

# The Internal Control Committee Of Health Centers In The City Of South Tangerang

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**Abstract.** The Health Centers in South Tangerang City as a lokal public service agency experiences obstacles in the formation and implementation of the internal control committee, in the management letter for the 2022 period it is stated that Human Resources (HR) in accounting and finance at the Health Centers have an unqualified educational background. This research aims to evaluate the effectiveness implementation of the existing internal control unit and identify potential improvements to improve the efficiency, effectiveness, and operational control of the Health Centers. The methods used include literature study and direct observation. The results show that the implementation and establishment of an Internal Control Committee to carry out the control function at the Health Centers is hampered by several factors, namely, lack of budget to recruit competent human resources and experiencing a budget deficit caused by the free health service policy that was approved in 2015.

**Keywords:** Internal Control Committee, Internal Control System, Public Service Agency, Health Center.

## 1. Introduction

In accordance with Article 1, paragraph (1) of Government Regulation Number 60 of 2008 concerning the Government Internal Control System, the Internal Control System is a comprehensive process carried out on an ongoing basis by leaders and all employees in their actions and activities. Internal Control System is an important part of lokal public service agency to ensure accountability and help management achieve organizational goals. According to PMK 200/2017 on Internal Control System in Public Service Agency, the head of lokal public service agency is responsible for establishing and running Internal Control System to ensure its effectiveness. In order to strengthen the internal control, the head of lokal public service agency establishes an Internal Control Committee as part of the lokal public service agency work unit. The task of the Internal Control Committee is to protect property, create accurate financial information systems, create efficiency and productivity, and

encourage compliance with management policies in the application of sound business practices. In the same regulation, namely the Regulation of the Minister of Finance of the Republic of Indonesia Number 200 / PMK.05 / 2017 concerning Internal Control Systems in Public Service Agencies states that the Internal Control Committee is a lokal public service agency work unit that carries out the internal supervisory function.

Article 1 paragraph (1) of the Regulation of the Minister of Home Affairs (Permendagri) Number 79 of 2018 concerning Regional Public Service Agency states that lokal public service agency is a system used by technical implementing units of regional offices or agencies to provide services to the community, this system has flexibility in financial management that is different from regional financial management rules in general. Furthermore, Article 14 paragraph (1) states that the Internal Control Committee is established to conduct internal supervision and control of service performance, finance, and social impacts generated in carrying out sound business practices. This Internal Audit Unit is under the direct control of the lokal public service agency leader and is tasked with assisting in internal supervision. The implementation of Internal Control System plays an important role in maintaining the operations of lokal public service agency organizations, one of which is the Health Centers as a health service provider to run optimally and provide quality health services to the community.

According to the Minister of Health Regulation No. 43/2019 on Community Health Centers, a Community Health Center, or Health Centers, is a health facility that provides public and individual health services at the first level. South Tangerang City, as one of the rapidly growing urbanization centers in Indonesia, has 35 Health Centers spread across its various regions that need to ensure that the welfare of the community must be maintained and access to primary health services is easily obtained. In carrying out its role as the frontline in the primary health system, Health Centers throughout Indonesia including South Tangerang City must ensure that every step taken is able to support the achievement of overall organizational goals. To maintain the quality of these services and ensure that operations run with efficiency, effectiveness, and control, a strong and sustainable Internal Control System is required.

The implementation of the Internal Control Committee in implementing a good internal control system is very important to optimize performance, ensure optimal resource utilization, and minimize the risks associated with the operation of the Health Centers as a Regional Public Service Agency. Thus, an effective Internal Control System will be a solid foundation to ensure that Health Centers can provide quality health services to the community. The internal control unit is formed to carry out the function of internal supervisor and mainly has several tasks, namely protecting property, creating accurate financial information systems, creating efficiency and productivity, and encouraging compliance with management policies in the application of sound business practices.

