The Effectiveness of the Government Internal Supervisory Apparatus (APIP) as Quality Assurance in Preventing Fraud in Village Fund Management at the Regional Inspectorate of Rokan Hulu Regency

Meri Sakirani[1*], Nurhayati[2], Zulkarnain[3]
[1,2,3]Accounting Study Program, Faculty of Economics, University of Pasir Pengaraian.

Article History
Received : 2026-01-12
Revised : 2026-01-14
Accepted : 2026-01-14

Keywords:
APIP; quality assurance; fraud prevention; village fund management; supervision effectiveness

***Corresponding author:**
merisakirani@gmail.com

DOI:
10.0000/JMEBIS.v1.i1.a55

Abstract
This study examines the role of the Government Internal Supervisory Apparatus (APIP) in performing a quality assurance function to prevent fraud in village fund management, and assesses the effectiveness of APIP's supervisory practices in supporting that prevention at the Regional Inspectorate of Rokan Hulu Regency. The study employs a qualitative descriptive approach, with primary data obtained through in-depth interviews with five informants — two assistant inspectors, one senior auditor, and two junior auditors — directly involved in village fund oversight. Data were analyzed using the Miles and Huberman interactive model (data reduction, data display, and conclusion drawing/verification), assisted by NVivo 12 Pro software for coding, thematic mapping, and interpretation. The findings show that APIP plays an important role as quality assurance in preventing fraud in village fund management, carried out through socialization, monitoring, consultation, mentoring, and coaching activities directed at village governments. Supervisory effectiveness is reflected in the absence of recurring audit findings in previously supervised villages; against the 2025 Annual Supervision Work Program (PKPT) target of 100 villages, APIP realized supervision of 90 villages, yielding an effectiveness rate of 90 percent, categorized as "effective." However, this effectiveness remains constrained by village apparatus's limited awareness of and compliance with financial management regulations, as well as by APIP's limited personnel relative to its expanding mandatory duties. These findings suggest that strengthening APIP's quality assurance role, alongside efforts to build village apparatus capacity and awareness, is essential for more effectively preventing fraud in village fund management.

Introduction

Village funds are a government policy instrument designed to accelerate village-level development and improve community welfare. Through this program, the central government provides funding support so villages can carry out infrastructure development, community empowerment, and improved public services, a policy strengthened by Law No. 6 of 2014 on Villages, which grants village apparatus greater authority and responsibility to administer village governance and manage village finances independently, guided by the principles of transparency and accountability.

National village fund allocations for 2024 and 2025 totaled approximately IDR 142 trillion, at IDR 71 trillion per year, distributed to 75,259 villages across Indonesia, with the 2025 policy direction prioritizing poverty alleviation through the Village Direct Cash Assistance (BLT Desa) program, food security, climate resilience, village economic development, and cash-for-work

E ISSN 0000-0000

programs. In Rokan Hulu Regency, 139 villages received village funds in 2025 in varying amounts; the consistently large and growing scale of these funds heightens demands for transparency and accountability, while also creating potential for misuse and fraud.

In the context of village financial management, fraud refers to deliberate acts to gain advantage unlawfully through abuse of authority, manipulation of information, or misappropriation of assets or funds under management. Prior reporting and research indicate a persistently high potential for misuse in village fund management, including budget mark-ups, fictitious projects, misuse of village assets, and manipulated administrative accountability — exemplified locally by a case in Kasang Mungkal Village involving misuse of the Village Budget (APBDes) for fiscal years 2017–2021 with losses exceeding IDR 1 billion, and a case in Kepenuhan Hulu Village involving corruption in Village Own-Source Revenue management for fiscal years 2019–2022 with losses of IDR 518 million.

Interviews with the Regional Inspectorate of Rokan Hulu Regency indicate that each of the regency's 139 villages carries some potential for irregularities in village fund management, arising from both deliberate misconduct — for personal or group gain — and unintentional error stemming from village apparatus's limited understanding of financial management procedures, such as overpayment on activities, administrative recording errors, or unawareness of tax obligations on village-funded activities. The persistence of such cases indicates that the Government Internal Control System (SPIP) alone has not been fully able to prevent fraud, underscoring the importance of the Inspectorate's role as APIP in performing its quality assurance function through supervision, coaching, and consultation.

Previous studies on APIP's supervisory role have generally examined APIP as an internal auditor in general terms, with limited attention to its specific function as quality assurance — that is, ensuring the quality of the village fund management process from the outset, rather than only detecting irregularities after the fact. This gap, combined with the recurring fraud phenomena described above, motivates the present study, which analyzes the effectiveness of APIP's role as quality assurance in preventing fraud in village fund management at the Regional Inspectorate of Rokan Hulu Regency.

