage the use of manual numbers on the provisions issued (Badan Pemeriksa Keuangan (BPK), 2021).

### 3.2 Risk Assessment

The COSO concept defines risk assessment as a dynamic, continuous process that identifies and evaluates risks that could jeopardize the accomplishment of institutional goals. There's a possibility something will happen that will make it harder for the organization to accomplish its objectives. There are several dangers that any organization may encounter, both internal and external. Deciding on acceptable objectives, assessing fraud risks, finding and evaluating risks, and recognizing and evaluating major changes are all parts of the risk assessment process.

Receivables balances are components that used to have a risk of misstatement due to differences in data, both in the system (information system of the Directorate General of Taxes / SIDJP) and manual. One of the obstacles is that many tax receivable documents are made manually. Not all of these documents are in the system. A scanning process has been carried out to back up the owner of the source document against the tax receivable document digitally. Incomplete tax receivables documents can hamper the tax collection process and the write-off of tax receivables if they have expired.

Currently, the determination of the initial balance of tax receivables is the final balance of tax receivables for the previous fiscal year that has been audited, and an Audit Report has been issued by the Audit Board of the Republic of Indonesia (BPK RI) sourced from SIDJP. Meanwhile, changes in receivable balances in the current year are tax receivable balances sourced from the determination, adjustment, and settlement of a provision contained in the SIDJP.

From the results of interviews and LKPP audit reports, it is known that there is a determination of tax receivables issued not through the system but manually by the tax service office (KPP). This issue can pose a risk of misstatement in the LKPP government's financial statements. It is known that the formation of tax receivable balances at LKPP comes from balances at the level of the Tax Service Office (KPP), then at the DGT Regional Office level, and the DGT Head Office. Data on tax receivable balances at the KPP level are submitted to the General and Internal Compliance Subdivision by the Collection Section every semester to be recorded on the e-reckon application to form KPP Financial Statements.

DGT has set clear objectives so that risk identification and assessment related to these objectives can be carried out. DGT has also identified risks to achieving objectives and analyzed risks as a basis for risk management. The existence of a Risk Management Implementation Review by Suki shows that DGT has been able to set clear objectives for risks and provide an assessment of these risks.

DGT has considered the potential for fraud in conducting a risk assessment of achieving objectives. The Gratification Control Program report shows that one form of potential fraud in the form of gratification has been controlled. Fraud Risk Scenario is also used to mitigate the risk of fraud in managing tax receivables. The types of fraud are as follows:

1. Asset misappropriation, including misuse/theft of DGT assets or other parties.
2. Falsification of information, including actions taken by engineering to cover up the actual condition to obtain profit.
3. Corruption, including abuse of authority/conflict of interest, bribery, illegal gratuities, and economic extortion.

DGT has identified and assessed changes that could significantly impact the internal control system. This report can be seen in the Annual Monitoring Plan conducted by KITSDA. The report identifies matters that need to be assessed by considering changes that significantly impact the SPI. The finding that the DGT has not issued STP for the lack of principal tax deposits and sanctions for late tax deposits by BPK should make the issuance of STP one of the items monitored every year.

### 3.3 Control Activities

Control activities are procedures established through policies and arrangements that help ensure the implementation of management directives to reduce risks associated with achieving the entity's objectives. The components of control activities are selecting and developing control activities, selecting and developing general control over technology, and disseminating it through policies and procedures.

SPI monitoring and evaluation activities on Tax Receivables Administration are regulated by KITSDA, which is carried out monthly through monitoring activities based on the Annual Monitoring Plan. Based on SPI monitoring and evaluation, the KPP Internal Compliance Unit, DGT Regional Office, and KITSDA Directorate provide adequate assurance regarding the compliance of tax receivables administration procedures by applicable regulations.

The main activities in the entity's billing section are relevant to the vision, mission, goals, and objectives of DGT. The critical performance indicator criteria for the main activities in the billing section are derived from KPP KPIs. We can be seen from the KPIs in the billing, examination, and assessment section, the Strategic Plan of the billing, examination, and assessment section, the proposed work plan, and the budget proposal.

In risk analysis, there is a benefit-cost analysis of tax collection to show the amount of residual risk that can be accepted by the entity (lower than appetite risk). There is no benefit-cost analysis in risk control activities over the management of tax receivables. This activity should be done so that the benefits can outweigh the risks. However, the applicable rules have not adopted the materiality principle to billing administration. This finding led to audit findings related to tax receivables that should have been issued, and active collection efforts were carried out, but the amount was not material.

