

## THE INFLUENCE OF THE EFFECTIVENESS OF SUPERVISION AND THE GOVERNMENT INTERNAL CONTROL SYSTEM (SPIP) ON THE PERFORMANCE ASSESSMENT OF LOCAL GOVERNMENT AT THE REGIONAL INSPECTORATE OF NUNUKAN REGENCY

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### Abstract

The performance assessment of local government plays a strategic role in ensuring accountability, transparency, and the effectiveness of public sector governance. This study analyzes the influence of supervision effectiveness and the Government Internal Control System (SPIP) on the performance assessment of local government within the Regional Inspectorate of Nunukan Regency. Using a quantitative explanatory approach, data were collected from 44 respondents and analyzed through multiple linear regression. The results show that supervision effectiveness has a significant positive effect on performance assessment (Sig. = 0.000; B = 0.471), indicating that timely audits, accurate findings, and consistent follow-up actions contribute to improving the quality of government performance evaluations. SPIP also demonstrates a significant influence (Sig. = 0.002; B = 0.310), confirming that strong control environment, risk management, control activities, communication, and monitoring mechanisms support the achievement of performance indicators. Simultaneously, both variables contribute 78.9% to the performance assessment. These findings emphasize the importance of strengthening supervisory functions and SPIP implementation as key strategies for enhancing the performance and accountability of local government units in Nunukan Regency.

**Keywords:** The Government Internal Control System (SPIP), Performance Assessment

### INTRODUCTION

Effective supervision and robust internal control systems are essential components of public sector governance. As mandated in Law No. 17/2003 on State Finance, supervision functions to strengthen transparency, accountability, and performance quality in government financial management (BPK, 2020). Within this framework, the Regional Inspectorate plays a strategic role as an internal oversight institution responsible for ensuring that public budgets, programs, and activities are implemented in accordance with regulatory principles and performance targets. Strengthening the effectiveness of supervision is therefore crucial for improving regional governance outcomes.

Internal control systems also serve as preventive mechanisms against fraud, irregularities, and corruption. The Financial and Development Supervisory Agency (BPKP, 2021) reports that regional governments with mature internal control mechanisms tend to demonstrate higher compliance with financial and administrative procedures. Nevertheless, many inspectorates across Indonesia still face capacity constraints, particularly in risk-based supervision, integrated controls, and performance evaluation. These challenges are also evident in the Nunukan Regency Government based on its self-assessment results of the maturity of the Government Internal Control System (SPIP) in 2024, presented as follows:

**Table 1**  
**SPIP Assessment of Nunukan Regency in 2024**

No	Assessment Focus	Self-Assessment (PM)	Quality Assurance	Difference
1	Maturity of SPIP Implementation	3.664	3.075	(0.589)
2	Risk Management Index (RMI)	3.672	2.916	(0.756)
3	Corruption Control Effectiveness Index (IEPK)	3.544	2.568	(0.976)

Source: SPIP Nunukan Regency, July 2023 – June 2024

Although Nunukan Regency has shown progress in planning and budget execution, several issues remain. BPKP (2021) found weaknesses in the formulation of measurable performance indicators, the alignment of programs with regional priorities, and deficiencies in documentation, verification, and authorization procedures for financial and asset management. These issues indicate that the internal control system has not yet functioned optimally in supporting supervisory activities and safeguarding public resources.

The challenges faced by inspectorates are consistent with findings from prior empirical studies. Irawati et al. (2023) highlight the importance of control environments, risk assessment, and monitoring mechanisms in strengthening SPIP maturity in Malinau Regency. Rafif (2020) notes that inspectorates often struggle with human resource limitations and weak inter-agency coordination in financial and asset audits. Similarly, Jurdil (2020) emphasizes that the success of operational audits depends heavily on auditor competencies and the adequacy of control procedures. These studies collectively underscore the persistent gaps between regulatory expectations and actual supervisory practices at the regional level.

Given the strategic role of the Regional Inspectorate and the empirical challenges identified, evaluating the effectiveness of supervision and the internal control system in Nunukan Regency becomes essential. This study seeks to analyze the extent to which supervision effectiveness and SPIP contribute to government performance assessment, while also identifying structural and operational constraints. The findings are expected to provide evidence-based insights for improving supervisory strategies, enhancing accountability, and strengthening governance systems at the regional level.

