



ANALYSIS OF WEAKNESS OF IMPLEMENTATION OF INTERNAL CONTROL SYSTEM IN AFFECTING OPINION OF BPK RI

Hari Setiyawati

Graduate Program, Mercu Buana University, Indonesia

ABSTRACT

This research was conducted with background of phenomenon that happened based on audit result of BPK RI that is bad quality of financial report especially in state ministry and institution which marked with bad opinion of audit of BPK RI. One of the factors causing poor quality of financial reporting is weakness of interlink control system as set forth in IHPS I Year 2017 BPK RI. This research is done through survey and grounded based on existing theories which then developed into a model of research where the model in this research is designed to examine the Analysis of Internal Control System Implementation in Influence Acquisition of BPK RI Opinion. This study aims to find and obtain empirical research evidence to obtain answers to the problems of research on how the implementation of interlink control system can affect the acquisition of BPK RI opinion. The benefits of this research are to contribute scientifically to the science of financial accounting and public sector accounting and to solve problems for stakeholders in state ministries and agencies in the execution of tasks related to the increase of BPK RI opinion. The output of this research is in the form of publications in international journals. The results of this study show that the Implementation of Internal Control System refers to the PP No. 60 of 2008. Weaknesses that occur in the application of Internal Control System are classified into three groups namely the weakness of Accounting Control System and Reporting, weakness of Internal Control Structure and weakness of Control System Implementation of Revenue and Expenditure Budget . The Causes of Weaknesses generally occur because the responsible official is negligent and inadequate in obeying and understanding the applicable provisions, not being optimal in carrying out the duties and responsibilities, as well as being weak in supervising and controlling the implementation of the program / activity. Weaknesses of Implementation of Internal Control System may affect the Gain of Opinion of BPK RI. The acquisition of Unqualified opinion increases when the weakness of Internal Control System application decreases, on the contrary if the weakness of Internal Control System application increases then the Unqualified opinion will decrease.

KEYWORDS:

*Internal Control System
and BPK RI Opinion*

INTRODUCTION

The poor quality of financial reporting is a phenomenon occurring in Indonesia to date, especially in state ministries / institutions. The poor quality of these financial statements is marked by the acquisition of BPKRI audit opinion set forth in Summary of Semester Examination Results (IHPS) I Year 2017 on the State Ministry / Institution Report (LKKL) still few who get Unqualified Opinion. The development of quality of financial report and accountability of LKKL is not as expected. BPK examines 86 LKKL and 1 LKBUN 2016 (LK BPK Year 2016 examined by Public Accounting Firm). The results showed 73 LKKL (including LK BPK) and 1

LKBUN received Unqualified opinion, 8 LKKL got Qualified Opinion and 6 LKKL got Disclaimer .

Unqualified opinion of 73 LKKL or 84% is still below the target of Bureaucratic Development and Bureaucratic Reform Target of 95% in 2019. The opinion index for the achievement is 3.70 or 0.18 points below the target of the State Finance Reform field set in the RPJMN 2015-2019 of 3.88. Despite the achievement of the LKKL opinion index below the target set, the unqualified opinion increased by 19 percent points from 65% in 2015 to 84% in 2016. The increase in unqualified opinion was accompanied by a decrease in qualified opinion by 21 percent points, from

30 % in 2015 to 9% in 2016. While the disclaimer rose 2 percentage points from 5% in 2015 to 7% in 2016.

The State Ministry / Institution shall exercise control over the conduct of its ministry activities to achieve effective and efficient, transparent and accountable state financial management. BPKRI group Internal Control System into three categories namely weaknesses of reporting and

accounting control system, weaknesses of the control system of the execution of expenditure and revenue budget, and internal control structure.

The results of the BPK-RI audit of the State Ministry / Agency Financial Report (LKKL) related to the Internal Control System are presented in the table below:

Table 1

Audit Findings Results BPK

The weakness of Internal Control System on LKKL and LK BUN Audit in 2016

No	Group of Findings	Number of Problem Compositions
1.	Weaknesses of reporting and accounting control system	37 %
2.	Weaknesses of the control system of the execution of expenditure and revenue budget,	43 %
3.	Weaknesses of the internal control structure	20 %

Source: IHPS BPK Semester II year 2015

BPK audit results of 86 LKKL and 1 LKBUN of 2016 revealed 884 weaknesses of Internal Control System. The weaknesses of the Internal Control System comprised 331 weaknesses of reporting and accounting control systems, 381 weaknesses in the controlling system of the execution of expenditure and revenue budget, and 172 weaknesses of internal control structures.

