Analysis Of the Effectiveness of Risk-Based Internal Audit Implementation: A Case Study

Arum ARDIANINGSIH1,2, Payamta PAYAMTA3

1,2Faculty of Economics and Business, Universitas Sebelas Maret, Indonesia
2Faculty of Economics and Business, Universitas Pekalongan, Indonesia
Email: arumbundavina@gmail.com1, payamtaaakuntan@gmail.com3
*Corresponding Author

Received: 13.04.2022    Accepted: 22.06.2022    Published: 01.10.2022    DOI: 10.47750/QAS/23.190.09

Abstract

Background: Risk Based internal audit is a control and supervision activity carried out by internal auditors using the output of risk management. Purpose: The purpose of this study was to obtain a comprehensive understanding of the implementation of risk based internal audit at BPJS Ketenagakerjaan. Internal auditors need to know about risk management and risk maturity to identify key areas that require immediate supervision and follow-up. Method: This research is a case study qualitative research with a descriptive approach. Data was collected by means of interviews, observation and documentation. The analysis technique using triangulation is to collect data, reduce and draw conclusions. Results and findings: Researchers found that Social Security Agency while in Indonesian term is Badan Penyelenggara Jaminan Sosial (BPJS) Ketenagakerjaan as an institution that is mandated to manage labor social security membership fees and implement good governance and manage business risks. The risk management output is then used as the basis for conducting an internal audit. Discussion: BPJS Ketenagakerjaan carries out risk management to identify risks, identify areas that have potential risks and carry out risk profiling. This makes it easier for internal auditors to carry out the internal audit process. Impact: The results of risk management make it easier for auditors to identify risks and identify specific areas so that internal audits can run effectively and efficiently.

Keywords: Risk Management, Internal Audit, BPJS Ketenagakerjaan

1. Introduction

The Sustainable Development Goals (SDG) include, among others, supporting the growth of the national economy and the community to find work, seeking quality educational opportunities for workers and their children, seeking healthy and prosperous lives. The objective (SDG) is in line with the role of Badan Penyelenggara Jaminan Sosial(BPJS) Ketenagakerjaan to maintain the standard of living of workers and their families, if the worker experiences occupational or social risks. The National Social Security System (NSSSS) is a system for administering state and government programs to provide social protection to the entire population in order to be able to meet the basic needs of a decent life, and to realize social welfare for all Indonesians. Social security is needed if things happen that are not desirable, resulting in the loss or reduction of a person's income, due to entering old age or retirement, health problems, disability, loss of work and so on. The government seeks to provide employment protection insurance through Badan Penyelenggara Jaminan Sosial(BPJS) Ketenagakerjaan.

The Law number 40 of 2004 concerning SJSN regulates that participation in the labor social security program is someone who has paid contributions and has mandated that employers (both government and private parties) must register themselves and workers as BPJS participants in accordance with the social security that follows. Participation in the employee social security program includes wage recipients (Indonesian term: Penerima upah or PU) and non-wage recipients (Indonesian term: Bukan Penerima Upah or BPU). The mandate of the law is that the state strives to always be present in fulfilling policies to ensure protection and welfare for workers in both the formal and informal sectors. The Law No. 24 of 2011 concerning the Social Security Administering Agency (Indonesian: BPJS – Badan Penyelenggara Jaminan Sosial), Ministry of Manpower Regulation number PER-24/EM/IV/2006 concerning Guidelines for the Implementation of the National Social Security Program for workers who work outside the official employment relationship and Government Regulation (PP) No.44 of 2015 concerning the Implementation of the Work Accident Insurance Program is also stipulated and Death Guarantee.