## RESEARCH METHODS

This study employs a quantitative explanatory research design to analyze the influence of supervision effectiveness and the Government Internal Control System (SPIP) on the performance assessment of the Nunukan Regency Regional Government. Grounded in Agency Theory and Institutional Theory, this approach aims to measure causal relationships and organizational conformity through structured instruments. The research population consists of 44 employees involved in supervisory activities at the Regional Inspectorate of Nunukan Regency. Given the limited population size, a census sampling technique was applied, ensuring that all 44 individuals were included as respondents to provide primary data.

Data were collected through structured questionnaires using a 5-point Likert scale, supplemented by a literature review and documentation such as SPIP maturity reports and audit findings. The analytical framework involves validity and reliability testing, followed by classical assumption tests including normality, heteroscedasticity, and multicollinearity. To test the hypotheses, multiple linear regression analysis was utilized to determine the impact of the independent variables on performance assessment, measured through the coefficient of determination ( $R^2$ ), partial t-tests, and simultaneous F-tests. The relationship is expressed through the model  $\hat{Y} = a + b_1X_1 + b_2X_2$ .

where:

- Y = performance assessment
- X1 = supervision effectiveness
- X2 = SPIP
- a = constant
- b1, b2 = regression coefficients

**Table 2**  
Operational Variables  
(Variable X1: Supervision Effectiveness)

Dimension	Indicators	Measurement Scale
Timeliness of Audit	Audit planning, schedule adherence	Likert 1–5
Accuracy of Findings	Quality of audit evidence, relevance of findings	Likert 1–5
Follow-up Monitoring	Percentage of recommendations implemented	Likert 1–5
Supervision Procedures	Compliance with SOP, documentation quality	Likert 1–5

**Table 3**  
Variable X2: Government Internal Control System (SPIP)

Dimension	Indicators	Measurement Scale
Control Environment	Commitment to integrity, HR competence	Likert 1–5
Risk Assessment	Risk identification, risk management process	Likert 1–5
Control Activities	Authorization, verification, reconciliation	Likert 1–5
Information & Communication	Data availability, reporting system	Likert 1–5
Monitoring Activities	Internal review, evaluation frequency	Likert 1–5

**Table 4**  
Variable Y: Government Performance Assessment

Dimension	Indicators	Measurement Scale
Achievement of Performance Targets	Realization of indicators, achievement levels	Likert 1–5
Compliance with Regulations	Conformity to SOP, financial discipline	Likert 1–5
Service Quality	Efficiency, responsiveness	Likert 1–5
Accountability	Transparency, openness of information	Likert 1–5

## RESULTS AND DISCUSSION

### A. Research Result

#### 1. Descriptive Statistical Results

The descriptive analysis provides an overview of respondents' perceptions regarding the effectiveness of supervision, the implementation of SPIP, and government performance assessment. Overall, the mean values for all variables indicate that respondents tend to perceive the supervisory processes and internal control systems as functioning adequately. This condition reflects the increasing commitment of the Nunukan Regency Regional Inspectorate in strengthening governance practices.

#### 2. Coefficient of Determination ( $R^2$ )

The coefficient of determination explains the extent to which the independent variables contribute to variations in the dependent variable.

**Table 5**  
Coefficient of Determination ( $R^2$ )

Model	R	R Square	Adjusted R Square
1	0.888	0.789	0.779

The results show that the combination of supervision effectiveness (X1) and SPIP (X2) explains 78.9% of the variance in government performance assessment (Y). This indicates a strong predictive ability of the model, while the remaining 21.1% is influenced by other variables not examined in this study, such as leadership style, organizational culture, or audit resources.

#### 3. Regression Analysis

**Table 6**  
Multiple Linear Regression Coefficients

Variable	B	Std. Error	t-value	Sig.
Constant	6.215	1.251	4.97	0.000
Supervision Effectiveness (X1)	0.471	0.082	5.73	0.000
SPIP (X2)	0.310	0.094	3.31	0.002

The regression equation is expressed as:

$$Y = 6.215 + 0.471X_1 + 0.310X_2$$

The positive coefficients indicate that both variables contribute to enhancing the regional government's performance assessment.