However, in reality, in the 2022 management letter recommendation for 15 (fifteen) UPT Health Centers in the work area of the South Tangerang City Health Office for the period ending December 31, 2022, it states that there is a need for technical guidance/training in accounting and financial reporting for the UPT treasurer of all Health Centers due to an educational background that is not an accountant. This shows that the Health Centers in South Tangerang City has human resources that do not have the appropriate qualifications. The shortcomings of the Health Centers result in inaccuracies in financial reporting, increasing the risk of errors and misuse of the budget due to the absence of an effective check and balance

system for Internal Control System.

This Final Project Report is prepared to evaluate the effectiveness of the implementation of the existing Internal Control Committee and identify potential improvements to improve the efficiency, effectiveness, and operational control of the health center. Through in-depth analysis of existing conditions and needs, this Final Project Report is expected to provide a comprehensive picture of the efficiency and effectiveness of the ongoing implementation of the Internal Control Committee, so that the results of this Final Project Report are expected to identify potential improvements to improve the operations and overall performance of the Health Centers, so that better health services can be provided to the community.

## **2. Literature Review**

### **2.1 Internal Control Committee**

#### **2.1.1 Definition of Internal Control Committee**

In Article 1 paragraph (4) of the Regulation of the Minister of Finance of the Republic of Indonesia Number 200 / PMK. 05/2017 concerning Internal Control Systems in Public Service Agencies states that the Internal Audit Unit is a Public Service Agency work unit that carries out the internal control function.

#### **2.1.2 Duties of the Internal Control Committee**

Article 15 paragraph (1) of Permendagri No. 79/2018 states that the task of the Internal Control Committee is to assist management in:

- 1) Protecting wealth.
- 2) Create an accurate financial information system.
- 3) Create efficiency and productivity.
- 4) Encourage compliance with management policies in the implementation of sound business practices.

#### **2.1.3 Eligibility to become an Internal Control Committee**

According to Article 15 paragraph (2) of Permendagri No. 79/2018, to be appointed as an Internal Control Committee, individuals must meet the following criteria:

- 1) Physically and mentally healthy;
- 2) Have expertise, integrity, experience, honesty, good behavior, and high dedication to advance and develop lokal public service agency;
- 3) Understand the organization of local government;
- 4) Understand the duties and functions of lokal public service agency;
- 5) Have technical experience in lokal public service agency;
- 6) Have a minimum diploma of D-3 (Diploma 3);
- 7) Have work experience of at least 3 (three) years;
- 8) Minimum 30 (thirty) years old and maximum 55 (fifty-five) years old at the time of first application;
- 9) Never been convicted of a criminal offense that harms state or regional finances; not currently serving criminal sanctions; and have an independent and objective attitude.

### **2.2 Internal Control System**

### 2.2.1 Definition of Internal Control System

In the Regulation of the Financial and Development Supervisory Agency Number 5 of 2021 concerning Maturity Assessment of the Implementation of an Integrated Government Internal Control System at Ministries / Institutions / Regional Governments that the internal control system is a series of important processes carried out continuously by management and all staff members, with the aim of providing reasonable assurance of the achievement of organizational objectives through the effective and efficient implementation of activities, reliability of financial reporting, protection of state assets, and compliance with legislation.

### 2.2.2 Purpose of Internal Control System

Article 22 paragraph (1) of Permendagri 61/2007 concerning Technical Guidelines for Financial Management of Regional Public Service Entities, states that Internal Control System aims to:

- 1) Increase the effectiveness and efficiency of lokal public service agency financial management.
- 2) Improve the reliability of lokal public service agency financial reporting.
- 3) Maintain compliance with laws and regulations.

### 2.2.3 Elements of Internal Control System

Article 4 paragraph (1) PMK 200/2017 on Internal Control System in Public Service Agency states that Internal Control System lokal public service agency consists of five elements, namely:

#### 1) Control Environment

The control environment includes organizational structure, organizational culture, and management commitment to Internal Control System. Includes factors such as:

- Good governance.
- Management commitment to Internal Control System.
- A clear and effective organizational structure.