The labor social security program that addresses risks will create peace of mind and boost work productivity. Labor social security supports human independence and self-esteem in facing socio-economic risks. The Manpower Social Security Program is a basic protection for workers and their families by providing compensation in the event of an undesirable event. Workers’ Social Security includes Work Accident Insurance (Indonesian: JKK), Death Security (Indonesian: JKM), Old Age Security (Indonesian: JHT), Pension Security (Indonesian: JP) and Job Loss Insurance (Indonesian: JKP). BPJS Ketenagakerjaan has a role to play in maintaining the standard of living of workers and their families, if the worker experiences work or social risks.
BPJS Ketenagakerjaan risk management is carried out by adopting a standard reference risk management practice, namely ISO 31000:2018 Risk Management-Guidelines, as well as compiling a Roadmap for the Implementation of Risk Management. BPJS Ketenagakerjaan periodically studies and reviews the effectiveness of risk management implementation. Based on ISO 31000:2018 Risk Management-Guidelines, there are three elements of risk, namely target, uncertainty and impact. The main purpose of risk management is to create and increase company value in the form of achieving company goals and objectives. BPJS Ketenagakerjaan always complies with the laws and regulations, manages existing conflicts of interest, allocates adequate resources for the implementation of the risk management process, and develops internal capabilities in maintaining and improving the effectiveness of risk management practices in a sustainable manner. The goal of risk management is to create and protect value that is realized by improving performance, encouraging innovation, and supporting goal achievement. BPJS Ketenagakerjaan risk management is supported by a risk management structure, which involves the role of each internal stakeholder. Risk management in BPJS Ketenagakerjaan includes strategic risk, reputation risk, market risk, liquidity risk, credit risk, solvency risk, operational risk, information technology risk, and legal risk.

The risk management in BPJS Ketenagakerjaan is an effort to mitigate risks such as the uncertainty of economic conditions due to the COVID-19 pandemic that has occurred over the last two years. Based on data from the Ministry of Manpower as of April 7, 2020, the impact of the Covid-19 pandemic, for the formal sector that was laid off and laid off as many as 39,977 companies. The number of affected workers/laborers is 1,010,579 people. Details of companies and formal workers laid off as many as 873,090 workers / laborers from 17,224 companies and laid off as many as 137,489 workers / laborers from 22,753 companies. Meanwhile, the number of companies and workers affected in the informal sector is 34,453 companies and the number of workers is 189,452 people. Relaxation of Labor Contributions is the adjustment of contributions to the employee social security program for employers, participants who receive wages, and participants who do not receive certain wages, during non-natural disasters that spread the Corona Virus Disease 2019 (COVID-19). The purpose of providing relaxation is the protection of labor social security rights for participants in the employment social security program, easing the burden on employers and participants as well as maintaining the sustainability of the employment social security protection program in order to support efforts to recover the economy & business continuity.

The enactment of PP No. 49 of 2020 concerning Adjustment of Contributions for the Employment Social Security Program during non-natural disasters spreading the corona virus disease 2019 (COVID-19). This contribution adjustment is valid until January 2021, so there is a potential risk that there is a slack in the deadline for payment of program contributions from the 15th of the following month to no later than the 30th of the following month, which could have an impact on the potential decline in investible funds. BPJS Ketenagakerjaan also faces credit risk related to the potential for default events from the bank (deposit) or issuer, or the issuer of debt/securities owned by BPJS Ketenagakerjaan.

Referring to Board of Directors Regulation 22/082018(Indonesian: Perdir/22/082018) regarding the BPJS Ketenagakerjaan risk management policy, this credit risk is included in the scope of investment and liquidity risk. Because direct investments in shares or mutual funds by BPJS Ketenagakerjaan suffered losses due to the decline in stock prices during the COVID-19 pandemic. The Composite Stock Price Index (CSPI) (Indonesian: IHSG) at the beginning of 2020 was at 6,300 and became 3,911 in March 2020 so that almost all investment instruments, both stocks and mutual funds, suffered losses. If investment losses are considered as state losses, of course it will be traumatic for every member. Unfortunately, by BPJS Ketenagakerjaan certainly contains risks, and one of them is the risk of decreasing the investment value of the products purchased. The principle: high risk high return applies when buying stocks or mutual funds that have high potential returns, of course there is the potential for a decrease in value as well.

