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DETERMINANTS OF INTERNAL CONTROL SYSTEM QUALITY AT VOCATIONAL HIGH SCHOOL

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ABSTRACT

This study aims to examine (1) the influence between teacher citizenship behavior and internal control system quality at vocational high schools; (2) the influence between internal quality audits and internal control system quality at vocational high school; (3) the influence between local wisdom value-based management and internal control system quality at vocational high school. The method of the study was based on descriptive quantitative. The sampel of this study were 57 of A-accredited public and private vocational high schools includes: Surakarta, Klaten, Karanganyar, Sragen, Sukoharjo and Boyolali. The data was collected by questionnaire. The Confirmatory Factor Analysis (CFA) approach was used to examine this study model, which was aided by SmartPLS Version 3.0 software. The results of the study show that (1) there is a significantly affect between teacher citizenship behavior and internal control system quality at vocational high school. This is evidenced by p-value of $0.000 < 0.05$; (2) there is a significantly affect between internal quality audit and internal control system quality at vocational high schools. This is evidenced by p-value of $0.028 < 0.05$; (3) there is a significantly affect between local wisdom value-based management and internal control system quality at vocational high school. This is evidenced by p-value of $0.000 < 0.05$.

Keywords: Internal Control System Quality, Internal Quality Audit, Local Wisdom Value-Based Management, Teacher Citizenship Behavior.

INTRODUCTION

Education is a fundamental public service that receives a significant budget allocation from the government, amounting to at least 20% of the State Budget (APBN) and Regional Budget (APBD) in accordance with the mandate outlined in Article 31 Paragraph (4) of the 1945 Constitution and Article 49 Paragraph (1) of Law Number 20 of 2003 concerning the National Education System. The quality of educational services in Indonesia remains relatively low. The education sector is consistently among the top five sectors involved in corruption cases prosecuted by law enforcement agencies (Indonesia Corruption Watch, 2021). Numerous instances indicate that school financial management is neither professional nor accountable and does not comply with the School Budget and Expenditure Plan

(RAPBS). The funds most susceptible to corruption in the education sector are the Special Allocation Fund (DAK) and the School Operational Assistance (BOS) (Indonesia Corruption Watch, 2021). The BOS funds are allocated to educational institutions (elementary, junior high, high schools/vocational schools) from the central and regional governments to cover non-personnel operational needs of schools so that these costs are not charged to students. BOS funds are a manifestation of the mandate of Law Number 20 of 2003 concerning the National Education System (2003, p. 18) which states, "the government and regional governments guarantee the implementation of compulsory education." One way the state guarantees the implementation of compulsory education is through BOS funds. Therefore, the role of BOS funds is very strategic in the national education system. However, in the reality, the education sector has the highest incidence of corruption cases at both the provincial and district/city levels.

Research conducted by International Corruption Watch (ICW) from 2016 to 2021 revealed 240 cases of educational corruption addressed by law enforcement agencies. These budget misuse cases resulted in state losses amounting to Rp1.605 trillion (Indonesia Corruption Watch, 2021). Ade Irawan, the Head of the ICW Public Service Monitoring Division, stated that the high incidence of corruption in schools lies in the relationship between the education offices and schools in the misuse of budgets (Indonesia Corruption Watch, 2021). The School Operational Assistance (BOS) funds are often misused in their budget allocation (Indonesia Corruption Watch, 2021). Misuses of BOS funds include illegal levies, bribery, and non-compliance with the technical guidelines for using BOS funds.

This phenomenon indicates that some schools still lack a quality internal control system. According to Cameron (as cited by Nana & Otoo, 2023), internal control is an organizational system of rules and processes for complying with principles and regulations to improve operational efficiency and effectiveness. The internal control system in schools involves planning that includes the school's organizational structure and all school resources, coordinated and implemented to manage and safeguard school resources. This includes verifying the accuracy and correctness of financial data, promoting efficiency, effectiveness, and adherence to management policies established and enforced in the school.

The impact of a poor-quality internal control system in an organization can trigger deviant behavior that will not guarantee the security of company assets, unreliable accounting information, and ineffective and inefficient management policies (Rejeki, 2017). Research by Tuanakotta (2017) finds that fraud prevention can be achieved by implementing an internal control system. This aligns with the research by Rahmadhani & Suparno (2020), which states that internal control systems are crucial for detecting financial irregularities that can harm the organization. (Nasir, 2022) explains that a quality internal control system in managing human resources, such as principals, teachers, and administrative staff, can positively impact the management and resources of a school. This creates high-quality learning services and a more effective learning process, with competent principals who can manage and make various policies and programs that support a high-quality education system.

