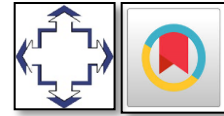


Quality Improvement Efforts of DGT's Internal Compliance Unit (Study at Yogyakarta Small Tax Office)



Anika Malina ^{a,1,*}, Bachrudin K. Una ^{b,2}, Hendi Yogi Prabowo ^{c,3}

^a Kantor Wilayah Direktorat Jenderal Pajak, Tomang Raya street, Jatipulo, Palmerah, Jakarta Barat, Daerah Khusus Ibukota Jakarta 11430, Indonesia

^b Univeristas Muhammadiyah Gorontalo, prof. Dr. H. Mansoer Pateda street, Pentadio Tim, Telaga Biru, Gorontalo, 96181, Indonesia

^c Univeristas Islam Indonesia, Kaliurang street, Krawitan, Umbulmartani, Ngemplak, Sleman, Daerah Istimewa Yogyakarta 55584, Indonesia

¹ anika.mailina@gmail.com*; ² bachrudinuna@umgo.ac.id; ³ hendi.prabowo@uii.ac.id

* corresponding author

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ABSTRACT

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The Internal Control System is implemented in the organization as a prevention of fraud risk. The Directorate General of Taxes (DGT) already has an Internal Compliance Unit (hereinafter referred to as UKI) as the vanguard in internal control efforts. However, there are still cases of fraud and Hand-Arrest Operations at the DGT that have questioned the quality of UKI. This study aims to find the constraints experienced by UKI in carrying out internal control monitoring tasks as well as efforts that can be made to improve the quality of UKI. This research method is qualitative with a case study at the Yogyakarta Small Tax Office (STO). The types of data used are primary data and secondary data. Primary data is obtained directly from observations and interviews with informants in the field, while secondary data comes from documents, regulations, and data previously published to data users. The analysis technique was carried out by grouping data, coding, and then presenting a visualization of the results using NVivo 12 plus software. The results of the study found that the ways to improve the quality of UKI at STO are adhering to the Annual Monitoring Plan (RPT) guidelines, increasing the knowledge and soft skills of UKI staff, increasing the use of technology, segregating UKI duties and responsibilities.

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1. Introduction

Fraud, especially corruption, is still a threat to Indonesia, so they require great attention from the government. Corruption has an impact on economic growth and affects law enforcement in Indonesia. Corruption causes the government unable to carry out its functions properly and to lose people's trust in the state (Rachmawati, 2021), reduces the quality of government services and infrastructure (Arifin, 2017), and even reduces the quality of public health (Naher et al., 2020).

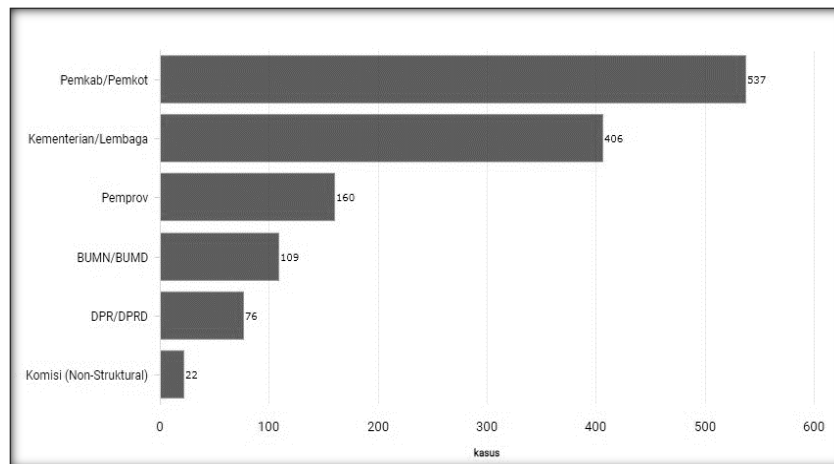


Figure 1. Corruption Cases Based on Agencies Since 2004 s.d. October 2022

Source: Anur (2022)

The Corruption Eradication Commission (CEC) handled a total of 1,310 corruption cases from 2004 to October 2022. Corruption cases within ministries/agencies were recorded with a high number of 406 cases. Corruption cases can threaten any agency, including the Indonesian tax authority, Directorate General of Taxes (DGT). DGT is an echelon I unit under the Ministry of Finance which has the main task and function of collecting state revenue from the tax sector as the main source of supporting state revenue to finance various expenditures as stated in the APBN. This is because the taxation sector plays an important role in state financing.