Problems of internal control system weakness generally occur because 1) The responsible official is not optimal / negligent in supervising and controlling activities and coordinating with relevant units adequately 2) The executor of the activity has not done recording, data input and reconciliation carefully and adequate, 3) Planning activities and budgets are not optimal, 4) Responsible officials and implementers do not obey / have not understood the rules and procedures in the implementation of activities and budget usage (IHPS BPKRI Semester I Year 2017).

These conditions illustrate that there are still quite a lot of weaknesses that occur related to the implementation of internal control system. This, among other things, resulted in at least the Ministry of State / Institution that obtained the opinion of BPKRI Unqualified. This is not because opinion is a professional statement as the examiner’s conclusion about the fairness of the information presented in the financial statements (Article 1 of Law No. 15 of 2004) including in it is the application of internal control system. BPK always advises that findings be acted upon immediately for correction. By complying with the improvement suggestions submitted by BPK, it is expected to increase LKKL / LKBUN opinion, thus the quality of information presentation in LKKL / LKBUN will increase.

This study aims to analyze the implementation of Internal Control System and the weaknesses that occur in the implementation of Internal Control System, the causes of weaknesses that occur in the implementation of Internal Control System, and Influence of weaknesses of Internal Control System application to the acquisition of Opinion BPK RI.

**LITERATURE REVIEW
Internal Control System**

Understanding Internal Control has undergone changes both in concept and its components in accordance with the increasingly complex business world. At the beginning of its development internal control is defined as internal checks. Internal checks with similarity concepts of results through matching records of two or more sections. As expressed by

the American Institute of Certified Public Accountants (AICPA) cited Moener & Witt (1999: 81) describes the definition of Internal Control as follows:”Internal control comprises the plan of organization and an of the coordinate methods and measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies”

Furthermore, the definition of internal control has expanded, in 1958 AICPA introduced the difference between accounting control and administrative control. Then in 1972 made a name renewal into an internal control system. With this internal control system, it is not only generated accounting controls but also administrative controls, which are developed through the establishment of organizational structure, job descriptions, authorization, procedures, human resources selection, sound work situation, and direct supervision. Furthermore, in 1988, AICPA with SAS No. 55 entitled “Considerations of the internal control structure in a financial statement audit” transforms the Internal Control System into an Internal Control Structure.

A broader understanding of internal control is proposed by Konrath (2002: 205), citing AICPA Professional Standards, defines Internal Control as follows:”The process effected by an entity’s board of directors, management, and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) operations control-relating to the effective and efficient use of the entity’s resource; (b) financial reporting controls-relating to the preparation of reliable published financial statements; and (c) compliance controls-relating 10 the entity’s compliance with applicable laws and regulations.

From the definition previously mentioned, it is explained that internal control is a process run by board of commissioners aimed at providing reasonable assurance about the achievement of control objectives

effective and efficient operations, reliability of financial statements, and compliance with applicable laws and regulations.

Further developments in 1992 The Committee of Sponsoring Organi-zations (COSO) of the Treadway Commission published a report entitled Internal Control-Integrated Framework. Inside the COSO there are representatives from AICPA, American Accounting Association, Institute of Internal Auditors, Institute of Management Accountants, dan Financial Executive Institute. The report consists of four volumes: (1) Executive Summary;

(2) Framework; (3) Evaluations Tools; and (4) Reporting to Externals Parties.

The COSO report (1992: 912) also emphasizes that the fundamental concept is expressed in the following definition: a) Internal control is process. It is a means to an end, not an end itself. It consists of a series of actions that are pervasive and integrated with, not added onto, an entity's infrastructure. b) Internal control is effected by people. It is not merely a policy manual and forms, but people at every level of an organization, including the board of directors, management, and other personnel. c) Internal control can be expected to provide only reasonable assurance, not absolute assurance, to an entity's management and board because of limitations inherent in an internal control systems and the need to consider the relative costs and benefits of establishing controls. d) Internal control is geared to the achievement of objectives in the overlapping categories of financial reporting, compliance, and operations.

Elder et al (2010) suggests that: An internal control consists of policies and procedures designed to provide a reasonable assurance to management that the company has accomplished its goals and objectives. Pengendalian intern merupakan kebijakan dan prosedur yang dirancang untuk memberikan keyakinan kepada manajemen bahwa tujuan perusahaan akan tercapai. The reason for management to design an effective internal control system is so as to achieve three main goals, namely : (1) reliability of financial statements, (2) effectiveness and efficiency of company's operations, and (3) compliance to laws and regulations (Messier et al, 2006).