Kwee, 2021 stated that in 2016 BPJS Ketenagakerjaan refused to buy shares in PT Hanson International (MYRX), an investment involving the COVID-19 pandemic, it is not possible that these unrealized losses will turn into unrealized gains. Mitigation in 2020 is to periodically review exposure and credit risk levels, to ensure that the placement of investment funds for DJS and BPJS Ketenagakerjaan is within the tastes and risk tolerance of management; supervise the soundness of deposit placement banks; and monitor the fundamentals of the issuer/issuer (debt/securities). Meanwhile, records related to reputation risk include fluctuations in the number of participant complaints on e-service applications every month and fluctuations in the number of participant complaints against BPJS Ketenagakerjaan. Based on the Board of Directors Regulation Number: PERDIR/33/102017, SPI is led by the Head of the Unit, and is responsible to the President Director. As of December 31, 2020, there are 67 Internal Auditors consisting of the Head of SPI assisted by the Assistant Head of Division, Senior Auditor.
Identifying and recognizing the risks that exist in a company is an important role of Internal Audit. A deep understanding of the auditor's cycle, techniques and steps in conducting the audit process will have a positive impact on the company, especially in minimizing a risk that will be faced by the company. The Association of Certified Fraud Examiners (ACFE) in its report entitled Report to the Nation on Occupational Fraud and Abuse (2016 Global Fraud Study) shows that internal audit plays a very important role in preventing fraud. Supervision carried out by internal auditors also noted that as of December 31, 2019, there were around 100 audit findings or 4.72% which were still in the process of being followed up by the Head Office and Regional Offices. The audit findings are part of the total findings in 2018 of 463, as well as additional audit findings in 2019 of 1,654. From the audit findings, 2,017 findings have been followed up and completed or 95.28%. This audit finding is a risk that BPJS Employment must be aware of and requires commitment from management at the head office, regional offices, branch offices and work units to follow up on settlements (BPJS Ketenagakerjaan, 2020).

Risk management in BPJS Ketenagakerjaan is based on Government Regulation (PP) Number 99 of 2013 Article 33 paragraph 1 which states that in making investments, BPJS Ketenagakerjaan is required to carry out risk management. Decree of the Board of Directors of BPJS Ketenagakerjaan Number: KEP/250/082014 concerning BPJS Ketenagakerjaan Business Continuity Management Policy. The decree along with the policy explains the anticipatory actions that need to be prepared in the context of business continuity in the event of a disturbance, crisis, or disaster. The consequence of this regulation is that the internal audit carried out must be risk-based (Risk Based Audit). In the 1940s the practice of internal auditing began to play an important role in organizational strategy and management (Jine' and Dunjia, 1997; Dittenhofer, 2001). The emergence of new business risks has forced many organizations to reformulate strategies and upgrade the status of internal audit (Szpirglas, 2006). Risk-based internal audit is believed to play an important role in identifying significant risk areas and providing support to the company's risk management.

Sawyer (2012), illustrates that the role of internal audit is currently shifting from organizational risk management to provide assurance that the organization's risk management process can produce complete, valid and reliable organizational information in business decision making. The audit approach that links internal audit with the overall organizational risk management framework is the risk based internal auditing (RBIA) approach. RBIA allows internal audit to provide assurance that the risk management process has managed risk effectively in accordance with the organization's risk appetite (The Institute of Internal Auditors, 2015). Researchers formulate research questions about how to implement risk based internal audit at BPJS Ketenagakerjaan?

2. Literature Review

2.1 Risk Based Internal Audit

Control (supervision) or controlling is the last part of the management function. Controlled management functions are planning, organizing, directing, and controlling itself. Cases that often occur in organizations are the result of weak control so that there are various deviations between what was planned and what was implemented. Control is the process of monitoring, evaluating, and reporting plans for achieving the goals that have been set for corrective action for better organizational improvement (Al-Jawhar, 2011). An in-depth understanding of the processes, procedures and steps in conducting audits has a positive impact on the company, especially in minimizing the risks that may be faced by the company. According to Z. Dunil (2005), explaining that risk-based internal audit is an inspection activity that is focused on business risks, processes and controls as well as monitoring of key areas that contain risks. Choirol's research (2009) argues, there is a change in the philosophy of internal audit in terms of shifting orientation and the role of the internal auditor profession.