#### 2) Risk Assessment

Risk assessment is the process of identifying, analyzing, and prioritizing the risks faced by Public Service Agency. Includes factors such as:

- Identification of risks that may occur.
- Risk impact and likelihood analysis.
- Risk prioritization response.

#### 3) Control Activities

Control activities are policies and procedures implemented to mitigate risks. Includes factors such as:

- Authorization of transactions.
- Segregation of duties.
- Asset rejuvenation.
- Supervision.

#### 4) Information and Communication

Information and communication is the process of providing relevant information and communication related to Internal Control System. Includes factors such as:

- Good communication between management and employees.
- Training and education on Internal Control System.

- Violation reporting channels.
- 5) Activity Monitoring  
Activity monitoring is the process of evaluating the effectiveness of Internal Control System and taking the necessary corrective actions. Includes factors such as:
  - Periodic monitoring of Internal Control System.
  - Evaluation of Internal Control System effectiveness. - Corrective action on deficiencies found.

## **2.3 Regional Public Service Agency**

### **2.3.1 Definition of Regional Public Service Agency**

Based on the Regulation of the Minister of Home Affairs Number 79 of 2018 concerning Regional Public Service Agency, the Regional Public Service Agency is a technical implementation unit of the local government, established to provide services to the public in the form of goods and / or services without the aim of making a profit, by adhering to the principles of efficiency and productivity in the implementation of activities.

### **2.3.2 Purpose of Regional Public Service Agency**

In the Regulation of the Minister of Home Affairs No. 79/2018 on Regional Public Service Agency also explained about the purpose of lokal public service agency, lokal public service agency aims to provide public services that are more effective, efficient, economical, transparent, and responsible, taking into account the principles of justice, appropriateness, and benefits in accordance with Healthy Business Practices. This is done to support the achievement of local government goals, where management is based on the authority delegated by the regional head.

### **2.3.3 Principles of Regional Public Service Agency**

The principle of Public Service Agency is explained in the Regulation of the Minister of Finance of the Republic of Indonesia Number 129 / PMK.05 / 2020 concerning Guidelines for the Management of Public Service Bodies, namely:

- 1) Public Service Agency functions as part of the work unit of the Ministry of State / Institution that aims to provide public services, with its management depending on the authority delegated by the relevant parent agency.
- 2) The Ministry of State / Institution still has responsibility for the implementation of the authority delegated to Public Service Agency, as well as supervising the performance and implementation of the authority.
- 3) Public Service Agency is an integral part of efforts to achieve the objectives of the Ministry of State / Institution, so its legal status is not separate from its parent agency.
- 4) The Minister/Leader of the Institution is responsible for the policy of providing public services delegated to Public Service Agency, with a focus on the benefits of the services produced.
- 5) Services organized by Public Service Agency can be directed to provide benefits that support economic and fiscal stability.
- 6) Officials appointed to manage Public Service Agency are responsible for the implementation of public service delivery activities that have been delegated by the Minister/Head of Institution.
- 7) Public Service Agency carries out activities without prioritizing the goal of making a profit.

- 8) The work plan, budget, and financial and performance reports of Public Service Agency are an integral part of the work plan, budget, and financial and performance reports of the Ministry of State/Institution.
- 9) Public Service Agency manages the implementation of public services in accordance with Healthy Business Practices.
- 10) To realize a sound business concept, Public Service Agency must continue to improve efficiency and productivity, including the authority to plan and determine the necessary resource needs.

## **2.4 Community Health Center (Health Centers)**

### **2.4.1 Definition of Community Health Center**

Article 47 paragraph (1) of Law Number 36 of 2009 concerning Health states that Health Centers is a health service facility organized by the district/city government. Meanwhile, Minister of Health Regulation No. 75/2014 on Community Health Centers, defines Health Centers as a health service facility that organizes public health efforts and first-level individual health services. This health center emphasizes promotive and preventive efforts to achieve an optimal level of public health in its working area.