According to Messier, the reason for the management to design an effective internal control system is also to achieve three objectives, namely to improve (1) the reliability of financial statements, (2) the efficiency and effectiveness of the company's operations, (3) compliance of company regulations. Internal control includes five basic components of procedural policies designed by management to provide reasonable assurance that a particular corporate objective can be met. Arens (2006: 273) suggests that: "Internal control includes five categories of controls that management design and implements to provide reasonable assurance that management's control objectives will be met. These are called component of internal control and are: (1) Control Environment, (2) Risk Assessment, (3) Information and Communication, (4) Control Activities, (5) Monitoring.

Opinion of BPK RI

Opinion is the professional statement of the auditor on the fairness of financial information presented in the financial statements based on the criteria (i) compliance with government accounting standards, (ii) adequate disclosures, (iii) compliance with laws and regulations, and (iv) effectiveness of internal control system.

Audit opinion according to the standard accounting dictionary (Ardiyos, 2007) is a report given by a registered public accountant as a result of its assessment of the fairness of the financial statements presented by the company. Meanwhile, according to the dictionary of accounting terms (Tobing, 2004) audit opinion is a report given by a registered auditor stating that the examination has been done in accordance with the norm or the rules of accountant examination accompanied by an opinion about the fairness of the financial statements examined.

According to Professional Standards of Accountants (PSA 29), audit opinion consists of five types:

a. Unqualified Opinion

It is the opinion given when the audit has been conducted in accordance with the Auditing Standards (SPAP), the auditor does not find the overall material fault of the financial statements or there is no deviation from the applicable accounting principles (SAK).

b. Modified Unqualified Opinion

It is the opinion given when a particular circumstance does not directly affect a reasonable opinion

c. Qualified Opinion

It is an opinion given when the financial statements are reasonably material in nature, but there is some irregularities in certain posts, which must be excluded.

d. Adverse Opinion

It is the opinion given when this overall report can occur if the auditor has to provide additional paragraphs to explain the mismatch in the financial statements, along with the impact of the consequences, on the audit report.

e. Disclaimer of opinion

It is the opinion given when the scope of the examination is limited, so that the auditor does not perform the audit in accordance with the auditing standards set by IAI. The preparation of the report of the auditor shall provide an explanation of the scope restriction by the client which resulted in the auditor not giving an opinion.

Considering the provisions of the legislation governing and expecting accountability and public transparency, the SPKN recognizes that the level of fairness quality of the presentation of the Financial Statements is (i) unqualified opinion, (ii) fair opinion with the exception (qualified opinion (iii)) adverse opinion, and (iv) the statement refuses to give an opinion (disclaimer of opinion).

The Examining Opinion does not require the response of the examined party. The Examining Opinion is the conclusion of the examiner of the adequacy of disclosure and the "fairness" of presentation of the "truth" of the presentation of financial information in the financial statements. Audit opinion may only be provided on the Financial Statement which has been furnished with a Representation Letter from the Chairman of the examined entity. If the examining party does not submit a representation letter, the examiner can not provide an opinion other than the declaration of disclaimer of opinion.

THEORETICAL FRAMEWORK

Implementation of internal control system is one factor that affects the quality of financial statements, where one of the benchmarks of the quality of financial statements is the acquisition of opinion (IHPS BPK RI Semester I Year 2017). One of the goals to be achieved with the implementation of the Internal Control System (SPI) is to provide reasonable assurance regarding the reliability of the presentation of financial statements. The obligation on the implementation of the internal control system in each reporting and accounting entity is confirmed by the issuance of Government Regulation Number 60 Year 2008 which explicitly regulates conceptually refers to the definition of internal control according to the Committee of Sponsoring Organizations (COSO). Internal control (internal control) is a process that is influenced by the leadership of the organization, management, and other personnel designed to provide reasonable assurance that the goals of the organization will be achieved. Organizational goals are grouped with criteria such as effectiveness and efficiency of activities, reliable financial statements or reliable information, and compliance with applicable laws and

regulations (COSO, 1992; Sawyer et al., 2003: 65). Reliable financial statements can influence opinions.