However, DJP can face various risks in carrying it out. One of these risks is fraud. Acts of fraud and tax evasion are a form of resistance to taxes (Purnomo & Eriandani, 2023). As happened in Yogyakarta at the end of 2022, where DJP Yogyakarta succeeded in uncovering billions in tax criminal violations committed by the suspect HP and the company PT PJM. The criminal violations committed by the HP suspect caused state losses of 50 billion rupiah, while the criminal violations committed by the PT PJM suspect caused state losses of 46 billion rupiah (Wawan J, 2022). Then, in October 2023 there was another criminal tax violation case in Yogyakarta, where the suspect SU, a bulk oil businessman, was estimated to have not reported the correct tax value, resulting in a loss of state revenue of 8.34 billion rupiah (Handoko T, 2023).

Tax fraud does not only happen to taxpayers, but also potentially to tax administrators at the DJP. Fraudulent acts that occur at DGT are very dangerous for the internal organization and have a wide impact nationally, because they reduce public trust, and harm the economic growth and sustainable development (Musmulyadi & Sari, 2020). In recent years, there have been cases of fraud that occur in DGT. In 2017, HS was caught red-handed by the KPK when he received bribes from PT EKP. The following year, the Bangka Belitung Regional Police arrested RA, who was extorting taxpayers (Wahyono, 2018). Furthermore, in 2019 the KPK succeeded in arresting four tax officials who were suspected of receiving bribes related to tax refunds for Jaguar-Bentley dealers (Hariyanto, 2019). In addition, last November 2021, the

former Head of Bantaeng STO was named by the CEC as a suspect in a bribery and gratuity case (Kamil, Irfan et. al 2021).

Researchers saw that various information emerged from print and online media that was spread among the public showing cases of fraud that occurred at DJP in the form of transmissions or conflicts of interest that ended in bribery. Of course, this can be triggered by a weak internal control system. For example, the opportunity arises for someone to have access or permission to regulate control procedures (Sudarmanto, 2020). A weak Internal Control System or Internal Compliance Unit for DJP (hereinafter referred to as UKI), ultimately creates opportunities for other people to commit fraud. Because the motivation to commit fraud arises especially when the internal system experiences a leaking (Fitri et al., 2019).

Therefore, prevention of fraud is crucial for DGT, especially the implementation of an adequate internal control system in every line of the organization is one of the preventive efforts that must be carried out by the DJP to prevent fraud. If the implementation of internal controls is effective, the gaps for committing fraud will be narrower (Rustandy et al., 2020). Previous research results prove that good internal control has a positive effect on fraud prevention (Suh et al., 2019), (Rustandy et al., 2020), (Yuniarti, 2017), (Mendes de Oliveira et al., 2022), (Rachman & Dyahrini, 2021), (Rohimah & Anna, 2019), (Zulvina, 2020), and (Dwiyantri, 2022).

In contrast to previous research which focused on internal control in general, in this research the researchers focused on UKI. The Internal Compliance Unit or Internal Compliance Unit (UKI) is appointed as the Gratification Control Unit within the scope of KPP Pratama and carries out a program to strengthen the integrity of DJP employees through Internalization of Corporate Value (ICV). Therefore, researchers see that UKI actually plays an important role in mitigating fraud risks by compiling Fraud Risk Scenarios and Fraud Risk Assessments, detecting early and preventing fraud by controlling internal compliance, and carrying out appropriate handling if fraud cases occur. Interestingly, to date no research has been conducted regarding the role and strategy of UKI as part of the three lines of defense in mitigating and handling fraud at the Directorate General of Taxes or at the Pratama Tax Service Office (KPP) in Indonesia, especially at the Yogyakarta Pratama KPP.

This research aims to find ways to improve the quality of UKI's work in identifying occupational fraud schemes, detecting and preventing occupational fraud risks at KPP Pratama Yogyakarta. Therefore, starting from this research, it is hoped that it will contribute to policy makers and employees at the Directorate General of Taxes and KPP Pratama in various regions in Indonesia, especially in Yogyakarta, in increasing the role of the Internal Compliance Unit in mitigating occupational fraud in the office environment. Tax Services. Apart from that, as material for evaluation and improvement of the Internal Compliance Unit as well as increasing the value of integrity and anti-corruption awareness as an organizational culture in mitigating occupational fraud within the KPP Pratama Yogyakarta environment.

2. Literature Review

Based on the Fraud Triangle Theory put forward by Donald R Cressey in 1953, there are three factors that lead to fraud, namely: (1) pressure, (2) opportunity and justification (rationalization). Tickner & Button (2020) in their research results concludes that the Fraud Triangle Theory is a useful tool for explaining circumstances in which an individual may be motivated to commit fraud against an organization in which they hold a position of trust. Fraud can arise if there is an opportunity where someone has access to assets or the authority to regulate control procedures (Sudarmanto, 2020).