The old paradigm, internal auditors are more satisfaction-oriented to the leadership. While the new paradigm assumes that the function of internal auditors no longer only acts as a watchdog, but acts as a partner for management to jointly carry out control and monitoring functions. In a risk-based approach to internal auditing, auditors begin to allocate resources to high-risk areas in conducting audits. Risk Based Internal Audit is an audit approach based on determining the business risk profile, forming an audit plan in accordance with the business risk profile and allocating audit resources in accordance with the risk profile and the efficiency and effectiveness of audit implementation. Risk Based Internal Audit selects high-risk areas as the focus of the audit by using the output of the risk management process.

Data or information obtained from the risk management system will be used in the Risk Based Internal Audit (RBIA) so that the information becomes more reliable. The risk based audit in BPJS Ketenagakerjaan is an audit process and activity carried out by the internal supervisory unit by considering significant risks to provide management with an opinion that the risk has been managed to an acceptable level by management. Risk monitoring is carried out by the head of the work unit who ensures the implementation of the risk management framework. The Internal Control System implemented by the Agency is carried out thoroughly in the head office, regional offices, and branch offices. Implementation of risk based internal audit will require determination of risk maturity. According to Griffith, (2015) mentions risk maturity as a classification of risks that exist in the company/organization and the level of risk assessment from the application of risk management in the company/organization. There are five levels of risk maturity according to The Institute of Internal Auditors (2014), namely risk enabled, risk managed, risk defined, risk aware, and risk naive. If the organization is still at the level of risk aware and risk naive, it cannot directly apply the RBIA approach. The Institute of Internal Auditors (2014) states that RBIA is not about risk auditing, but rather an audit of risk management.

2.2 Risk Management

According to ISO 31000:2009 Risk Management–Principles and Guidelines, risk management is a coordinated organizational effort to direct and control risk so that risk management is an architecture for managing risk systematically, which consists of principles, frameworks and processes for managing risk. Risk management is also described in the Minister of Finance Regulation Number 142/PMK.010/2009 as a series of procedures and methodologies used to identify, measure, monitor, and control risks arising from business activities. Companies that grow and develop have increasingly complex activities and problems. So, it requires the
management of uncertainty or risk owned by the company.

Regulations related to risk management at BPJS Ketenagakerjaan include; (1) Government Regulation (PP) Number 99 of 2013 Article 33 paragraph 1 states that in investing BPJS Ketenagakerjaan is required to carry out risk management, (2) Decree of the Board of Directors of BPJS Ketenagakerjaan Number: KEP/222/07/2014 concerning Taste and Risk Tolerance of BPJS Ketenagakerjaan. The decree explains the level and scale of appetite and risk tolerance that the Board of Directors is willing to take in managing the agency’s risks, (3) Decree of the Board of Directors of BPJS Ketenagakerjaan Number: KEP/250/08/2014 concerning BPJS Ketenagakerjaan Business Continuity Management Policy. The decree along with the policy explains the anticipatory actions that need to be prepared in the context of business continuity in the event of a disturbance, crisis, or disaster.

BPJS Ketenagakerjaan manages nine risks, namely credit risk, market risk, liquidity risk, strategic risk, operational risk, reputation risk, legal risk and compliance risk and information technology risk. The first risk management is credit risk consisting of the potential for default on the issuer or issuer of debt/securities owned by the Agency. Then market risk consists of the potential event of a movement in the market value of one or several investment instruments (portfolio) as a result of price volatility factors and/or market supply-demand mechanisms. Liquidity risk is a potential event where the investment instruments owned by BPJS Ketenagakerjaan are in an illiquid condition so that it is difficult to conduct sales transactions (related to investment activities), including the potential event of BPJS Ketenagakerjaan's inability to meet short-term/maturity obligations due to lower value of liquid assets can be used to meet short-term/maturity obligations (related to non-investment operational activities). Liquidity risk related to non-investment operational activities is contained in activities to fulfill obligations to participants or other parties according to a predetermined time and amount.