Rorita Lim (2007) argues that a good internal control system must be able to ensure the achievement of objectives such as: effectiveness and efficiency of operations; reliable financial statements. The results of Elbannan MA (2007) concluded that the effectiveness of the implementation of internal controls can improve the capacity of financial statements to meet the quality of information and the role of assessment. Conversely the weakness of internal controls indicates the inability of entity management to present reliable financial statements and maintain the efficiency and effectiveness of operations. Desi and Ertambang (2008) conducted research on the influence of human resource capacity, utilization of information technology, and internal control of accounting to the value of financial reporting information of local government. The results of his research stated that the internal control of accounting affects the value of local government financial reporting information

significantly. Research conducted by Darya Setya (2010) states that the internal control system has a positive effect on the reliability of financial statements.

Wu's research, Frederick (2000) also concluded that internal control can be a useful tool for achieving accurate financial reporting. The results of Leinicke et. All (2000) concluded that a less conducive control environment could lead to a decrease in the quality of financial reporting. The research conducted by Hottua and Siti Khairani (2013) shows that there is a decrease of opinion given by the Supreme Audit Board to the Financial Reports to the Local Government of Empat Lawang Regency due to the weakness of material effectiveness of internal control system, the compliance of Empat Lawang Regency Government to the Regulation of Legislation and Conformity of Presentation of Local Government Financial Report of Empat Lawang Regency with Government Accounting Standard. The link between the implementation of internal control system and BPK RI opinion can be described as follows:

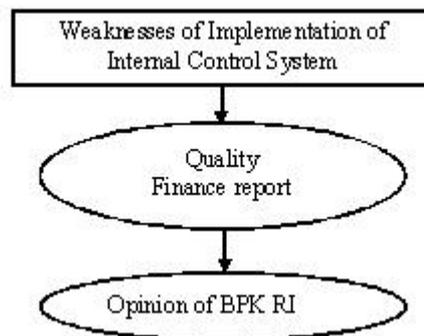


Figure 1
Theoretical Framework

RESEARCH METHODS

This study is a quantitative descriptive research, where researchers will describe and analyze how the application of internal control system can influence the acquisition of opinion of BPK RI. The analysis also includes any weaknesses that occur in the implementation of the internal control system. In addition it will also be analyzed the causes of these weaknesses. The population of this study is all ministries of state / institutions and state enterprises in Indonesia consisting of

113 Ministry of State / Institution and BUN Sampling technique used is purposive sampling with criteria Ministry of State / Institution and BUN who have not obtained unqualified opinion of BPK RI as outlined in IHPS First Semester of 2017, consisting of 14 State Ministries / Institutions and BUN. The unit of analysis in this study is the state ministries / agencies and BUN.

Table 2
Variable Operationalization

Variable	Indicator
Internal Control System	- Implementation of Internal Control System and weaknesses that occur in the implementation of internal control system - Causes of Weaknesses
Opinion of BPK RI	In addition to unqualified opinion

Source : IHPS I 2017

The analysis used in this research is descriptive analysis which will describe and analyze about:

1. Implementation of Internal Control System and the weaknesses that occur in the application of Internal Control System
2. Causes of weaknesses.
3. Influence of weakness of application of Internal Control System to the acquisition of Opinion BPK RI.

DISCUSSION

Implementation of Internal Control System and Weaknesses that occur in the application of internal control System

BPK audit results of 86 LKKL and 1 LKBUN of 2016 revealed 884 weaknesses of Internal Control System. The weaknesses of the Internal Control System comprised 331 weaknesses of reporting and accounting control systems, 381 weaknesses in the controlling system of execution of

expenditure and revenue budget, and 172 weaknesses of internal control structures. The composition of Internal Control System weakness issues on the audit of the State Ministry / Institution Financial Report (LKKL) and LKBUN are as follows: Weakness of Reporting and Accounting Control System by 37%, Internal Control Structure weakness of 20%, weaknesses in the controlling system of execution of expenditure and revenue budget of 43% .

Weaknesses of Reporting and Accounting Control Systems

The problems in the weakness of Internal Control System on LKKL and LKBUN Inspection in 2016 are described as follows:

1. The record has not been done or is not accurate.
 - a. The record has not been done or is not accurate to the Supreme Court, among others the presentation of transactions between entities, ie transactions involving two or more internal / external entities do not reflect actual conditions, , and the balance of third party deposits has not been disclosed in the Notes to the Financial Statements.
 - b. Records have not been made or inaccurate at the Ministry of Communication and Informatics among others Cost of Frequency Use Rights that are still in the process of lawsuit and are not recognized to be paid are recorded and recognized as receivables, and the presentation of intangible assets includes costs can not be capitalized.
 - c. According to not yet done or inaccurate at the Ministry of Energy and Mineral Resources , among others, is the recording of accounts receivable from the Oil and Gas Research and Development Center of the Petroleum and Natural Gas Institute which is not supported by the document of engagement / complete and legitimate agreements, and there are intangible assets in the form of oil and gas data not yet presented on the balance sheet.
 - d. Problems of inaccurate recording issues also occurred in the other fifty-eight State Ministries / Agencies.