Implementation of an adequate internal control system in each organizational line is one of the preventive measures that must be carried out by DGT for fraud prevention. The Internal Control System implemented by DGT is based on Government Regulation Number PP-60/2008 concerning the Government's Internal Control System. The Internal Control System Framework within the Ministry of Finance is in accordance with the Decree of the Minister of Finance Number KMK-322/KMK.09/2021 with a three lines of defense model approach consisting of (1) operational units that must implement internal controls all the time; (2) UKI which assists management at every level of the organization by implementing internal control monitoring; and (3) Inspectorate General (internal audit) which provides assurance and consultation on the implementation of internal control (Sodikin, 2020).

UKI at STO was formed based on the mandate of the Decree of the Minister of Finance Number 477/KMK.09/2021 dated 22 November 2021 concerning Guidelines for Monitoring the Implementation of the Internal Control System within the Ministry of Finance. In carrying out its duties, UKI is divided into 3 (three) levels according to the level of organization, namely UKI Level I (UKI-I) which is UKI at the head office of the organizational unit or equivalent to Echelon I, UKI Level II (UKI-II) which is a unit vertical agency organization at Echelon II and UKI Level III (UKI-III) which is a vertical agency at Echelon III. UKI at STO is UKI-III which is in the General and Internal Compliance Subdivision (hereinafter referred to as SUKI).

The outline duties of the Internal Compliance Unit based on KMK Number 477/KMK.09/2021, namely: (1) evaluating the adequacy of the main control design in mitigating risk; (2) developing internal control monitoring tools; (3) carry out monitoring and evaluation of the internal control system; and (4) propose improvements to the internal control plan based on the results of evaluating the adequacy of the design and application of internal control based on the results of internal control monitoring.

Not much research has been conducted related to UKI at STO even though UKI has an important role in monitoring internal controls for fraud prevention at DGT. Previous research conducted by Khairunnisa & Rahadian (2022) focused on assessing the effectiveness of DGT's Internal Compliance Unit (UKI) based on the principles published by the Committee of Sponsoring Organization of Treadway Commission (COSO) in collaboration with the Institute of Internal Auditors (IIA). This research tries to accomplish previous research with the aim of identifying deficiencies and obstacles faced by UKI and finding improvement efforts that can be made to improve the quality of UKI.

3. Research Method

This study uses a qualitative approach. Qualitative research is a process of exploring and understanding the meaning of individual and group behavior, describing social or humanitarian problems, and is a type of research whose findings are not obtained through statistical procedures or other forms of calculation, trying to understand and interpret the meaning of an interaction event of human behavior in certain situations (Creswell, 2013). according to the perspective of researchers. The strength of qualitative research is that it allows researchers to explore the views of homogenous as well as diverse groups of people to help unpack these differing perspectives within a community (Choy, 2014).

Researchers used the case study research method. A case study is an empirical method that investigates contemporary phenomena (cases) in depth and in real-world contexts, especially when the boundaries between phenomenon and context may not be clearly visible (Yin, 2018). The purpose of this research is to identify the deficiencies and obstacles faced by UKI DGT as well as improvement efforts that can be made to maximize UKI quality. The research focuses on UKI-III which is at STO because STO is a vertical unit of DGT which is the

spearhead of tax collectors and has a lot of contact with taxpayers in their duties and functions. Researchers used a case study on the research object of the Yogyakarta Small Tax Office. The main data sources for this research come from written sources, words, and actions, as well as other statistical data.

This study used several data collection techniques, namely in-depth interviews and document analysis (record review). According to Creswell (2014: 254), qualitative observation is when researchers go into the field to observe the behavior and activities of individuals at the research site. The researcher uses unstructured interviews where the researcher prepares an interview guide based on the formulation of the research problem and is an open question, then followed by a more in-depth discussion, depending on the participants' answers. Researchers interviewed 6 (six) informants, divided into 3 (three) informants from UKI representatives, while the other 3 (three) informants were representatives of officials and employees who own business processes at STO. Table 1 shows a list of informants who have been selected by the researcher. In addition to observations and interviews, researchers also conducted an analysis of documents laws, regulations and other publications.

Table 1. Informant Data

No	Informant	Gender	Position
1.	A	Female	UKI
2.	B	Female	UKI
3.	C	Female	UKI
4.	D	Male	Bussiness Process Owner
5.	E	Male	Bussiness Process Owner
6.	F	Female	Bussiness Process Owner

Source: Processed Data

Researchers use several tools to facilitate the research process. To retrieve interview data, the researcher used a cell phone as a voice recorder. While the tools used to process data and draw conclusions from the answers to the problem formulation are Computer Assisted Qualitative Data Analysis Software (CAQDAS), namely NVivo 12 Plus which is produced by QSR international.