BPJS Ketenagakerjaan also manages related strategic risks, namely the risks inherent in the efforts of BPJS Ketenagakerjaan in achieving its strategic goals or objectives. These risks include risks related to strategic targets stated in the BPJS Ketenagakerjaan Strategic Planning/RKAT, institutional & regulatory relations, and macroeconomics. Operational risk is the risk that occurs due to the inability/failure of the Agency to perform an activity or a series of activities in the business process optimally due to internal and/or external factors of the Agency. Reputational risk includes the risk due to injury to the Agency's reputation or the decline in the public's positive view/assessment of the image of the Agency or the existence of negative public views/judgments of the Agency's image. Legal risk is the risk that occurs as a result of potential lawsuits/legal sanctions borne by the Agency due to uncertainty and/or differences in legal interpretation between the Agency and other parties regarding the products/services produced as well as operational activities or actions taken by both parties.

Compliance risk is the risk that occurs due to non-compliance/violation and/or inability of the Agency/Entity personnel to comply with the provisions of applicable laws, regulations, and laws, which can come from the external or internal environment of BPJS Ketenagakerjaan. Information technology risk is the risk that occurs due to the failure or non-optimal use, ownership, operation, involvement, influence, and application of BPJS Ketenagakerjaan information technology. Information technology risk can be sourced from application development, information technology infrastructure, and information technology governance.

According to The Institute of Internal Auditors (2015), with the application of RBIA, internal audit will be able to conclude whether 1. management has identified, assessed, and responded to risks that are above and below the risk appetite; 2. the response to the risk is effective, but not excessive in managing the inherent risk which is still within the risk appetite; 3. when the residual risks do not match the risk appetite, actions have been taken to correct them; 4. the risk management process, including the effectiveness of the response and its resolution, is monitored by management to ensure that the risk management process continues effectively; 5. risks, responses, and actions have been properly classified and reported. There are three stages of implementing and operating the RBIA. According to The Institute of Internal Auditors (2014), the stages of RBIA implementation are; Stage 1: Assessing risk maturity, namely getting an overview of how management determines, assesses, manages, and monitors risks. As a result, the instructions on the risk register are reliable and are intended for planning audits. Stage 2: Periodic audit planning is the identification of assurance and consulting assignments for a certain time (annually), identification and giving priority to all areas required by the board as an object of assurance, including key management risks, documentation and reporting of risks. Stage 3: Individual audit assignments, namely risk-based assignments to provide role assurance within the risk management framework, including reducing risks or joint risks. Internal audit can also carry out consulting assignment activities to increase the risk maturity of the organization.

3.3 Analysis Techniques

This study uses a triangulation analysis technique consisting of: (a) Data Source Triangulation is to explore the truth of certain information through various methods and sources of data.
acquisition, for example, interviews and observations, researchers can use participant observation, written documents, archives, historical documents, official records, personal notes or writings and pictures or photographs. (b) Theory Triangulation. The final result of qualitative research is an information formulation or thesis statement. The information is then compared with the relevant theoretical perspectives to avoid the researcher's individual bias on the findings or conclusions generated. In addition, theoretical triangulation can increase the depth of understanding as long as researchers are able to explore theoretical knowledge in depth on the results of data analysis that has been obtained.

4. Results and Discussion

The implementation of Risk Based Internal Audit(RBIA) at BPJS Ketenagakerjaan requires internal auditors to understand the company's business environment and carry out audit planning more carefully. The audit plan is prepared at the beginning of the year after the internal auditors obtain information about the company's risk management. Risk management is an integrated part of all organizational activities. Risk management is structured, comprehensive, inclusive, dynamic and uses the best available information. The risk management process requires communication and consultation, risk assessment, risk monitoring, risk recording and reporting. Effective risk management will help in business decision making. In accordance with the regulation of Board of Directors Regulation/22/082018 regarding the BPJS Ketenagakerjaan risk management policy, there are four (4) risk positions in BPJS Ketenagakerjaan, namely Low (L), Medium Low (ML), Medium Risk (M), High (MH) and High (H). The risk mitigation actions from the four categories are High (H) is colored red, which means alert requires immediate treatment, Medium High (MH) is colored orange, which means alert is immediately handled, Medium Low (ML) is colored yellow, which means alert so it needs to be handled, and category Low(L) is colored green, meaning it is monitored and requires evaluation.