2. The process of preparing reports is not in accordance with the provisions.

- a. The process of preparing reports not in accordance with the provisions of the Ministry of Justice and Human Rights , among others, PNPB reconciliation is not implemented in accordance with the provisions of the Ministry of Finance, there is a difference between the inventory balance of inventory applications, annual reports of immigration documents and the results of physical calculations.
- b. The process of preparing reports is not in accordance with the provisions in the Ministry of Religious Affairs, among others, there are classification mistakes accounting that affect the recognition and presentation of financial statements and differences in the balance of fixed assets between the Institutions Accounting System of Accrual Based and SIMAK BMN that can not be traced.
- c. Process reporting process is not in accordance with the provisions of the State Treasurer (BUN), among others, reconciliation has not covered all KKKS assets, and verification of subsequent expenditures has not been completed.
- d. Permasalahan process report preparation is not in accordance with the provisions also occurs in fifty other State Ministry / Institution.

The problems in the weakness of Internal Control System on LKKL and LKBUN Inspection in 2017 are described as follows:

3. The Reporting and Accounting Information Systems are inadequate.

The Reporting and accounting information systems are inadequate to the Ministry of Foreign Affairs , including accounting guidelines which contain guidance on recording the installment payments of the Official License Center Expenses on the Ministry of Foreign Affairs is not sufficient.

b. Inadequate reporting and accounting information systems in the National Narcotics Board, such as the Application of Patient Data Information System and Rehabilitation Services by online can not accommodate all drug abuses and drug abuse data being rehabilitated.

c. Inaccurate reporting and accounting information systems at the Ministry of Manpower, among others, the application system used for data presentation Permit Hiring Foreign Personnel has not been connected online with the local government application system.

d. The problems of Inaccurate reporting and accounting information system also thirty-three other State Ministries / Agencies.

Weakness of the Control System of Implementation of Expenditure and Revenue Budget

1. Insufficient activity planning.

a. Insufficient activity planning at the Ministry of Agriculture, among others, there are errors in budgeting spending on eleven units of work.

b. Insufficient activity planning at the Ministry of Education and Culture, among others KDP has not been supported by sufficient funding sources.

c. Planning activities are not sufficient in BKKBN, among others, planning needs of Contraceptive and Alokon and Non Alokon contraceptives and equipment is not supported by adequate control and mechanism.

d. Analignment of insufficient activity planning also occurs in fifty-five other State Ministries / Institutions.

2. Policy implementation leads to increased spending.

Policy implementation resulted in an increase in expenditure at the Ministry of Health, including the realization of lecturer certification allowances and other personnel expenditures for lecturers who did not meet the qualification requirements.

b. Policy implementation resulted in increased expenditure at the Ministry of State Secretariat, among others, the payment of performance incentives to officials of the Public Service Agency staff of the Bung Karno Complex Management Center not based on Key Performance Indicator (KPI) achievement and excluding the top cuts undisciplined work.

c. Implementation of policies resulted in increased spending on the Ministry of Agrarian Affairs and Spatial / National Land Agency, among others, the cost of preparing the Detail Engineering Design (DED) workspace of buildings and buildings that are not own assets.

d. The issue of policy implementation resulted in increased spending also occurred in forty-two other State Ministries / Institutions.

3. The deviation of the rules on income and expenditure.

a. The deviations on revenue and expenditure rules on CTF, among others, COREMAP CTI program 2016 are realized and paid in 2017.

b. The deviations on the revenues and expenditures of the Ministry of Social Affairs, among others, the disbursement of Family Hope Program funds and the returns on social

assistance expenditures that have not been distributed in 2016 are not in accordance with the provisions.

c. The deviations on the revenues and expenditures of the Ministry of Research, Technology and Higher Education (Kemenristekdikti), among others, the provision of research funds that are not in accordance with the provisions.

d. The deviation of the rules on income and expenditure also occurred in the forty-three other State Ministries / Agencies.