Data analysis involves reviewing, coding, categorizing, synthesizing, and interpreting information obtained from data sources (Hancock & Algozzine, 2006:17). The research process carried out in the field will produce complicated and complex data, so it is necessary to do data reduction to select, simplify and focus on the data collected in the field to clarify the data. The data reduction technique used by researchers is coding and framework matrices. Coding is a process carried out by qualitative researchers to form data categorizations based on the concepts that appear in the data (Bandur, 2019: 191). With this coding process, researchers form the main categories based on data sources that have been collected by researchers in the field. Framework matrices are an analytical process used by researchers to summarize research data so that they can be presented and explained in the form of a framework regarding the coding results that have been carried out by researchers. The researcher presented the results of the coding in the form of diagrams and graphs to explore the main ideas that emerged from the research data both before carrying out the coding process, as well as during the analysis stage and reporting the results of the research data analysis (Bandur, 2019: 286). The visualization of the analysis results is presented in the form of an Analysis Map.

Researchers draw conclusions based on the results of the data reduction, processing and analysis processes that have been carried out previously using NVivo 12 Plus. The data validity testing phase is needed to obtain the validity and reliability of the data. Testing the validity of the data using triangulation, member check and comparison of the results of previous studies.

4. Results and Discussion

The results of the research are presented with data visualization in the form of an analysis map which refers to the coding results of the interview transcripts and is processed using NVivo 12 Plus as follows.

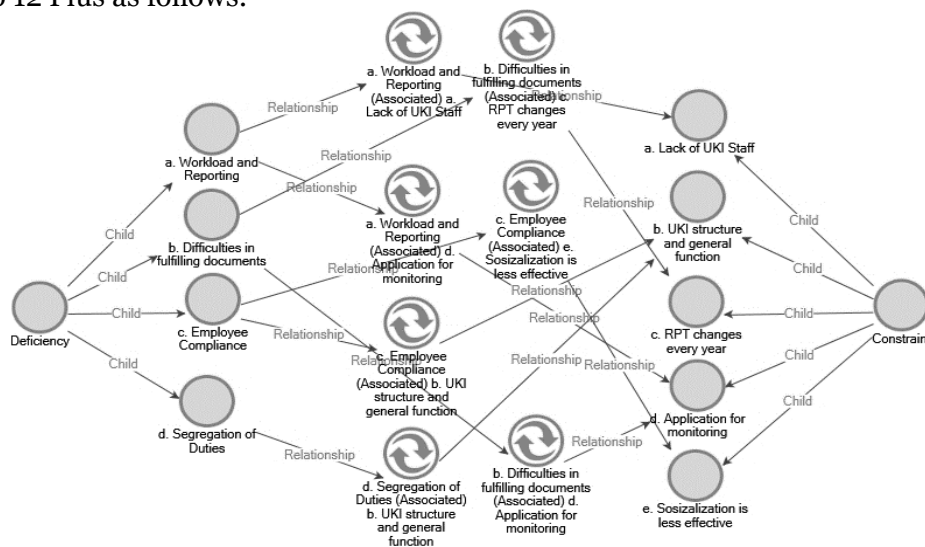


Figure 2. Analysis Map of UKI Deficiencies and Constraints Analysis Map

Source: Processed by researchers

UKI Deficiencies and Constraints

Figure 2. The analysis map above illustrates the connection between deficiencies and constraints faced by UKI in carrying out internal control monitoring. Deficiencies are UKI's current condition in carrying out internal control monitoring tasks, which cannot be carried out optimally, causing limitations. Based on the results of the research, some of the deficiencies identified are as follows.

1. Overlapping Workload and Reporting

UKI must review the documents sampled in main control monitoring every month. The number of documents can reach hundreds of documents. After that, monitoring results must be included in a report to be submitted in stages up to UKI 1 (Directorate of KITSDA). In addition to routine internal control monitoring duties, UKI must also implement Corporate Value Internalization (ICV), which includes a program to strengthen an anti-corruption culture. This ICV program must be carried out with various preparations and closed with a report. Sometimes some of these UKI tasks have to be carried out at close together so that the workload feels heavy. This was conveyed by the informant as follows.

"The workload and responsibilities according to the duties and functions and the Annual Monitoring Plan are actually very large because there are too many reports being made," Informant C (2023).

Other informants also stated similar things, namely that there were often BPK findings on performance audits or recommendations from the Inspectorate General based on interim audits that had to be followed up immediately with a limited period of time, whereas these were due at the end of the year when STO employees were focusing on receive tax revenue in order to achieve the target that has been set.

"The BPK findings on STP should not be followed up at the end of the year, when we are busy pursuing tax revenue targets and give more time to fulfill them," Informant A (2023).

Based on the statements of these informants, it can be said that the piled-up workload and reporting can be one of the limitations of UKI in carrying out the task of monitoring internal control optimally.