Literature Review and Hipotheses Development

Government Internal Control System (SPIP)

The Government Internal Control System plays an important role in supporting good governance, ensuring that government administration proceeds effectively, transparently, accountably, and in accordance with applicable regulations. Minister of Home Affairs Regulation (Permendagri) No. 73 of 2020 on the Supervision of Village Financial Management affirms that oversight of village financial management is intended to ensure that every stage of management proceeds in an orderly manner, in line with statutory provisions, and grounded in the principles of effectiveness, efficiency, transparency, and accountability, guided by the principles of integrity, objectivity, accountability, and professionalism.

Effectiveness Theory

Robbins (2016) defines effectiveness as the extent to which an organization succeeds in achieving its predetermined goals, reflecting its ability to optimize the human, financial, and material resources at its disposal. This study measures effectiveness using the Decree of the Minister of Home Affairs No. 690.900-327 of 1996 on Performance Assessment Guidelines, categorized as follows: above 100% (highly effective), 90–100% (effective), 80–89% (fairly effective), 60–79% (less effective), and below 60% (ineffective).

Quality Assurance Theory in Government Supervision

Quality assurance theory originates from quality management concepts emphasizing control processes that confirm activities proceed in line with established objectives. In internal government supervision, quality assurance emphasizes preventing errors from the outset through coaching, mentoring, and strengthening the internal control system, reflected in Deming's (1986) Plan-Do-Check-Action (PDCA) cycle: planning standards and objectives, implementing activities accordingly, examining results, and taking corrective action — a cycle mirrored in government supervision through audit program planning, examination, evaluation of findings, and follow-up on recommendations.

Fraud Triangle Theory

To understand the causes of fraud, this study draws on the Fraud Triangle Theory proposed by Cressey (in Wahyuni, 2017), which identifies three principal factors: pressure (financial need or personal demands that tempt an individual toward fraud), opportunity (conditions, such as weak internal control, that enable fraud), and rationalization (self-justification by the perpetrator). Common forms of fraud in village fund management include budget inflation, fictitious reports, misuse of funds, and manipulated accountability documents, underscoring the importance of APIP's quality assurance role in strengthening internal control to reduce the opportunity factor in the fraud triangle.

APIP and Its Role as Quality Assurance

Under Permendagri No. 73 of 2020, APIP is tasked with providing reasonable assurance that government administration has been carried out in accordance with applicable provisions and the principles of efficiency and effectiveness, functioning independently and objectively to add value to public organizations. BPKP (2021) identifies three core APIP functions: quality assurance (providing adequate assurance that government programs run effectively and efficiently), consulting (serving as an advisory partner to leadership on resource management), and early warning system (detecting potential problems or irregularities at an early stage). Within village fund management specifically, APIP is tasked with identifying risks and weaknesses and providing improvement recommendations to minimize opportunities for fraud.

Previous Research

Table 1. Summary of Previous Research

Researcher (Year)	Research Object	Main Findings
Hairul (2022)	Regional Inspectorate, Kerinci Regency	The Inspectorate's role in fraud prevention is realized through quality assurance and consulting activities.
Gazali et al. (2024)	Regional Government, South Buton Regency	APIP has carried out its quality assurance role (audit, review, evaluation, monitoring, follow-up) and consulting role (education, training, technical guidance, socialization).
Berliana & Purbasari (2023)	Regional Inspectorate, Ngawi Regency	The Inspectorate's practices are consistent with Permendagri No. 73 of 2020.
Nasrudin & Firmansyah (2024)	APIP supervision of village funds, Indonesia (scoping review)	APIP supervision has not yet effectively closed corruption loopholes identified by the Corruption Eradication Commission (KPK).

Researcher (Year)	Research Object	Main Findings
Poeh (2024)	APIP, East Nusa Tenggara Province	Supervision remains suboptimal; the study addressed APIP's role only in general terms.

Conceptual Framework

The conceptual framework of this study posits that APIP's role as quality assurance — exercised through audit, monitoring, early detection, socialization, consultation, and mentoring — shapes the effectiveness of fraud prevention in village fund management, as presented in Figure 1: the more effectively APIP carries out these supervisory activities in line with Permendagri No. 73 of 2020, the lower the opportunity for fraud to occur.

Figure 1. Conceptual Framework of the Study

APIP's quality assurance role (audit, monitoring, early detection, socialization, consultation, mentoring) → Supervision effectiveness → Fraud prevention in village fund management.

Research Propositions

Guided by this framework, the study explores two research propositions rather than statistical hypotheses, consistent with its qualitative design:

P1: APIP's supervisory practices are effective in preventing fraud in village fund management at the Regional Inspectorate of Rokan Hulu Regency.