### **2.4.2 The function of health centers in the public health system**

Article 47 paragraph (2) of Law Number 36 of 2009 concerning Health states that Health Centers functions to organize public health efforts and first-level individual health efforts, by prioritizing promotive and preventive efforts.

### **2.4.3 Functions and Services of Lokal Public Service Agency Health Centers**

South Tangerang Mayor Regulation Number 3 of 2020 concerning Governance Patterns of the Regional Public Service Agency for Community Health Centers explains the functions of lokal public service agency Health Centers in Article 39 paragraph (1), namely:

- 1) Service function
- 2) Support function

Then continued in Article 39 paragraphs (2) to (6) regarding the service function in question consists of:

- 1) Essential public health and nursing services;
  - Health promotion services;
  - Environmental health services;
  - Maternal, child health and family planning services;
  - Nutrition services;
  - Disease prevention and control services; and
  - Public health nursing services.
- 2) Non-essential and developmental public health services;
  - Mental health services;
  - Community dental health services;
  - Complementary traditional health care;
  - Sports health services;
  - Sensory health services;
  - Elderly health services;

- Occupational health services; and
- Hajj health services.
- 3) Public Health Efforts services are a national priority program;
  - Healthy Indonesia program with a family approach;
  - Stunting prevention;
  - Control of non-communicable diseases; and
  - Elimination of Pulmonary Tuberculosis.
- 4) Individual health effort, pharmaceutical and laboratory services.
  - General inspection service;
  - Oral health services;
  - Maternal, child health and family planning services;
  - Emergency services;
  - Nutrition services;
  - Childbirth services;
  - Inpatient services;
  - Outpatient services;
  - Pharmaceutical services; and/or
  - Laboratory services.

The supporting function is explained in Article 39 paragraph (7)

- 1) Administrative management
- 2) Financial management

### **3. Methodology**

This Final Project Report uses the following data collection techniques:

#### **3.1 Literature Study**

This technique is carried out by searching for literature such as laws and regulations, journals, articles, and other sources both online and offline that are relevant to the topic then reading them, studying them, and understanding them to obtain a theoretical basis related to the topics and subject matter discussed in this Final Project Report. The literature mentioned can be obtained through various relevant sources as well as sourced from the internet while still paying attention to the validity of the information.

#### **3.2 Direct Observation**

The author made direct observations at the Health Office and Health Centers in South Tangerang City to observe and analyze the operational processes, policies and procedures applied, as well as the ongoing implementation of the internal control committee.

### **4. Results & Discussions**

#### **4.1 Effectiveness of the Implementation of the Internal Control Committee of the Regional Public Service Agency Health Center of South Tangerang City.**

##### **4.1.1 Regulatory Foundation regarding the Internal Control Committee of the Regional Public Service**

###### **Agency**

a. The Minister of Home Affairs Regulation (Permendagri) No. 79/2018 on Regional Public Service Agency underlines the importance of establishing Internal Control System in the lokal public service agency organizational structure. Article 14 paragraph (1) of the regulation states that Internal Control System can be formed by the Head to conduct internal

supervision and control of service performance, finance, and the influence of the social environment in organizing healthy business practices. The following is a description of the importance of Internal Control System in lokal public service agency:

1) Service Performance Monitoring

Internal Control System has a crucial role in ensuring that lokal public service agency provides quality services to the community. With internal supervision, Internal Control System can evaluate various aspects of services, identify shortcomings, and recommend improvements. This is very important to maintain high service standards and meet the needs and expectations of the community.

2) Financial Control

Transparent and accountable financial management is one of the keys to the success of lokal public service agency. Internal Control System is tasked with ensuring that all financial transactions are carried out in accordance with applicable regulations, and minimizing the risk of irregularities or fraud.