2. Requests for Documents are Difficult to Fulfill

In carrying out the task of monitoring internal control, UKI liaises with other sections, especially sections that have business processes with a high risk of fraud. UKI will request documents that become samples of internal control monitoring every month. This task sometimes encounters obstacles when the required documents are difficult to obtain from the relevant technical sections, as revealed by informants.

"UKI officers had a little trouble getting a list of files to be monitored,"
Informant C (2023).

Then it was emphasized by the informant that sometimes the document files submitted by the technical section to UKI still contained deficiencies, so UKI staff needed to make another request.

"When monitoring files, sometimes the files submitted are still lacking, so you need to request them again," Informant C (2023).

Meanwhile, according to an informant who is one of the business process owners monitored by UKI, requests for documents by UKI are sometimes difficult to fulfill because the deadlines are short and seem sudden.

"Suggestions for requests for routine reports should not be sudden with due dates for documents that must be provided," Informant E (2023).

The statements of several informants above illustrate that UKI is still experiencing difficulties when borrowing documents from the technical section to monitor internal controls in the context of fraud prevention.

3. Lack of Employee Compliance

Even though monitoring of internal control is the main function of UKI, preventing and eradicating fraud is still the responsibility of all employees in the work unit. Fraud prevention requires the active role of all employees starting from small things and from oneself, for example compliance with SOPs, provisions on working hours, administrative provisions, especially letters which are legal products related to taxation. An informant stated that negligence in the administration of tax law products could become a problem in the future.

"Among other things, how to remind employees to carry out tax audit and oversight duties in accordance with SOPs and comply with all the rules down to the smallest detail. Sometimes employees forget, for example when submitting an SP2 that should have a date of receipt, only the recipient's signature or initials, whereas this could be considered an administrative error when the WP makes an appeal. Internal control related to BPK findings, for example the STP has not been issued or the issuance of a small nominal temporary overtime or related to confirmation of the status of double STP issuance, etc. usually it takes a long time from the Supervision Section and is tight on time because there are so many things to confirm," Informant A (2023).

Based on interviews with these informants, it can be said that there are still difficulties in reminding employees of compliance with SOPs and the deadline for issuing tax law product documents. Monitoring compliance with SOP implementation is UKI's task area, so when employee compliance is still lacking, UKI's task of monitoring internal control in the context of fraud prevention is feared to be less than optimal.

4. No Separation of Duties

Based on DGT SOP, the General and Internal Compliance Subdivisions (SUKI) carry out Risk Management (MR) tasks, where UKI has the task of making risk mitigation as well as monitoring these risks, as conveyed by the following informant.

"Currently, the UKI that makes risk mitigation is UKI and the one that monitors risks, yes UKI too," Informant A (2023).

Separation of duties in this case is also related to the Head of the General Subdivision and Internal Compliance who has the task of carrying out personnel affairs, finance, administration, administration and internal affairs, performance management, monitoring internal control, testing compliance and risk management, internalizing compliance, compiling reports, management of non-tax documents, as well as technical support for carrying out office duties (PMK-184/PMK.01/2020). The absence of segregation of duties can be a drawback for UKI because UKI becomes unable to make maximum efforts to monitor internal control when it conflicts with execution of other tasks.

The various deficiencies that have been described previously are related to the obstacles that arise in carrying out UKI tasks. Based on the results of interviews with several informants, the researchers found the obstacles to carrying out UKI tasks in monitoring internal control, including the following:

1. Lack of UKI Staff

It has been described previously, that there is one of UKI's shortcomings in monitoring internal control, namely heavy workload, a large number of reports and several overlapping reporting deadlines. This is related to the constraints faced, namely the limited number of UKI staff, as conveyed by the informant as follows.

"Currently there are two SUKI staff who are tasked with KI (Internal Compliance) and one head of SUKI (Kasuki)," Informant A (2023).

Apart from the Head of the General and Internal Compliance Subdivision (Kasuki), the current number of UKI staff is two person. When compared to UKI's workload as a unit that is responsible for preventing fraud risk, monitoring internal control and strengthening organizational culture, the limited number of staff can become an obstacle to carrying out tasks optimally.

2. UKI Structure and General Functions

UKI is not an independent unit, but is part of the General Subdivision and Internal Compliance equivalent to echelon IV. Therefore, the UKI structure is supervised by a head of the General and Internal Compliance Subdivision (Kasuki). This structure makes UKI less flexible in carrying out internal control monitoring duties. Kasuki is in charge of household duties which of course are related to the process of procuring office stuffs and facilities. Kasuki also doubles as a Signing Officer for a Payment Order (PPSPM). Issuance of this SPM is a series of government procurement of office stuffs and facilities. The process of procuring office stuffs and facilities is one of the business processes monitored by UKI's internal control. This can make Kasuki experience a conflict of interest in carrying out his duties.