The administration of tax receivables is sourced from SIDJP. There are problems in the tax receivables database when WP moves to another KPP. Still, not all data appears in the new KPP database, especially the date of issuance of Surat Paksa. This information is essential because collection expired can be suspended if a forced letter is issued, there is a debt recognition from WP either directly or indirectly, SKPKB or SKPKBT is issued, and criminal investigations are carried out in taxation. Not connected with legal remedy data and state revenue data causes the initial balance correction and tax receivable value correction every year, thus creating a risk that the tax receivable balance presented each year is not the actual tax receivable balance. DGT needs to develop adequate integration of SIDJP and MPN to detect early NPWP and KOHIR numbers that are not recorded entirely and incorrectly in MPN during tax payments. In addition, SIDJP, as a tool for issuing tax assessments, must have application control over the numbering of tax assessments to avoid unordered and manual numbers (Badan Pemeriksa Keuangan (BPK), 2021, 2022, 2023).

It will later be integrated into the Tax Administration Core System Update (PSIAP) in line with technological developments. This integration needs to be considered regarding the mechanism to assess the risk of tax collection due to new information systems, such as data loss and inappropriate data changes.

### 3.4 Information and Communication

It describes the ongoing, iterative process of supplying, exchanging, and acquiring the required data. Information is distributed to all divisions within the institution through communication. Utilizing pertinent information and communicating both internally and outside are the components of information and communication.

The billing, auditing, and assessment section has guidelines regarding the types and mechanisms of tax collection reporting related to mission information, aims and objectives, and the achievement of operating performance. These reports include reports on the development of tax arrears, reports on the 100 most significant tax delinquent tax, and reports on expired tax receivables. The report is sent in stages from the Billing Section, examination, and assessment of KPP to the Billing Guidance Field of the regional and head office.

The development of tax collection information systems is carried out based on the strategic plan of the information system associated with the general strategy of the entity and the achievement of general objectives and activities of the entity. One form is the development of PSIAP, which includes developing a tax receivable information system from balances, determination, reduction, and elimination.

In the communication of tax collection data, there is data that other parties cannot access by applicable laws, by Article 54 PP 50 of 2022, which is the implementing regulation of the KUP Law. Therefore, mechanisms regarding open and effective communication channels with the general public regarding detailed tax receivables data cannot be carried out. Meanwhile, for the needs of supervisory officers and other third parties excluded from the regulation, access will be given by applicable provisions with written permission from the Minister of Finance.

There is a reporting/recapitulation of input and complaints related to tax collection from the public and other parties outside the organization. This procedure is regulated in the procedure for complaints, including in the administration of tax receivables, for example, related to tax collection. Available channels are by telephone kring pajak: 1500200, by e-mail: pengaduan@pajak.go.id., by fax: (021) 584792, by mail / come directly to Directorate of Counseling, Services, and Public Relations. Main Building, 16th Floor. Head Office of Directorate General of Taxes, and lapor.go.id.

DGT has also used effective communication methods, including policy and procedure manuals, management directives, memoranda, notifications, internet and intranet sites, messages via videotape, e-mail, and speeches in various matters related to tax receivables administration. These media include Instagram @ditjenpajakri, YouTube Directorate General of Taxes, Twitter #PajakKitaUntukKita (@DitjenPajakRI), Press Release pajak.go.id.

### 3.5 Monitoring

To make sure that all five internal control components are present and functioning as intended, monitoring activities are conducted using intermittent or continuous evaluation methods, or through a mix of these. One aspect of monitoring involves carrying out independent, ongoing assessments as well as identifying and reporting shortcomings.

Internal control monitoring is an activity carried out by management to assess the quality of the internal control system at all times. Internal control monitoring is carried out to ensure that the specified controls have been implemented and the control design is adequate. Internal control monitoring is carried out in two ways: continuous monitoring/inherent supervision and separate evaluation. The organizational structure carries out continuous monitoring/inherent supervision, i.e., superiors to subordinates. Supervision activities inherent in the management of tax receivables must be increased so there is no risk or non-compliance. Separate Evaluations conducted by DGT refer to KEP-238/PJ/2012 concerning implementing Internal Control within

the Directorate General of Taxes, DGT, by establishing the Internal Control Monitoring Implementation Unit (UP3I).