3) Sound Business Practices

Internal Control System is tasked with ensuring that all business practices run by lokal public service agency are sound and in accordance with business ethics. This includes oversight of contracts, cooperation with third parties, and the procurement of goods and services. Thus, Internal Control System assists lokal public service agency in avoiding conflicts of interest and acts of corruption.

4) Improved Accountability and Transparency

The existence of Internal Control System in lokal public service agency increases the accountability and transparency of the organization. Internal Control System provides an independent oversight mechanism that can provide objective reports to lokal public service agency leaders on various operational aspects. This helps in making better decisions and is based on valid data.

5) Improving Operational Efficiency

By identifying and assessing operational risks, Internal Control System can assist lokal public service agency in finding ways to improve operational efficiency. This includes reducing waste, improving work procedures, and ensuring that resources are used optimally.

6) Building Public Trust

The existence of Internal Control System and effective supervision increases public confidence in lokal public service agency. The public will have more confidence that lokal public service agency is well managed, transparent, and accountable, which in turn will increase public support for the programs and services provided by lokal public service agency.

b. Furthermore, according to South Tangerang Mayor Regulation Number 3 of 2020 concerning Governance Patterns of the Regional Public Service Agency for Community Health Centers (Health Centers), Article 4 states that the lokal public service agency Health Centers institution consists of:

1) Managing officials and employees; 2) Functional position groups; and 3) Internal Control Committee.

This shows that the Internal Control Committee is an essential component and must exist in the institutional structure of the Health Centers as a lokal public service agency. Its presence confirms the importance of internal supervision and control in Health Centers operations to ensure transparency, accountability, and efficiency in the delivery of health services to the



community. The Internal Control Committee is responsible for overseeing all operational and management activities within the Health Centers to ensure that every activity carried out is in accordance with the regulations, standard operating procedures, and established policies. With strict supervision, the Internal Control Committee is able to prevent irregularities and fraud.

#### 4.1.2 Findings and Discussion

##### a. Limited human resources (HR)

##### 5. Penyajian Laporan Keuangan

###### Temuan:

- Laporan Keuangan disajikan oleh bendahara UPT Puskesmas dengan bantuan aplikasi, di mana bendahara yang bertanggung jawab terhadap penyusunan laporan keuangan tersebut kurang memahami siklus akuntansi, dan hubungan antar laporan keuangan.
- UPT Puskesmas belum memiliki Kebijakan Akuntansi, serta sistem dan prosedur akuntansi yang memadai yang dapat digunakan sebagai pedoman dalam penyusunan laporan keuangan.

###### Kaidah seharusnya:

- PP 71 tahun 2010, berkaitan dengan prinsip akuntansi dan pelaporan keuangan.
- Permendagri 79 tahun 2018 tentang BLUD, terkait Pelaporan dan Pertanggungjawaban.

###### Rekomendasi:

- UPT Puskesmas perlu menetapkan sistem dan prosedur akuntansi.
- UPT Puskesmas perlu segera menetapkan kebijakan akuntansi.
- Perlu dilakukan bimbingan teknis/pelatihan tentang akuntansi dan pelaporan keuangan secara berkala bagi bidang keuangan (bendahara) mengingat latar pendidikan mereka sebagian besar bukan dari akuntansi.

Source: Management Letter KAP X in 2022.

**Figure 1.** Management Letter 15 UPT Health Centers of South Tangerang City in 2022

Based on the recommendations in the Auditor's Management Letter 2022, there are limitations in competent human resources in accounting in all Health Centers in South Tangerang City. The auditor's inspection revealed that all Health Centers employees, the majority of whom are functional health workers, also double as accountants and treasurers. The limited human resources available in accounting means that they do not meet the complex needs of managing the financial and reporting aspects of the Health Centers. Although there are efforts to improve capacity and capability through technical guidance events once or twice a year, this approach is sometimes less intensive and does not provide adequate support in the long term. As a result, Health Centers may face high risks related to accounting errors, reporting inaccuracies, and misuse of funds.