The current UKI structure also affects other conditions, namely employee compliance with existing SOPs. Because UKI's duties also double as general subdivisions, there are several matters related to administration that are difficult to fulfill, as stated by the following informant.

"Because UKI's duties are also one with the General Subdivision, so when it comes to administration it becomes difficult to fulfill, for example if tax payers' signature is missed while the inspection is taking a while," Informant A (2023).

It can be said that the current UKI structure does not yet reflect an independent UKI so that it can become one of the obstacles in carrying out the task of monitoring internal control.

3. RPT that changes every year

An Annual Monitoring Plan (RPT) is prepared by UKI-1 for all UKI within echelon I units which contains plans for implementing internal control monitoring and other monitoring implementation plans if any, during a period of one fiscal year. RPT is the basis for carrying out UKI-III duties and functions at STO. Based on interviews with informants, it is known that this RPT changes every year.

"general qualifications still have to continue learning because the RPT continues to change every year," Informant C (2023).

UKI staff are required to be able to respond to changes to this RPT quickly so that they can carry out monitoring of internal controls that year properly. If not, then this will become an obstacle in carrying out UKI duties.

4. Non-Integrated Monitoring Application

In carrying out internal control monitoring, UKI still does it manually, including reviewing documents. UKI staff have limited access to the Main Control Monitoring application. Some applications can only be accessed by the owner of the business process. This was conveyed by the informant as follows.

"In addition, there are limitations to application access for Main Control Monitoring," Informant C (2023).

Then, the problem with this application is also related to the timeline for monitoring and reporting tasks that must be submitted by UKI in stages. Until the time this research was conducted, there was no integrated application provided by KITSDA as UKI-1. This was conveyed by the informant as follows.

"KITSDA does not have a one-stop application, so it is necessary to make a timeline for UKI assignments so that no tasks are missed," Informant C (2023).

Limited access to monitoring applications and the unavailability of integrated monitoring applications are constraints related to UKI's deficiencies, namely overlapping workloads and reporting and the possibility of problems arising if tasks or reports are missed.

5. Less Effective Socialization

One of the weaknesses in implementing UKI's duties to monitor internal control in preventing fraud as previously mentioned is employee compliance with SOP and discipline. This can arise because the socialization carried out by UKI is still not effective enough to affect employees. An informant conveyed the following.

"So maybe what is a challenge for us is to socialize to all employees that actually internal control is not only UKI's job but is the duty and obligation of all employees in terms of maintaining the value of integrity," Informant A (2023).

The informant's statement implies that some employees still think that internal control is solely UKI's duty to maintain the value of integrity, even though all employees must be involved. Small things related to the code of ethics and code of conduct are sometimes overlooked, as stated by an informant.

"Internal control regarding the code of ethics and code of conduct also has problems because sometimes it's small things but it's a bit difficult to remind,"

for example wearing sandals or nametags while in the office," Informant A (2023).

Socialization must be carried out effectively by UKI, so that employee awareness regarding the value of integrity as well as the code of ethics and code of conduct increases. If socialization is not running effectively, then problems can arise in carrying out UKI tasks.

UKI Quality Improvement Efforts

Based on Figure 3. Analysis Map of The Way to Improve UKI's Quality, there are things that can be attempted to overcome various obstacles to carrying out UKI tasks in monitoring internal control, including the following:

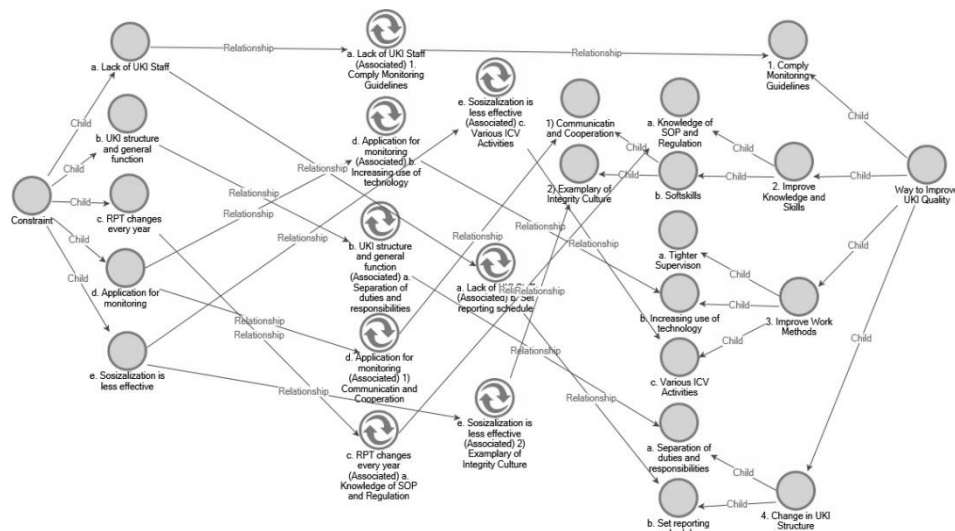


Figure 3. Analysis Map of The Way to Improve UKI's Quality

Source: Processed by researchers

1. Comply Monitoring Guidelines (RPT)

The Annual Monitoring Plan (RPT) provides direction for UKI in carrying out internal control monitoring tasks as an effort to prevent fraud, so this RPT must be complied with by UKI staff. This was conveyed by the informant as follows.