#### 4. Hypothesis Testing

##### a. Partial Test (t-test)

The t-test results indicate:

- 1) Supervision Effectiveness (X1) significantly influences performance assessment (t = 5.73, Sig. 0.000).
  - 2) SPIP (X2) also has a significant effect (t = 3.31, Sig. 0.002).
- Thus, H1 and H2 are accepted.

##### b. Simultaneous Test (F-test)

**Table 7**  
ANOVA (F-test)

Model	F	Sig.
1	75.214	0.000

The F-test result indicates that supervision effectiveness and SPIP simultaneously have a significant influence on performance assessment. Therefore, H3 is accepted.

## B. Discussion

### 1. *The Influence of Supervision Effectiveness on Performance Assessment*

The findings show that supervision effectiveness has a strong and significant influence on government performance assessment. The coefficient (B = 0.471) indicates that improvements in audit timeliness, evidence quality, and follow-up monitoring contribute to enhanced performance outcomes.

#### *Comparison with Previous Studies*

This result supports the findings of:

- a. Nugroho et al. (2024), who conclude that effective supervision increases public sector accountability and reduces audit findings.
- b. Siregar (2021), who reports that reliable supervision mechanisms lead to more accurate performance reporting and stronger compliance with regulations.

Therefore, the present study aligns with prior literature, reinforcing the argument that supervision serves as a critical monitoring mechanism consistent with Agency Theory, helping reduce information asymmetry between government officials and the public.

### 2. *The Influence of SPIP on Performance Assessment*

The SPIP variable also demonstrates a significant positive influence (B = 0.310). This means that the maturity of control environments, better risk assessment, adequate control activities, and systematic monitoring contribute to improvements in organizational performance.

#### *Comparison with Prior Studies*

The findings are consistent with:

- a. Nugroho et al. (2024), who state that higher SPIP maturity levels correlate with improved regional performance scores.
- b. Siregar (2021), who finds that strong internal control systems reduce irregularities and strengthen performance accountability.

This result reflects the principles of Institutional Theory, where conformity to regulatory frameworks and internal control standards enhances an organization's legitimacy and performance outcomes.

### 3. *Combined Influence of Supervision Effectiveness and SPIP*

The strong R<sup>2</sup> value (78.9%) indicates that both variables jointly have a substantial impact on regional government performance. This highlights the interdependence between supervisory activities and internal control mechanisms.

The results emphasize that government performance is not only shaped by how well supervisory activities are conducted, but also by how well internal controls are institutionalized within the organization.

This provides empirical support for recent governance reforms emphasizing integrated supervision and control systems.

#### **4. Summary of Findings**

- a. Supervision effectiveness significantly enhances government performance.
- b. SPIP significantly contributes to performance improvements.
- c. Both variables jointly explain a strong portion of performance variance.
- d. The findings support previous research and strengthen the theoretical foundation of governance studies.

### **CONCLUSION AND SUGGESTION**

#### **A. Conclusion**

The effectiveness of supervision has a significant influence on performance assessment by the Regional Inspectorate of Nunukan Regency. The higher the effectiveness of supervision, as demonstrated through the timeliness of audits, follow-up on recommendations, number of findings, and the level of compliance of local government units, the better the quality of performance assessments produced. This reflects that optimal supervision can serve as a primary instrument in evaluating performance objectively and accountably.

#### **B. Suggestion**

1. The Government of Nunukan Regency is advised to optimize the comprehensive implementation of SPIP, particularly in the areas of human resource training, strengthening internal monitoring, and risk management, so that the control system in place can truly support continuous performance improvement.
2. For future researchers, it is recommended to expand the scope of the study by including other variables that may influence performance assessment, such as the capability of the Government Internal Supervisory Apparatus (APIP), organizational culture, or the use of information technology in the supervisory process. Research may also employ a mixed-methods approach to obtain a more comprehensive picture from both quantitative and qualitative perspectives. Furthermore, future studies should involve more respondents from various regions to obtain results that are more representative and allow for cross-regional comparisons.

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