4. Policy implementation results in loss of potential revenue.

a. The mechanism of state revenue management is not in accordance with the provisions.

b. Another budget execution control system

Weakness of Internal Control Structure

SOP not yet prepared / incomplete

a. SOP in BUN, among others relating to the preparation / stipulation of Rice Purchase Price realization and format of accountability report on Expenditure Subsidy Rastra and Other Spending for government rice reserves and details of allowable cost and non allowable cost in calculation of electricity subsidy, PSO Peln, PSO KAI, fertilizer, seed, rastra has not been prepared / incomplete.

b. SOP at the Ministry of Communications and Informatics, among others related to the direct grant management received by the satker and the procedure of arranging a broadcasting license that ensures the timing of completion has not been compiled / incomplete.

c. SOP to the Ministry of Foreign Affairs, among others related to the procurement of goods and services to the seven representatives of the Republic of Indonesia as well as the mechanism of supervision and control of PNPB Customs Consular Services and reconciliation mechanisms of data on the amount of PNPB revenue and the use of immigration documents have not been prepared.

d. Permasalahan SOP has not been prepared / incomplete also occurred in forty seventh Ministry of State / Other institutions.

The problems in the weakness of Internal Control System on LKKL and LKBUN Inspection in 2016 caused by SOP have not run optimally in Kemkominfo, among others, have not made intensive PNPB, so there is no obligation to pay paying contribution of service of Universal Postal Service (LPU) and not yet collect PNPB to the Indonesian Internet Domain Manager.

The Causes of Weaknesses

The Problems that have been described above, among others, occurred because officials responsible for negligent and inadequate in obeying and understanding the applicable provisions, not optimally perform the duties and responsibilities, and weak in monitoring and controlling the implementation of programs / activities. In addition, the problem occurs because of incorrect policy making and partners who do not implement the agreement in accordance with the contract. In response to these problems, the ministries / institutions leadership in general agreed with the issues submitted and will follow up the settlement, among others coordinate with related parties, monitor the implementation of the work, and give sanctions to the officials who neglected. With regard to these issues BPK recommends to the heads of State Ministries / Institutions, among others to:

1. To impose sanctions in accordance with the applicable provisions to responsible officials who are negligent and inadequate in obeying and understanding the applicable provisions, and are not yet optimal in carrying out their duties and responsibilities.

2. Instruct officials responsible for improving oversight and control.

3. Collect to the service provider and account for the loss by depositing to the state treasury.

The Influence of Weakness of Implementation of Internal Control System to Achieving Opinion of BPK RI

The weaknesses of the implementation of Internal Control System and the problems described above can affect the acquisition of BPK RI opinion on the audit of State Ministry / Institution and BUN Financial Report.

The acquisition of unqualified opinion increases when the weakness of internal control system application decreases, on the contrary if the weakness of internal control system application increases then the unqualified opinion will decrease. In the period 2013-2015, the LKKL that receives the unqualified opinion tends to decrease from 75% in 2013 to 65% by 2015. However, by 2016 the trend has changed, ie LKKL which received unqualified opinion has increased significantly to 84%. The increase in unqualified opinion was accompanied by a significant decrease in qualified opinion, from 30% in 2015 to 9% in 2016. While the opinion of disclaimer in the last 5 years tends to fluctuate, but still below 10%. The BPK audit results indicate an increase in the opinion of LKKL and LKBUN 2016 from qualified opinion to unqualified at eighteen State Ministries / Institutions and one BUN and from disclaimer to unqualified in one Ministry of State / Institution, namely the Ministry of Social Affairs. While the decrease of opinion from unqualified to qualified occurs at one State Ministry / Institution, namely Institute of Procurement Policy of Goods / Services of Government and from unqualified to disclaimer happened at one Ministry of State / Institution, that is Ministry of Maritime and Fishery.

CONCLUSIONS

1. Implementation of Internal Control System refers to PP No. 60 of 2008. The weaknesses that occur in the application of internal control system are classified into three groups namely weaknesses of Reporting and Accounting Control Systems, weakness of Internal Control Structure, weakness Control System of Implementation of Expenditure and Revenue Budget.

2. The Problems of Weaknesses generally occurs because the responsible officials negligent and inaccurate in obeying and understanding the applicable provisions, not optimal in carrying out duties and responsibilities, and weak in monitoring and controlling the implementation of programs / activities.

3. The weakness of the Internal Control System Implementation may affect the gain Opinion of BPK RI. The acquisition of unqualified opinion increases when the weakness of internal control system application decreases, on the contrary if the weakness of internal control system application increases then the unqualified opinion will decrease.

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