"The task of UKI staff so far is to supervise and there are already guidelines and procedures for supervision on the regulations and RPT issued by KITSDA," Informant C (2023).

Statements from other informants also emphasized this, that fraud prevention can work effectively because the internal control efforts carried out by UKI are always guided by RPT.

"Incidentally, until now there has been no or no indication of fraud, control and monitoring efforts have been carried out, we have carried it out in accordance with the established implementation guidelines and work plans," Informant B (2023).

Not only guidelines for monitoring internal control, organizational culture strengthening programs also have implementation guidelines, as stated by the informant.

"For the selection of methods and means in strengthening the anti-corruption culture, we as UKI carried out it based on the PPG work plan. So, these have their own implementation rules and guidelines for the implementation of the ICV Program, as explained earlier. So, both have implementation rules, the types and what media we use have been determined," Informant B (2023).

By adhering to the monitoring guidelines according to the RPT and the organizational culture strengthening program according to the ICV and PPG guidelines, UKI is expected to be able to overcome the limitations of existing staff, namely adjusting the timeline and dividing tasks among UKI staff based on the RPT guidelines. The division of tasks that can be carried out is one UKI staff member as the PIC of the Main Control Program, while one staff member is the PIC of the Integrity Culture Strengthening Program.

2. Improve Knowledge and Skills

Competency development for UKI Staff HR is very necessary because the Annual Monitoring Plan (RPT) set by the KITSDA Directorate as UKI-1 always changes every year. UKI staff must be able to understand every flow and SOP of each business process being monitored. By having a good understanding, the internal control monitoring process, especially to prevent fraud, can run effectively. An informant said as follows.

"UKI staff should be able to improve their knowledge and skills in detecting fraud. Among other things, by learning a lot, studying business processes and workflows that are monitored. Workflow and tax audit SOPs, for example, UKI staff must also understand," Informant F (2023).

This was also confirmed by the statements of other informants. As stated by the following informant:

"Increasing understanding and knowledge about fraud and fraud techniques that often occur in the tax oversight process. UKI must continue to update its knowledge and conduct regular training so that it can identify signs of fraud," Informant D (2023).

Not only SOPs regarding tax audits, UKI staff must also understand workflow, regulations, and documents related to the process of procuring office facilities and stuff, because the procurement of office stuffs and facilities is one of the business processes carried out by UKI's internal control monitoring. This was stated by the informant as follows.

"I suggest that UKI staff actively follows developments in regulations in the procurement of office stuffs and facilities," Informant E (2023).

Education and training to improve UKI HR competencies have been available every year, in the form of e-learning and workshops, as said by the informant:

"There is often e-learning and every year there are workshops to develop UKI staff competencies," Informant C (2023).

UKI officials/staff need to collaborate with their partners so that the implementation of UKI tasks runs smoothly. For this reason, in addition to hard skills that are directly related to regulations and technical monitoring of internal control, UKI staff need to hone their soft skills. People will be more willing to work together if they are understood by the people who invite them to work together. The first soft skills are the ability to work together and build good communication with other units. This was explained by the informant as follows.

"Increasing communication and cooperation with other units at STO Yogyakarta, especially the internal audit unit and the investigation team. UKI must actively coordinate with other units in Yogyakarta STO and share information to ensure that appropriate preventive measures are taken," Informant D (2023).

Understanding the personality of work partners is very important to build good cooperation. Other soft skills that must be improved by UKI staff are attitudes and behaviors that show exemplary in implementing organizational culture, as told by the informant.

“Building a strong culture of compliance and integrity throughout the Yogyakarta STO organization. UKI must set an example and promote a culture that encourages integrity, transparency and compliance throughout the organization,” Informant D (2023).

Demonstrating an exemplary attitude in strengthening organizational culture, especially the value of integrity, will be able to build trust from UKI partners themselves. There are 11 (eleven) habits that can be carried out by UKI staff to build the trust of their partners, namely: being transparent, sincere, focusing on adding value, being present in all body and soul, always treating others with respect, having responsibility, focusing on feedback, willing to accept criticism well, polite language, always keep promises, and be consistent (UKI Document: 2023).