P2: APIP performs a substantive quality assurance role — beyond routine auditing — in preventing fraud in village fund management.

Research Methods

This study was conducted at the Regional Inspectorate of Rokan Hulu Regency, located in the Bina Praja Complex, Rambah District, Rokan Hulu Regency, Riau Province, using a qualitative descriptive approach intended to produce a comprehensive picture of the phenomenon under study and scientifically defensible conclusions. The data used are qualitative in nature — narratives, opinions, and descriptions of field phenomena — with primary data obtained directly from informants through interviews.

Informants were selected through purposive sampling, chosen for their direct knowledge of, experience with, and involvement in village fund supervision, as detailed in Table 2.

Table 2. Research Informants

Position	Number	Rationale
Assistant Inspector	2	Direct knowledge and experience relevant to APIP's quality assurance role in fraud prevention.
Senior Auditor	1	Direct knowledge and experience relevant to APIP's quality assurance role in fraud prevention.
Junior Auditor	2	Direct knowledge and experience relevant to APIP's quality assurance role in fraud prevention.

Source: Regional Inspectorate of Rokan Hulu Regency, 2025.

Table 3. Operational Definitions

Construct	Operational Definition	Indicators	Theoretical Basis
Supervision Effectiveness	The extent to which APIP achieves its village fund supervision targets.	Supervision target, supervision realization, degree of target achievement.	Effectiveness Theory
APIP's Role as Quality Assurance	APIP's role in providing adequate assurance through supervisory activities.	Audit, review, monitoring, socialization, consultation, coaching.	Quality Assurance Theory; Permendagri No. 73 of 2020

Data were collected through interviews with auditors at the Regional Inspectorate of Rokan Hulu Regency, and analyzed following the Miles and Huberman interactive model (in Sugiyono, 2022): data reduction (organizing interview results into thematic categories), data display (systematically arranging findings to identify patterns and relationships), and conclusion drawing and verification (formulating and validating conclusions against the evidence gathered). NVivo 12 Pro software was used to support coding, thematic node clustering, mind-mapping and hierarchy visualization, word-frequency analysis, and text search, thereby enhancing analytical rigor and transparency.

Results and Discussion

Description of Informants and Supervision Program

This study involved five informants — auditors from the Regional Inspectorate of Rokan Hulu Regency directly involved in village fund supervision, with tenures ranging from 10 to 24 years. Supervisory activities are carried out under the Annual Supervision Work Program (PKPT), which for 2025 set a target of examining 100 villages, covering task implementation, village administration, financial management, asset management, and physical development activities, through APBDes implementation audits.

Effectiveness of APIP's Supervisory Role

The findings indicate that APIP's supervision has been effective in preventing fraud in village fund management, reflected in the absence of recurring findings in villages previously supervised and coached — indicating that APIP's recommendations have been properly followed up by village apparatus. As one assistant inspector explained, a key indicator is "fewer findings during audits, and no repeated findings — for instance, if last year we found improper asset use, this year, when re-examined, it is no longer found." A junior auditor added that the benchmark is "a declining percentage of findings from year to year," contingent on village apparatus's own awareness.

Measured against the formula Effectiveness = (Results Achieved / Targets Set) × 100%, the 2025 PKPT set a target of supervising 100 villages, of which 90 were realized, yielding an effectiveness rate of 90% — falling within the "effective" category, since most supervisory targets were achieved. According to informants, the shortfall against the full target stemmed from limited APIP personnel relative to a growing workload, additional mandatory duties from central government (such as strengthening SPIP and building APIP capability), special-purpose audits requested by law enforcement or external examiners, and physical-development mentoring through probity audits. To address this, the Inspectorate is assessing personnel needs and strengthening auditor competency through training.

Despite this overall effectiveness, informants noted that outcomes still depend on the awareness of village apparatus. As one assistant inspector observed, “what APIP does in village supervision has been effective in preventing fraud, but it still depends on the village itself — on the awareness of the village head. Auditors have done their audits thoroughly and flagged findings so they don't recur, but some villages repeat the same irregularities.” The most frequently identified irregularities involve tax non-compliance (taxes collected but not remitted), discrepancies between physical work completed and amounts disbursed, and incomplete accountability documentation — issues informants attributed variously to village apparatus's limited understanding of procedures, negligence, and, in more serious cases, deliberate misconduct.