##### b. Health Center Budget Deficit

Table 1. Financial Statement Surplus/Deficit of 15 Health Centers

Name of Health Center	Revenue	Expenditure	Surplus/Deficit
UPTD Health Centers Pondok Betung	1.952.364	2.369.753	(417.389)
UPTD Health Centers Benda Baru	3.574.746	3.737.736	(162.990)
UPTD Health Centers Kampung Sawah	3.676.431	3.814.225	(137.794)

<b>Name of Health Center</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/Deficit</b>
UPTD Health Centers Pondok Benda	3.298.785	3.403.830	(105.044)
UPTD Health Centers Bakti Jaya	2.504.374	2.553.999	(49.625)
UPTD Health Centers Pondok Cabe Ilir	1.204.782	1.232.358	(27.576)
UPTD Health Centers Sawah Baru	1.081.429	1.106.266	(24.836)
UPTD Health Centers Serpong 2	3.256.539	3.277.840	(21.301)
UPTD Health Centers Bambu Apus	1.448.859	1.454.378	(5.519)
UPTD Health Centers Paku Alam	1.609.178	1.610.814	(1.636)
UPTD Health Centers Rengas	2.386.078	2.387.031	(953)
UPTD Health Centers Pondok Pucung	1.272.829	1.267.658	5.171
UPTD Health Centers Lengkong Wetan	455.587	446.491	9.096
UPTD Health Centers Keranggan	931.519	907.034	24.485
UPTD Health Centers Setu	1.143.364	1.111.675	31.688

Source: Data processed by the author (2024)

The budget deficit that occurs in the Health Centers of South Tangerang City has become an important factor that contributes to the absence of competent Human Resources (HR). From the table above, it can be concluded that 11 out of a total of 15 Health Centers experienced a deficit, only 4 Health Centers experienced a surplus, namely Pondok Pucung Health Centers, Lengkong Wetan Health Centers, Keranggan Health Centers and Setu Health Centers. Budget deficits hamper the Health Centers' ability to recruit and retain competent staff, as well as provide the necessary training and development. As a result, the number and quality of human resources at Health Centers is insufficient to meet the needs.

#### c. Free Health Care Policy

Dr. Hj. Airin Rachmi Diany, S.H., M.H. who served as the Mayor of South Tangerang for 2 periods (2011 to 2021) passed South Tangerang Mayor Regulation Number 26 of 2012 on the Implementation of Exemption from Retribution for Basic Health Services at the Technical Implementation Unit of the Community Health Center for Residents of South Tangerang City. The regulation stipulates a free medical treatment policy for the people of South Tangerang City who have South Tangerang City ID cards with the aim that health services do not become a financial burden for its citizens. This policy required funds of around 20 billion at the beginning of its implementation (source: metro.tempo.co).

This policy is one of the main causes of the limitation of Health Centers to obtain additional income. The limited income causes the Health Centers to experience a budget deficit. Deficits occur because the income earned is insufficient to cover all operational costs of the Health Centers, including the free health services provided. Expenditures in one period often exceed

the budget provided, resulting in a deficit because operational needs are greater than the available budget allocation. Sometimes, there are also unexpected cost increases in its operations in one period, such as inflation or spikes in medicine prices, which make the operational costs of the Health Centers increase significantly and exceed the estimated budget.

The budget deficit at the Health Centers resulted in the Health Centers placing functional health staff in dual roles as health workers and also concurrently as accountants, which in turn resulted in an increase in their workload. In addition to what has been explained in the findings related to the management letter, this is also supported by a statement from the Head of Health Centers Kranggan, South Tangerang City in the Technical Guidance "Urgency of Internal Control System at Health Centers lokal public service agency South Tangerang City" which was held on May 13, 2024 at the labkesda of South Tangerang City. He stated that the Health Centers is required to become a lokal public service agency, which in its implementation as a lokal public service agency, the Health Centers requires the fulfillment of various human resources, but the fulfillment of human resources at the Health Centers is only focused on health workers such as doctors, midwives, and nurses, so that other aspects such as accounting are completely neglected. The statement shows that accountants are not available at Health Centers to carry out financial reporting tasks. The health workers available at Health Centers have to do double duty, namely providing health services while preparing financial reports, even though they clearly do not have qualifications as accountants.