Building communication is an important part of influencing others to get what they want. The benefits of communication in internal control monitoring activities are strengthening the synergy between UKI and business process owner partners, making it easier to obtain data and information, control and coordinate monitoring activities, improve the quality of monitoring implementation, and maintain the image of monitoring executors. By increasing knowledge and soft skills, internal control monitoring can be carried out by UKI more optimally and can overcome obstacles in terms of limited access to applications, ineffective socialization and RPT which changes every year.

3. Improved Working Methods: In order to be able to carry out the task of monitoring internal control in order to prevent the risk of fraud, UKI must always take steps to improve its work methods. This can be done, among other things, by tighter supervision in task areas that have a large potential for fraud, as stated by the following informant.

“Adding tighter supervision in areas that have the potential to become loopholes for occupational fraud. UKI must continue to monitor the tax oversight process more closely and identify weaknesses or potential loopholes that can be exploited by irresponsible persons,” Informant D (2023).

In addition, to overcome overlapping workload and reporting constraints, UKI should utilize technology. Manual methods that have been done so far are less effective. There are many sample documents that must be reviewed every month and reports that must be submitted. The use of an integrated application will make it easier for UKI staff to carry out these tasks. An informant said that UKI should also improve data analysis methods to be able to detect suspicious behavior and have the potential to lead to fraud.

“Increasing the use of technology and data analysis to detect suspicious actions. UKI must utilize technology such as data analytics and artificial intelligence to monitor tax transactions and detect anomalies or suspicious behavior patterns,” Informant D (2023).

The next step that UKI needs to take is that in order for the socialization of integrity values and anti-corruption culture to employees to run effectively and be accepted by all employees, UKI needs to hold a variety of activities, as conveyed by the following informant.

“Then, UKI also holds activities more often that can strengthen employee integrity. For example, ICV's activities on strengthening anti-corruption culture are made more varied, such as inviting sources or experts in the field of corruption, law, etc.,” Informant F (2023).

Various obstacles in the implementation of UKI's duties will be overcome if UKI is willing to improve its work methods, especially switching from manual methods to using

information technology so as to achieve simplification of the monitoring process and make reporting time efficient.

4. Separation of UKI from General Functions

One of the pillars of tax reform being carried out by DGT is the organizational pillar. Changes in the organizational structure of DGT are aimed at making the division of tasks clearer and more focused. Functionalization is carried out in stages at all levels of the organization. If so, far the UKI function has been attached to the General Subdivision, the UKI structure which is separate from the General Subdivision is an improvement step that is expected to be realized in order to provide space for UKI to be more independent, effective and efficient in carrying out its duties.

“Suggestions for improvement are more towards reporting time and segregation of duties. Segregation of duties are important because the current condition is UKI makes Risk Mitigation (MR) and also doing risk monitoring. It should be separated or a unit that carries out independent monitoring,” Informant A (2023).

An informant also emphasized that a clear and effective segregation of duties is an important step to prevent fraud.

“Establishing a clear and effective segregation of duties is an important step in preventing fraud,” Informant D (2023).

If UKI stands as an independent unit, then the conflict of interest between Kasuki as one of the parties involved in the office stuffs and facilities procurement process and Kasuki as the monitoring party can be avoided.

5. Conclusion

The dominant fraud risk in DGT comes from opportunity and can arise if monitoring and internal control are implemented ineffectively. Based on the research results, there is a deficiency of UKI in carrying out internal control monitoring tasks, namely overlapping workload and reporting, requests for documents that are difficult to fulfill from related technical sections, lack of employee compliance with SOP and discipline, and no segregation of risk management tasks. While the obstacles/constraints are the limited UKI staff, the UKI structure is attached to general subdivision functions, the RPT changes every year, limited access to applications, and socialization to employees is less effective.

This research has implications in addition to finding deficiencies and obstacles faced by UKI at DGT, as well as to provide suggestions for improvement efforts that can be made to maximize UKI's role in carrying out internal control monitoring tasks, especially for fraud prevention at DGT. Based on the research results, efforts to improve the quality of DGT UKI can be carried out by complying with monitoring guidelines (RPT), increasing UKI staff knowledge and skills, improving working methods with integrated applications and using technology, carrying out more varied outreach activities, and changing the structure of UKI by separating UKI from general subsections so that UKI becomes a more independent unit.

This research was only conducted at UKI-III at the Yogyakarta Small Tax Office with a total of seven informants. However, the authors hope that this research will make a positive contribution to improving the quality of UKI as the spearhead of fraud prevention at DGT. The author suggests for further research to be carried out on UKI-I and UKI-II to find obstacles and more comprehensive improvement efforts covering all levels of UKI.

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