The high number of BOS fund misuse cases necessitates actions to prevent them. Internal control systems are closely related to the COSO Integrated Framework theory. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) published the "Internal Control – Integrated Framework" in 2013, stating that an internal control system is an illustrative tool for assessing the effectiveness of an organization's internal control system, providing a format that simplifies the evaluation of principles, components, and the overall internal control system and how the format is used (COSO, 2013). According to COSO, there are five components of an internal control system: control environment, risk

assessment, control activities, information and communication, and monitoring.

The control environment component consists of the standards, structures, and processes that form the foundation for implementing an internal control system in an organization (COSO, 2013). Management is the ability of an individual to acquire professional knowledge and skills, roles, tasks, abilities, or personal traits essential for demonstrating good work performance and effectively communicating with others (Januri et al., 2018). Management based on local wisdom is closely related to the control environment component in the COSO Integrated Framework theory. Research by Gao & Zhang (2019), Vu & Nga (2022), and Cavalluzzo and Ittner (as cited in Januri et al., 2018) explains that the control environment is closely linked to organizational management with a culture and ethical values that can enhance school management, thereby achieving an effective internal control system for schools.

In the COSO Integrated Framework theory, the component of control activities refers to actions established in policies and procedures to help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Teacher citizenship behavior is the voluntary behavior of a teacher who, for example, helps others complete tasks that are not their responsibility without expecting a reward. This voluntary behavior is demonstrated through a cooperative and critical attitude that exceeds the established roles and responsibilities. Thus, teacher citizenship behavior is closely related to the control activities component in the COSO Integrated Framework theory. Research by Tanggulangan (2011), Gal & Akisik (2020), and Salehi et al. (2020) explains that an effective internal control system in an organization can be achieved by employing members who exhibit teacher citizenship behavior.

In addition to the influence of management based on local wisdom and teacher citizenship behavior on the quality of the internal control system in schools, the monitoring component in the COSO Integrated Framework theory represents the process of continuous, separate, or combined evaluations that determine the effectiveness of the internal control system. The principle of this component is to evaluate continuously or separately, both internally and externally, to ensure the performance of the internal control system and to communicate internal control weaknesses so that corrective actions can be taken promptly. According to Anderson, internal quality audits are a function within an organization tasked with testing and evaluating the organization's activities (Januri et al., 2018). Internal quality audits are closely related to the monitoring component in the COSO Integrated Framework theory. This is evidenced by research from Halibas et al. (2020), Januri et al. (2018), and Kuntadi (as cited by Willdahlia, 2017), which explains that internal quality audits are the main source of information for an organization in achieving its goals, targets, and a quality internal control system in schools.

Based on the above explanation, teacher citizenship behavior, internal quality audits, and management based on local wisdom are suspected to be factors that influence the achievement of a quality internal control system in schools. Therefore, the researcher is interested in conducting a study titled "Determinant Factors of the Quality of Internal Control Systems in Vocational High Schools." It is hoped that this research will help interpret the variables that constitute it.

RESEARCH METHODS

This study uses descriptive quantitative research and aims to test the significance of the hypothesis regarding the determinants of the quality of the internal control system at Vocational High Schools. This research aims to determine the influence of the independent variable

teacher citizenship behavior as (X1), internal quality audits as (X2), local wisdom-based management as (X3) on the dependent variable of internal control system quality (Y). Data was collected in this study using simple random sampling techniques. According to Sugiyono (2019) simple random sampling is a sampling technique carried out randomly without regard to those in the population. The sample in this study were 57 of A-accredited public and private vocational high schools includes: Surakarta City, Klaten Regency, Karanganyar Regency, Sragen Regency, Sukoharjo Regency and Boyolali Regency.