The implementation of RBIA in BPJS Ketenagakerjaan will result in internal audits that will increasingly add value to the company. Because internal audit will help the company's management carry out supervision and control by recognizing, identifying points or areas of the company that require special attention. Monitoring of risk points in the company by internal audit will encourage activities to run more effectively and efficiently in achieving company goals. The following is an example of risk management in BPJS Ketenagakerjaan;

<table>
<thead>
<tr>
<th>No</th>
<th>Risk Category</th>
<th>Cause</th>
<th>Impact</th>
<th>Handling</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Information Technology</td>
<td>The use of storage utilities for DC is 79.7%. Switch over from DC to DRC and some hardware devices that are more than 5 years. The new data security policy touches on matters related to password management, email management and remote access management. There is no policy regarding the use of computers, the use of gadgets, the use of the internet and the exchange of encrypted data.</td>
<td>Server devices that will get into the end of support or end of life status.</td>
<td>The infrastructure development of the Data Center and Disaster Recovery Center (DC/DRC) is also not yet in an ideal condition. In the future, make policies regarding the legal umbrella for protecting information technology related to databases.</td>
</tr>
<tr>
<td>2</td>
<td>Operational</td>
<td>Lack of precise participation acquisition strategy and KPI assessment related to membership achievement.</td>
<td>Low potential for the sustainability of active workforce participation</td>
<td>Changes related to the membership acquisition strategy and changes in KPI assessment so that the workforce is active.</td>
</tr>
<tr>
<td>3</td>
<td>Operational</td>
<td>Potential risk of membership data quality.</td>
<td>As of December 2019, the amount of data that is not up-to-date for active and non-active TK (workforce) is 28.40% where the details of the NIK data are not up to date, namely 2.86% for active TK and 25.54% for inactive TK.</td>
<td>Updating data with NIK database for active and non-active TK (workforce)</td>
</tr>
<tr>
<td>4</td>
<td>Reputation</td>
<td>Complaints received were not resolved through the contact center telephone number 175.</td>
<td>As of December 2019, the number of complaints that have not been resolved is 0% where the number of incoming complaints is</td>
<td>Accelerate the resolution of complaints by shortening the Service Level Agreement(SLA) for</td>
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<tr>
<td>5</td>
<td>Liquidity</td>
<td>Sale of a plan asset at a high discount due to the difficulty of finding a buyer.</td>
<td>An event where the investment instruments owned by the program or the market are in an illiquid condition making it difficult to conduct sales transactions.</td>
<td>Be careful in investing money in securities</td>
</tr>
<tr>
<td>6</td>
<td>Operational</td>
<td>Non-compliance with companies / related agencies / participants</td>
<td>Not achieving the target of dues receipt</td>
<td>Monitoring and monthly billing on membership fees</td>
</tr>
<tr>
<td>7</td>
<td>Credit</td>
<td>Investments in securities and stocks on the stock market affected by the COVID-19 pandemic</td>
<td>The event of default of the issuer or issuer of debt/securities owned by the Organizing Body. It can be in the form of coupons or principal debt at maturity.</td>
<td>The Agency conducts periodic and intensive monitoring of the performance of BPJS Ketenagakerjaan related parties to monitor the potential for defaults. Based on the Board of Directors Regulation Number PERDIR/23/092019 concerning Investment Management Guidelines, it is stated that the selection of investment partners is carried out carefully, and through an assessment process of reputation, performance, adherence to the principles of good governance. BPJS Ketenagakerjaan periodically reviews exposure and credit risk levels to ensure that the placement of JHT investment funds is within management’s risk appetite and tolerance.</td>
</tr>
</tbody>
</table>

**Table 1: Risk Management**

Risk Management, data processed, 2021

The previous research that talked about RBIA conducted by Choirul (2009) confirmed that the implementation of RBIA at PT Indonesia Buffon Film (PT IBF) needed support for the introduction and application of good risk management, adequate internal control practices, and reliable human resources to carry out the overall analysis. operational risk in the company. PT IBF uses the Australian/New Zealand Standard in Risk Management (AZ/NZS 4360) model for risk management. The risk management in BPJS Ketenagakerjaan refers to ISO 31000: 2009 concerning Risk Management(BPJS Ketenagakerjaan, 2020).