In the same Bimtek activity, namely "Urgency of Internal Control System at lokal public service agency Health Centers in South Tangerang City", the Head of Health Centers Sawah Baru stated that of the 35 health centers in South Tangerang City, most health centers experienced budget deficits, including Health Centers Sawah Baru. This statement supports the data from the findings that have been explained through the presentation of the South Tangerang City Health Centers surplus/deficit table. The occurrence of deficits evenly across all existing Health Centers is the aftermath of the Health Centers' limited sources of income. The problem of budget deficits is a crucial problem for South Tangerang Health Centers with a further statement from the Head of Health Centers Sawah Baru who asked how the regulations for submitting requests for additional APBD costs to the Regional Government to the speaker at the Technical Guidance event so that the Health Centers deficit can be resolved. The Health Centers budget deficit causes the Health Centers to be unable to recruit appropriate experts to prepare financial reports and form an Internal Control Committee to support effective Internal Control System.

Furthermore, the Head of Administration of the Situ Gintung Health Center stated in the Technical Guidance that; the main funding source of the South Tangerang City Health Center is capitation funds from BPJS. Presidential Regulation No. 32/2014 on the Management and Utilization of National Health Insurance Capitation Funds at Local Government-Owned First Level Health Facilities explains that BPJS Health pays Capitation Funds (The amount of monthly payment given to First Level Health Facilities (FKTP), based on the number of registered participants without considering the variety and volume of health services provided) to FKTP, including Health Centers. This Capitation Fund payment is directly made by BPJS Kesehatan to the JKN Capitation Fund Treasurer affiliated with the FKTP, according to the data of participants registered at the FKTP according to information from BPJS Kesehatan.

The next policy was passed on August 13, 2012 by the Mayor of South Tangerang for the

period 2011 to 2021, Dr. Hj. Airin Rachmi Diany Wardana SH, MH. In 2012, the former Mayor of South Tangerang passed a Mayor's Regulation on the exemption of health service fees for all South Tangerang residents who have South Tangerang ID cards, as explained in the previous findings. The political jargon of Dr. Hj. Airin Rachmi Diany, S.H., M.H. in her campaign to become the Mayor of South Tangerang City is the main cause of the problems that occur in all Health Centers in South Tangerang City as said by the Head of Administration of Situ Gintung Health Centers in the question and answer session in the Bimtek "Urgency of Internal Control System at lokal public service agency Health Centers in South Tangerang City" that actually all Health Centers want to seek additional income for lokal public service agency through health services that have been provided but clash with the existence of Perwali Number 26 of 2012 concerning the Implementation of Exemption of Basic Health Service Levies at the Technical Implementation Unit of the Public Health Center for Residents of South Tangerang City.

In fact, the majority of patients provided with health services are residents of South Tangerang City who take advantage of the free health service policy, but the budget provided by the local government for the free health service program is smaller so that the capitation funds provided by BPJS are insufficient to cover Health Centers operations including free health services provided to patients. The Mayor's Regulation makes it difficult for Health Centers to seek additional income because in the realization of the Health Centers, a total of 80% of the health services provided by the Health Centers are provided free of charge only by showing personal data in the form of KTP by the patient.

In addition to the budget deficit caused by the implementation of the Regulation of former Mayor Dr. Hj. Airin Rachmi Diany, S.H., M.H, Health Centers also experienced other obstacles, namely Health Centers did not have the authority to appoint certain human resources. In accordance with Law (UU) No. 20 of 2023 on the State Civil Apparatus, as stated in Article 65 paragraph (1) "Personnel Supervisory Officials are prohibited from appointing non-ASN employees to fill ASN positions." This prohibition also makes it difficult for Health Centers to meet the manpower needs required for specific accounting and internal control functions, which are essential for efficient and transparent operations.