SPI monitoring and evaluation activities on Tax Receivables Administration are regulated by KITSDA, which is carried out monthly through monitoring activities based on the Annual Monitoring Plan. Based on SPI monitoring and evaluation, the KPP Internal Compliance Unit, DGT Regional Office, and KITSDA Directorate provide adequate assurance regarding the compliance of tax receivables administration procedures by applicable regulations. The Internal Compliance Unit makes monitoring and evaluation reports on SPI on Tax Receivables Administration following applicable provisions on a tiered basis. The Directorate of KITSDA conducts follow-up monitoring and evaluation reports on SPI on the Administration of Tax Receivables by applicable regulations. The types of monitoring reports prepared by UP3I consist of:

1. Main Control Monitoring Table (PPU);
2. reports of significant findings;
3. Report of Findings Indicating Fraud;
4. Biweekly Report (Summary of activity results, findings, recommendations, follow-up progress on recommendations);
5. Monthly Report (Summary of activity results, findings, recommendations, progress of follow-up on recommendations);
6. Quarterly Report (Summary of activity results, Findings, Recommendations, Progress of follow-up on recommendations);
7. Semi-Annual Report (Summary of activity results, findings, recommendations, progress of follow-up on recommendations); and
8. UP3I Special Report (submitted to the Director General of Taxes through the Director of KITSDA).

DGT has a logical and adequate monitoring method for internal control activities, especially related to tax receivables management. The methods that can be used are the Survey Method, Sidak Method, Observation Method, Surveillance Method, Social Media, and Monitoring Conclusion Working Paper. The sample that UP3I will carry out is the sampling technique with random sampling.

DGT has a mechanism that ensures that there is an immediate resolution of the findings of the inspection or other review related to the management of tax receivables. This mechanism can be seen from the report from UP3I and the Monitoring report on Follow-up Monitoring of Supervisory Results (Itjen, BPK, KITSDA).

DGT regularly monitors the organization's operations, and the results of such monitoring have been documented. This documentation can be seen from the Activity Level Internal Control (PPU) Monitoring report. In addition, internal auditors (Itjen Kemenkeu) are involved in monitoring (ongoing monitoring), and internal audit activities have been carried out effectively.

From the results of the CPC audit and interview, it is known that there are still unfinished suspension data. Suspend Data is transaction data in which part or all of the data elements are not by accounting rules, so the RAS Module TPA Application cannot record them. In 2020, the suspension data amounted to IDR 51,794,062,313.00. KITSDA carries out the monitoring process for the settlement of suspended data.

## **4. CONCLUSION AND SUGGESTION**

### **4.1 Conclusion**



The adoption of the Committee of Sponsoring Organizations on the Treadway Commission (COSO) framework methodology in assessing DGT's internal control system processes shows that DGT has applied the COSO concept consistently. The implementation of the Government Internal Control System implemented by DGT generally refers to Government Regulation Number 60 of 2008 concerning the Government Internal Control System and internal control practices based on the framework and guidelines issued by the COSO.

However, several things need attention and can be improved so that the internal control system can be even better. SPI Control Environment that needs attention is the integrity of employees related to the administration of tax receivables. Although there are clear rules, they are guarded so that there is no misappropriation. Errors and inaccuracies of human resources related to the administration of tax receivables and UP3I must be minimized so that tax receivables data is presented correctly. Risk Management SPI DGT still has to be improved, considering that taxes have the highest risk, especially in terms of fraud and professionalism. In addition, the risk of non-fulfillment of documents and maximum effort in tax collection can cause tax receivables to become uncollectible, stuck, and expired.

DGT's SPI Control Activities have been carried out well. However, there are repeated findings in the LHP in terms of weaknesses in the receivables administration system due to loopholes in using manual mechanisms in tax determination, data migration, and non-integration of SIJDP with comparison and payment data. Information & Communication SPI DGT has been running well with several communication channels that allow corrections and complaints by external parties. Internal Control Monitoring by the Directorate of KITSDA as the Internal Compliance Unit of the DGT Head Office needs to improve effective Internal Control monitoring according to COSO Guidance on Monitoring Internal Control Systems, especially in conducting further analysis of the results of risk assessment from BPK LHP to select activities to be monitored according to the Annual Monitoring Plan, for example, the issuance of sanctions, data suspension, and confiscation. It is essential to prepare for system changes at the DGT Head Office with the implementation of PSIAP. Monitoring by UP3I at the KPP and regional office levels also needs to be improved, one of which is by selecting samples with the purposes sampling method with criteria including BPK audit findings, the same as those carried out by KISTDA.