Risk management manages the risks that exist in all BPJS Ketenagakerjaan branches, whether at the head office, regional office, branch or work unit. Assessment of the risk management assessment is carried out periodically and takes into account various aspects. Risk Agent, has the duties and responsibilities of increasing awareness of risk management implementation, evaluating the effectiveness of internal control, as well as providing consultation and facilitation of risk management implementation in work units. In fact, there are still risk owners who do not understand the risk categories and how to mitigate risk. The results of the external risk management assessment in 2019 got a value of 3.63(BPJS Ketenagakerjaan, 2020). This means that the risks in BPJS Ketenagakerjaan are classified as medium high or standby and need to be addressed immediately. Throughout 2020 several notes related to risk management are necessary to increase awareness of preparedness when facing disruptions that impact the BPJS Ketenagakerjaan operations in
each work unit so as to be able to quickly ensure the implementation of Business Continuity Management (BCM) goes well; There is still a lack of understanding of all employees regarding their duties and responsibilities in dealing with critical conditions so as to minimize the possibility of risk occurring(BPJS Ketenagakerjaan, 2020). BPJS Ketenagakerjaan also mitigates risks related to investment and financial targets, which are managed with a quarterly Tactical Assets Allocation (TAA), a quarterly review of each investment portfolio, a review of fundamental and risk aspects related to the new investment placement plan, as well as implementation Investment Crisis Protocol (ICP) for early warning of possible failures in achieving strategic targets, especially in the investment and financial sector (BPJS Ketenagakerjaan, 2020).

The results of risk management carried out by the risk management division assist internal auditors in compiling Annual Audit Work Program (Indonesian term: Program Kerja Audit Tahunan or PKAT)(BPJS Ketenagakerjaan, 2020). The internal auditor will prepare the Annual Audit Work Program (Indonesian term: Program Kerja Audit Tahunan or PKAT) at the beginning of the year. PKAT is the basis or guideline in carrying out internal audits for one year running. The PKAT prepared by the internal auditor must obtain approval from the president director(BPJS Ketenagakerjaan, 2020). PKAT will provide an overview of tests, audit procedures and areas that require special attention because of the inherent risks(BPJS Ketenagakerjaan, 2020). PKAT also provides direction on the scope, extent and needs of auditor resources needed in each audit assignment carried out(BPJS Ketenagakerjaan, 2020). Throughout 2020 there were 111 PKAT consisting of 111 auditees implemented. PKAT’s 2020 targets consist of ten head offices, eleven branch offices, eighty-nine regional offices and one subsidiary(BPJS Ketenagakerjaan, 2020).

Annual Audit Work Program (Indonesian term: Program Kerja Audit Tahunan or PKAT) that has been approved by the board of directors will be implemented by internal auditors based on the scope of the audit(BPJS Ketenagakerjaan, 2020). The audit conducted by the internal auditor is the scope of the operational audit assignment. The auditor will carry out the monitoring process, report findings, compile an internal audit report and evaluate and monitor the follow-up actions taken by management at the central, regional, branch and work unit levels(BPJS Ketenagakerjaan, 2020). The Internal Auditor will consider the level of materiality that has been determined with the audit findings. The following is a table of audit findings for the last three years.