From the findings and discussion that have been described, it can be said that Internal Control System at health centers throughout South Tangerang City has not been effective. Overall, the effectiveness of Internal Control System in the Health Centers of South Tangerang City is hampered by various interrelated factors. First, budget deficits force health centers to operate with very limited resources. This not only affects their ability to provide adequate health services, but also hampers efforts to recruit and retain a competent workforce in accounting and internal control. These limitations result in functional health staff having to double up as accountants and treasurers, which significantly increases their workload and reduces focus on their core duties as health workers.

Second, the free health service policy implemented by Mayor Hj. Airin Rachmi Diany in 2012, although the policy had the noble goal of providing wider access to health services to the community, it also added a financial burden to the Health Centers. This policy meant that the majority of health services were provided free of charge, resulting in Health Centers losing potential revenue. Under conditions of budget deficits, this inability to seek additional revenue exacerbates the financial situation of Health Centers, hampering their ability to manage

finances well and maintain effective Internal Control System.

Third, regulatory limitations in HR appointments, in accordance with Law No. 20 of 2023 on the State Civil Apparatus (ASN), which prohibits Personnel Supervisory Officials from appointing non-ASN employees to fill ASN positions, adds to the complexity of HR issues in Health Centers. This prohibition prevents Health Centers from filling positions with personnel who may be more competent in accounting and internal control. As a result, Health Centers not only lack a competent workforce, but also face an increased risk of accounting errors and misuse of funds, as well as the inability to run effective internal controls.

All of these factors, when combined, severely hamper the Health Centers in running its operations and providing optimal primary health care services to the community. Insufficient competent manpower in finance and internal control results in reduced quality of financial reporting, increased audit risk, and potential inaccuracies in fund management. To address these challenges, a comprehensive approach is needed that involves improved budget policies, increased training and development of human resources, and revised regulations that are more flexible in the appointment of a competent workforce.

## **5. Conclusion**

### **5.1 Effectiveness of the Internal Control System of the Regional Public Service Agency Health Center of South Tangerang City.**

Overall, from the explanations described in the previous chapter, it can be concluded that Internal Control System at the South Tangerang City Health Center has not been effective due to the following factors:

1) Limited human resources

The majority of Health Centers employees, most of whom are functional health workers, are forced to double as accountants and treasurers.

2) Budget deficit

There is an evenly distributed deficit in all health centers due to limited sources of income. The main source of Health Centers income is BPJS capitation funds, while BPJS patients are fewer than patients who use free health services using KTP. 3) Free healthcare policy

The free health care policy was enacted in 2012 by former Mayor Dr. Hj. Airin Rachmi Diany, S.H., M.H, through South Tangerang Mayor Regulation No. 26/2012 on the Implementation of Exemption from Retribution for Basic Health Services at the Technical Implementation Unit of the Community Health Center for Residents of South Tangerang City. 4) Regulatory limitations in HR appointments

The enactment of Law No. 20 of 2023 on the State Civil Apparatus that prohibits the appointment of nonASN employees to fill ASN positions limits the ability of Health Centers to recruit competent manpower in accounting and internal control.

### **5.2 Potential improvements that can be made by health centers in South Tangerang City:**

1) Adjust or Revise Mayor's Regulation

Revise the free health service policy into a paid health service, so that the Health Centers can

increase its income. This new policy should be formulated by taking into account the economic capacity of the community and providing subsidies or fee waivers for underprivileged groups.

2) Apply for additional budget

Health Centers need to submit additional budgets to the Health Office to cover deficits and improve HR capacity and infrastructure. Additional funds will support improvements in Internal Control System effectiveness and quality of health services.

3) Cooperate with educational institutions for apprentice labor.

Collaboration with universities and vocational schools to empower student interns in administrative and accounting tasks. Students gain valuable practical experience, while the health center gets the assistance of competent manpower.

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