#### **4.2 Limitation**

This research is limited to central taxes, income tax, and VAT, excluding local tax. The respondents are located in tax offices in Jakarta.

#### **4.3 Suggestion**

The next researchers can examine the SPI specifically for the local tax to make it more comprehensive. They can use other approaches to illustrate the application of SPI in DGT. DGT can share data with the Supreme Court regarding decisions and legal remedies of taxpayers to find out whether the taxpayer's legal remedies have had an inkraht decision or not and what the decisions are. The arrangement of human resources and systems/applications is significant in supporting the implementation of SPI so that the presentation of receivables can be better and avoid the findings of the BPK.

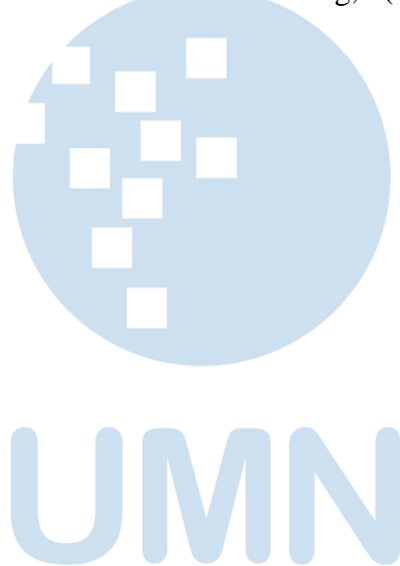
#### **4.4 Implication**

The implication of this research is the need for tax officials and system improvement. The integrity of employees related to the administration of tax receivables is very important to



- Djunur, I. (2020). Penerapan Prinsip Pengungkapan Lengkap Akun Piutang Perpajakan Pada Laporan Keuangan Pemerintah Pusat TA 2017-2019. *Jurnal Ilmiah Wahana Akuntansi*. <http://journal.unj.ac.id/unj/index.php/wahana-akuntansi/article/view/17109>
- Du Preez, H. (2018). Constructing the fundamental principles of taxation through triangulation. *The ATA Journal of Legal Tax Research*, 16(2), 25–45. <https://doi.org/https://doi.org/10.2308/jltr-52190>
- Fasekordya, L. (2018). Tata cara penghapusan piutang pajak di kantor pelayanan pajak pratama bangkinang. *repository.uin-suska.ac.id*. <http://repository.uin-suska.ac.id/14934/>
- Febriana, D., & Riharjo, I. B. (2017). Efektivitas Penagihan Pajak dalam Meningkatkan Penerimaan Piutang Pajak. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, 6(3).
- Goodwin, J. (2004). A comparison of internal audit in the private and public sectors. *Managerial Auditing Journal*, 19(5), 640–650. <https://doi.org/10.1108/02686900410537766>
- Johnsen, Å. (2019). Public sector audit in contemporary society: A short review and introduction. *Financial Accountability & Management*, 35(2), 121–127.
- Kementerian Keuangan. (2023). Laporan Keuangan Pemerintah Pusat 2022.
- Kuntadi, C., Saragi, J. E. M., & Syafira, S. I. (2022). Pengaruh standar akuntansi pemerintah, sistem pengendalian internal pemerintah, dan kompetensi sumber daya manusia terhadap kualitas laporan keuangan pemerintah. *Jurnal Ilmu Manajemen Terapan*, 3(5), 458–468.
- Kurniawati, S. (2016). Efektivitas Penagihan Pajak dengan Surat Teguran dan Surat Paksa Sebagai Upaya Pencairan Piutang Pajak (Studi pada Kantor Pelayanan Pajak Pratama .... *repository.stiesia.ac.id*. <https://repository.stiesia.ac.id/id/eprint/3026/>
- Laksana, G. B. A., Putra, G., & ... (2019). Evaluasi Penerapan Sistem Pengendalian Intern Dalam Penatausahaan Piutang Perpajakan Yang Berdampak Pada Laporan .... *Jurnal Ilmiah ....* <https://ejournal.undiksha.ac.id/index.php/JJA/article/view/19959>
- McNally, J. S. (2013). The 2013 COSO Framework & SOX Compliance: One approach to an effective transition. *Strategic Finance*, 6(1), 1–8.
- Muhamad, A., & Wahyuni, T. (2017). Evaluation of Internal Control over Financial Reporting Designed on Tax Receivable Management: A Case Study on Tax Receivable Management Cycle at the Directorate General of Taxes. 6th International Accounting Conference (IAC 2017), 212–217.
- Nurul Sa'adah, N. (2019). Sistem Dan Prosedur Pengusulan Penghapusan Piutang Pajak Di Kantor Pelayanan Pajak Pratama Bantul. Universitas Teknologi Yogyakarta.
- OECD, O. for E. C. and D. (2011). Internal Control And Internal Audit: Ensuring Public Sector Integrity And Accountability. <https://www.oecd.org/gov/internal-control-processes.htm>
- Pratiwi, D. (2021). Analisis dan evaluasi penyajian piutang pajak dalam laporan keuangan DJP. *acctlib.ui.ac.id*. <http://acctlib.ui.ac.id/detail?id=13836&lokasi=lokal>
- Pratiwi, D., & Martani, D. (2021). Realitas Penatausahaan Piutang Pajak Pemerintah. *Indonesian Treasury Review: Jurnal ....* <https://itrev.kemenkeu.go.id/index.php/ITRev/article/view/355>
- Rahardjo, M. (2010). Triangulasi dalam penelitian kualitatif.
- Sormin, N. O. (2010). Pengendalian Intern Piutang Pajak dan Penerimaan Pajak pada Kantor Pelayanan Pajak Medan-Petisah Medan. *repository.uma.ac.id*. <http://repository.uma.ac.id/handle/123456789/5759>