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Audit Findings</td>
<td>463</td>
<td>1,507</td>
<td>1,712</td>
</tr>
</tbody>
</table>

Table 2. Audit Findings. Processed data 2021

From the above table, it can be explained as follows; As of December 31, 2018, there were 463 findings that were still in the process of being followed up from 12 work areas including the Head Office and Regional Offices(BPJS Ketenagakerjaan, 2019). The audit findings that are still in the follow-up process are from a total of 316 findings in 2017 as well as additional findings on audits conducted during the reporting period as many as 675(BPJS Ketenagakerjaan, 2018). From these audit findings, 12 work areas have followed up and completed a total of 444 findings so that a total of 463 The findings are remnants that are still in the process of being followed up(BPJS Ketenagakerjaan, 2019). Then as of December 31, 2019, based on the Monitoring and Evaluation of the Results of Internal Supervision there are 100 findings or 4.72% which are still in the process of being followed up by the Head Office and Regional Offices(BPJS Ketenagakerjaan, 2020). The audit findings are part of the total findings in 2018 of 463, as well as additional audit findings in 2019 of 1,654. From the audit findings, 2,017 findings have been followed up and completed or 95.28%. Throughout 2020 with 1,712 audit findings, 43.52% of the findings have been successfully followed up. Unresolved audit findings in the current year will be accumulated as findings in the following year to be completed. The absence of sanctions for work units, regional offices, branch offices make many audit findings unresolved. As the results of the interview from informant A are as follows;

“The follow-up of the audit findings is slow from the auditee because there has been no penalty for the auditee. So that the audit findings are not immediately followed up”.

Interview from informant B stated

“The implementers and owners of risks sometimes cannot distinguish between various types of risk management, so there needs to be regular and consistent socialization about risk management”.

Risk-based internal audit activities throughout 2019 recorded the following; there was an error in determining tax data as many as 37 cases or 38.5% of all financial findings, realization of costs in the financial statements not supported by adequate and reasonable evidence in 12 cases or 12.5% of all findings in the financial sector. The recording of financial sector reports was not / has not been carried out or inaccurate as many as 8 cases or 8.3% of all financial findings, Bad PU dues receivables as many as 61 cases or 11.4% of all operational findings. Maturity risk for 2020 from an independent appraiser also classifies risk in grade 3.63 or medium high in 2020(BPJS Ketenagakerjaan, 2020). BPJS Ketenagakerjaan has implemented the results of risk management as guidelines in the implementation of an effective internal audits.

Conclusions And Suggestions

BPJS Ketenagakerjaan is a state institution authorized by the state to provide social security for workers. BPJS Ketenagakerjaan tries to minimize the socio-economic risks when workers experience work accidents, termination of employment, old age insurance and when workers get into retirement. BPJS Ketenagakerjaan collects labor social security membership dues which are large enough to be prone to fraud. Management of labor social security participation contributions needs to be controlled and supervised. BPJS Ketenagakerjaan performs risk management to identify significant risks in important areas so as to facilitate the implementation of internal audits.

Risk Based Internal Audit (RBIA) is a control and supervision activity that focuses on the scope of operational audits starting
from understanding the business, identifying risks in key areas, planning audits by compiling an annual audit work program (Indonesian: PKAT), risk assessment, risk profile mapping and implementation of risk-based audits. By recognizing the risks inherent in the company, internal auditors can more easily find violations or mistakes within the company, so that internal auditors can more easily develop suggestions for improvement as a follow-up. RBIA also includes how management mitigates risk so that the company is able to achieve the goals of the organization or company. Risk mitigation that is carried out as risk so that the company is able to achieve the goals of the organization or company.

Audit findings to identify key areas that contain risks, prepare and map risk profiles where the maturity risk result is 3.63. The implementation of risk based internal audit on BPJS Ketenagakerjaan is seen from audit findings to identify key areas that contain risks, prepare PKAT at the beginning of the current year, conduct assessments and map risk profiles where the maturity risk result is 3.63. The result of the completion of the follow-up of the audit findings is one of the records for the internal auditor in implementing the RBIA.

**References**


[22] Law No. 24 of 2011 concerning Social Security Administering Agency (Indonesian: BPJS).


[26] Board of Directors Regulation Number: PERDIR/33/102017 concerning Internal Supervisory Unit (SPI).

[27] Board of Directors Regulation/22/082018 regarding risk management policy