Respondents in this study are schools and are represented by senior teachers who have taught at the school for more than 5 years for the Teacher Citizenship Behavior variable, the School Internal Quality Assurance System (SPMI) for the Internal Quality Audit variable, the school principal or vice principal for the Local Wisdom-Based Management variable and the Internal Control System Quality. The data collection technique used a questionnaire. Questionnaire is a research data collection technique using a series of questions or statements to respondents for become answers or data in a study (Sugiyono, 2019). This research design used a survey by distributing questionnaires about teacher citizenship behavior variables (X1), internal quality audits (X2), local wisdom-based management (X3), and the internal control system quality (Y) to respondents. The Confirmatory Factor Analysis with the help of SmartPLS Version 3.0 software was used to analyses data. Confirmatory Factor Analysis is a technique in Structural Equation Modeling used to determine whether latent variables are formed from the indicator variables (Haryono, 2016).

RESULTS AND DISCUSSION

Result

The analysis in this study was aided by SmartPLS software version 3.0. The findings of the study identified the influence between constructs, significance values, R-square, and the research model. The findings of this study can be seen in Figure 1.

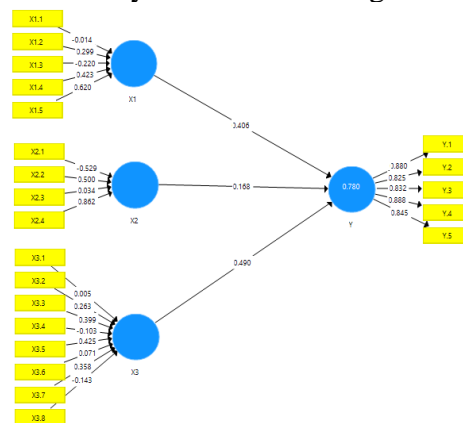


Figure 1. R-Square Determination Coefficient Results

R-square value is a measure indicating how much the dependent variable can be explained by the independent variables. R-square values have criteria of 0.25, 0.50, and 0.75, indicating weak, moderate, and strong models (Hair et al., 2021). The higher the R-square value, the higher the significance value of the research model (Abdillah & Hartono, 2015). The results of the R-square analysis of the research model are presented as follows:

Table 1. Determination Coefficients (R-Square)

| Variable | R-square | Description |
|-------------------------------------|----------|-------------|
| Internal Control System Quality (Y) | 0.780 | Strong |

The R-square value of 0.780 indicates a strong model, with the internal control system quality (Y) explained 78% by the independent variables teacher citizenship behavior (X1), internal quality audits (X2), and local wisdom-based management (X3), with the remaining 22% explained by other variables.

Next, the t-test or significance value (P-values) was analyzed. P-values indicate whether the sample assumptions from the population test fail to reject the null hypothesis. If $\alpha > P$ -values, the null hypothesis is rejected; if $P\text{-value} \leq 0.05$, the relationship between constructs is significant (Hair et al., 2021). The hypothesis test results using bootstrapping are shown in Table 2:

Table 2. t-Test Results (P-values)

| Hypothesis | Sample Mean | T-Statistic (O/STDEV) | P-values | Description |
|----------------|-------------|-----------------------|----------|-------------|
| H ₁ | 0,266 | 3.332 | 0.000 | Significant |
| H ₂ | 0,093 | 1.920 | 0.028 | Significant |
| H ₃ | 0,366 | 4.532 | 0.000 | Significant |

All hypotheses are significant, with P-values ≤ 0.05 . The hypothesis test results are:

H₁ : Teacher Citizenship Behavior's Influence on Internal Control System Quality

Teacher citizenship behavior (X1) significantly affects internal control system quality (Y) with a P-value of $0.000 < 0.05$, confirming the hypothesis.

H₂ : Internal Quality Audit's Influence on Internal Control System Quality

Internal quality audit (X2) significantly affects internal control system quality (Y) with a P-value of $0.028 < 0.05$, confirming the hypothesis.

H₃ : Local Wisdom-Based Management's Influence on Internal Control System Quality

Local wisdom-based management (X3) significantly affects internal control system quality (Y) with a P-value of $0.000 < 0.05$, confirming the hypothesis.