- Tajuddin, E., & Eforis, C. (2023). The Determinations Of Willingness To Pay Taxes. *Ultimaccounting Jurnal Ilmu Akuntansi*, 15(1). <https://doi.org/https://doi.org/10.31937/akuntansi.v15i1.3186>
- Tamba, D. Y. (2017). Mekanisme Penghapusan Piutang Pajak dan Kendalanya Di Kantor Pelayanan Pajak (KPP) Pratama Petisah. [repositori.usu.ac.id](http://repositori.usu.ac.id). <http://repositori.usu.ac.id/handle/123456789/3275>
- Tanuwijaya, J., & Budiono, D. (2014). Proses Penagihan Pajak Dengan Surat Paksa Berdasarkan Undang-Undang Penagihan Pajak Dengan Surat Paksa. *Tax & Accounting Review*. <http://publication.petra.ac.id/index.php/akuntansi-pajak/article/view/3111>
- Udeh, I. (2020). Observed effectiveness of the COSO 2013 framework. *Journal of Accounting & Organizational Change*, 16(1), 31–45.
- Ujkani, S., & Vokshi, N. B. (2019). An overview on the development of internal control in public sector entities: evidence from Kosovo.
- Yao, P. L., Yusheng, K., & Bah, F. B. M. (2017). A critical examination of internal control systems in the public sector, a tool for alleviating financial irregularities: evidence from Ghana. *Research Journal of Finance and Accounting*, 8(22), 94–110.



### Glossary

Term	Definition
APBN	State Budget
BPK	The Audit Board of The Republic of Indonesia
CALK	Notes to Financial Statements
CM	Case Management
COSO	The Committee of Sponsoring Organizations Of Treadway Commission
DGT	Directorate General of Taxes
EPITE	Entity-Level Internal Control Evaluation Report
ITJEN	Inspectorate General
JSPN	Tax Bailiff
KITSDA	Internal Compliance and Transformation of Apparatus Resources
KPP	Tax Service Office
LHP	Audit Reports
LKPP	Central Government Financial Statements
LPSP	Forced Letter Submission Report ()
PIFC	Public Internal Financial Control
PMK	Decree of the Minister of Finance
PP	Government Regulation
PPU	Activity Level Internal Control Monitoring Report
PSAP	Statement of Government Accounting Standards
RAS	Revenue Accounting System
SAP	the Government Accounting Standards
SE	Circular Letter
SIDJP	Information Systems Directorate General of Taxation
SKPKB	Underpaid Tax Assessment Letter
SKPKBT	Additional Underpaid Tax Assessment Letter
SPI	Internal Control System
SPIP	Government's Internal Control System
STP	Tax Bill
TPA	Taxpayer Account
UP3I	Internal Control Monitoring Implementation Unit
UU HPP	Law on Harmonization of Tax Regulations
Waskat	Inherent Supervision