APIP's Role as Quality Assurance in Fraud Prevention

APIP's quality assurance role is realized through consultation, socialization, monitoring, early risk detection, and regular village audits. As one assistant inspector described it, “APIP's function is supervision — evaluation, review, monitoring, audit, and other oversight; for villages, the activities carried out every year are audit and monitoring.” A senior auditor confirmed that “APIP's activities include monitoring, mentoring, consultation, and an annual regular audit for villages across Rokan Hulu Regency,” while a junior auditor emphasized the importance of pre-supervision quality improvement through early risk detection — “monitoring the Village Budget (APBDes) from the planning stage through implementation.”

These findings indicate that APIP's function extends beyond identifying village apparatus errors to include coaching, mentoring, and proactive fraud-risk prevention — consistent with quality assurance theory's emphasis on providing assurance that activities are carried out effectively and efficiently, and with SPIP's control-and-monitoring elements, of which APIP's monitoring, audit, and consultation activities are a direct implementation. Regular supervision also aligns with fraud triangle theory: by reducing the opportunity for fraud through consistent oversight, village apparatus become more cautious in using village budgets, as every activity and accountability report is subject to review.

Implication and Conclusion

Conclusion

Based on the analysis and discussion, it can be concluded that: (1) APIP's supervision of village fund management at the Regional Inspectorate of Rokan Hulu Regency is effective in preventing fraud, evidenced by the absence of recurring findings in previously supervised villages and by an effectiveness rate of 90% against the 2025 PKPT target, though effectiveness remains constrained by the level of awareness and compliance among village apparatus; and (2) APIP performs an important role as quality assurance in preventing fraud in village fund management, carried out through socialization, monitoring, consultation, mentoring, and coaching — functioning not merely as an auditor but as a partner to village government in improving the quality of village financial management in accordance with applicable regulations.

Implications and Recommendations

The Regional Inspectorate of Rokan Hulu Regency is encouraged to expand socialization, monitoring, and coaching activities for village governments so that village fund management can proceed more effectively and with less exposure to fraud risk. Village governments are encouraged to strengthen compliance with financial management regulations, particularly regarding tax collection and remittance, physical work verification, and completeness of accountability documentation, to avoid recurring findings. Village apparatus are encouraged to consult more proactively with the Inspectorate before implementing or reporting activities to minimize administrative errors. Future research is recommended to broaden the range of informants to include village apparatus directly, in order to capture a more diverse perspective on APIP's quality assurance role in fraud prevention.

References

Antarwiyati, P., & Purnomo, R. E. (2017). Motivasi melakukan fraud dan faktor-faktor yang mempengaruhinya. Jurnal Akuntansi & Auditing Indonesia, 21(7), 157–166.

Berliana, N., & Purbasari, H. (2023). Peran aparat pengawasan internal pemerintah dalam pencegahan kecurangan pengelolaan dana desa. Jurnal Cahaya-Mandalika, 3(2), 398–406.

BPKP. (2021). Peraturan Badan Pengawasan Keuangan dan Pembangunan Republik Indonesia Nomor 8 Tahun 2021.

Deming, E. (1986). Out of the crisis. Massachusetts Institute of Technology.

Gazali, M., Hisanuddin, L. O. I., & Rasmuin. (2024). Fungsi pengawasan internal oleh aparat pengawasan intern pemerintah (APIP) pada pemerintah daerah Kabupaten Buton Selatan. Governance, 12(2), 168–180.

Ghaisani, A. A., & Supatmi, S. (2023). Pendeteksian kecurangan pelaporan keuangan menggunakan fraud pentagon. Owner, 7(1), 599–611.

Hairul, T. (2022). Analisis peran Inspektorat dalam pencegahan fraud pada pengelolaan keuangan desa (Studi pada Inspektorat Daerah Kabupaten Kerinci).

Heryanto Monoarfa. (2012). Efektivitas dan efisiensi penyelenggaraan pelayanan publik: Suatu tinjauan kinerja lembaga pemerintahan. Jurnal Pelangi Ilmu, 5(1), 1–9.

Ikatan Akuntan Indonesia. (2020). Fraud dan ethics.

Nasrudin, T., & Firmansyah, A. (2024). Menutup celah korupsi: Evaluasi pengawasan APIP dalam pengelolaan dana desa di Indonesia. 3(4), 243–250.

Poeh, M. M. (2024). Analisis peran aparat pengawas internal pemerintah (APIP) Provinsi Nusa Tenggara Timur dalam pencegahan fraud dan penyalahgunaan dana desa. 8, 4–6.

Robbins, S. P. (2016). Perilaku organisasi. Pearson Education Limited.

Sugiyono. (2022). Metode penelitian kualitatif. Alfabeta.

Wahyuni, W., & Budiwitjaksono, G. S. (2017). Fraud triangle sebagai pendeteksi kecurangan laporan keuangan. Jurnal Akuntansi, 21(1), 47.