Discussion

Based on the results of Confirmatory Factor Analysis (CFA), it is proven and confirmed that the three factors of internal control system quality have a significant impact. The indicators have shown significant p-values < 0.05 . Firstly, there is an influence of teacher citizenship behavior on the quality of internal control systems in Vocational High Schools. This is evidenced by the hypothesis testing results showing a significance value of 0.000. Since $0.000 < 0.05$, H₀ is rejected and H_a is accepted, indicating that the teacher citizenship behavior variable is a factor influencing the quality of internal control systems in Vocational High Schools. These research findings are consistent with previous studies by Humairo & Mulyana (2013), Setiawan et al. (2021), Gal & Akisik (2020), and Tanggulangan (2011). The COSO - Integrated Framework in the COSO Integrated Framework Theory mentions 5 components of internal control systems, including control activities COSO (2013). Teacher citizenship behavior represents a component of control activities. Salehi et al. (2020) explained that an effective internal control system of an organization can be achieved by employing organizational members who voluntarily engage in tasks that are not their responsibilities. The results of this study can be concluded that when teachers in a school environment exhibit high levels of teacher citizenship behavior, the school will be able to develop more effectively because all its human resources exhibit prosocial behavior beyond their obligations, thus enabling the school to achieve a high-quality internal control system.

Secondly, there is an influence of internal quality audits on the quality of the internal control system in Vocational High Schools. This is evidenced by the hypothesis test results

showing a significance value of 0.028. Since $0.028 < 0.05$, H_0 is rejected and H_a is accepted, indicating that the internal quality audit variable is a factor influencing the quality of the internal control system in Vocational High Schools. These research findings are consistent with previous studies by Halibas et al. (2020), Jung & Cho (2022), Januri et al. (2018), Wulandari et al. (2019), Gari & Sudarmadi (2019), Kristianto et al. (2023), and Chang et al. (2019). Therefore, internal quality audits can be used as a factor influencing the quality of the internal control system in schools. The COSO - Integrated Framework in the COSO Integrated Framework theory mentions 5 components of internal control systems, including the monitoring component COSO (2013). Internal quality audits represent the monitoring component. According to Januri et al. (2018), internal quality audits are the primary source of information for organizations in achieving quality school goals, objectives, and internal control systems. The results of this study can be concluded that the effectiveness of internal quality audits can achieve a high-quality internal control system in schools. This means that schools have quality outputs, outcomes, professional development of human resources, and school organization. The implementation of good school organizational governance is evaluated by internal quality audits to determine the extent to which governance processes can meet stakeholder expectations, and the effectiveness of internal quality audits encourages the achievement of goals and objectives of a school organization.

Thirdly, there is an influence of locally wisdom-based management on the quality of the internal control system in Vocational High Schools. This is evidenced by the hypothesis test results showing a significance value of 0.000. Since $0.000 < 0.05$, H_0 is rejected and H_a is accepted, indicating that locally wisdom-based management variables are factors influencing the quality of the internal control system in Vocational High Schools. These research findings are consistent with previous studies by Muis et al. (2018), Januri et al. (2018), Purwoko (2018), Marselina et al. (2022), and Vu & Nga (2022). Therefore, locally wisdom-based management can be used as a factor influencing the quality of the internal control system in schools. The COSO - Integrated Framework in the COSO Integrated Framework theory mentions 5 components of internal control systems, including the control environment (COSO, 2013). Locally wisdom-based management represents the control environment component. In Aria et al. (2023) study, it is explained that the application of organizational culture has a positive effect on good corporate governance. With the development of time, good corporate governance plays an important role for organizations as a management control tool in improving organizational performance. The application of organizational culture will regulate the relationship between school management, teachers, and the entire school community. It will then be implemented in the form of a framework needed to determine goals, methods of achieving goals, and monitoring the performance produced. The results of this study can be concluded that the application of locally wisdom-based management can improve school management so that it can achieve a high-quality internal control system and effectively achieve organizational goals.

CLOSING

Based on research conducted at Vocational High Schools, the results of hypothesis testing and discussion that have been presented can be concluded that the three factors of internal control system quality have a significant effect. First, there is an effect of teacher citizenship behavior on the quality of the internal control system in Vocational High Schools. This is evidenced by the results of hypothesis testing which shows a significance value of 0.000. The result of $0.000 < 0.05$ then H_0 is rejected and H_a is accepted. Second, there is an effect of internal quality audits on the quality of the internal control system in Vocational High Schools. This is evidenced by the results of the hypothesis test which shows a significance value of 0.028. The result of $0.028 < 0.05$ then H_0 is

rejected and H_a is accepted. Third, there is an influence of local wisdom-based management on the quality of the internal control system in Vocational High Schools. This is evidenced by the results of hypothesis testing which shows a significance value of 0.000. The result of $0.000 < 0.05$ then H_0 is rejected and H_a is accepted.

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