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Internal Control Strategies in The Face of Budget Constraints (A Case Study of The Inspector General's Office of The Ministry of Communications and Digital Technology)

Yudela Susantilia*, Sri Wahyuni
Perbanas Institute, Indonesia
Email: yudelasusantilia@gmail.com*, sri.wahyuni@perbanas.id

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Internal Control System; Budget Constraints; COSO Framework

ABSTRACT

This research examines the implementation of internal control strategies in addressing budget constraints within the Inspectorate General of the Ministry of Communication and Digital Affairs. The research is motivated by the 2025 fiscal efficiency policy, which significantly reduced budget allocations for government institutions, including internal audit units responsible for ensuring accountability and good governance. The objective of this research is to analyze how the five components of the COSO Internal Control Framework are implemented under limited financial resources, identify factors contributing to weaknesses in internal control, and explore adaptive strategies that support organizational effectiveness. This research employs a qualitative case study approach within an interpretivist paradigm. Data were collected through in-depth interviews, participatory observation, and document analysis involving key stakeholders within the Inspectorate General. The data were analyzed using the interactive model developed by Miles, Huberman, and Saldaña, with General Systems Theory and the COSO Internal Control Framework serving as analytical lenses. The findings indicate that budget constraints affect the effectiveness of internal control implementation, particularly in areas such as risk assessment, control activities, and capacity development. However, internal control remains effective when supported by strong organizational commitment and adaptive mechanisms. The research also reveals that the use of technology, human resource optimization, and risk-based prioritization are key adaptive strategies that enhance efficiency without compromising audit quality. In conclusion, internal control functions not only as a compliance mechanism but also as a strategic instrument that strengthens organizational resilience under conditions of fiscal constraint.

INTRODUCTION

The government issued a budget efficiency policy for 2025 through Presidential Instruction (Inpres) Number 1 of 2025. This policy aims to optimize the management of the State Revenue and Expenditure Budget (APBN) and the Regional Revenue and Expenditure Budget (APBD) by targeting savings of IDR 306.69 trillion. These efficiency measures include reductions in expenditures by ministries and institutions amounting to IDR 256.1 trillion and reductions in transfers to regional governments amounting to IDR 50.59 trillion (Presidential Instruction Number 1 of 2025, 2025). The savings primarily focus on reducing non-priority expenditures, such as official travel, office stationery, and ceremonial activities. This policy is expected to reduce waste, improve the effectiveness of government spending, and support

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priority programs such as the Free Nutritious Meals (Makan Bergizi Gratis [MBG]) program to promote economic growth and improve the welfare of the Indonesian people (Kompas, 2025).

However, this policy has also drawn criticism because it has the potential to disrupt public services, particularly in the education and health sectors, and may increase the risk of an economic slowdown due to reduced public purchasing power and adverse impacts on the MSME sector. This budget reduction also has the potential to hinder the implementation of strategic programs within ministries and institutions (Astika et al., 2025; Putri, 2025), particularly in the education, health, and public service sectors, because of limited funding for training, workforce recruitment, and infrastructure maintenance (Tempo, 2025).

The reduction in budget allocations was also experienced by the Ministry of Communication and Digital Affairs, including the Inspectorate General as one of the work units within the Ministry. As the only internal supervisory unit at the Echelon I level, the Inspectorate General carries a broad supervisory responsibility covering all work units within the Ministry. Based on the Ministry of Communication and Digital Affairs' official financial reports for 2021–2025, the Inspectorate General's budget allocation for the 2025 fiscal year experienced a significant reduction of approximately 35–40% compared with the 2024 allocation, particularly in the areas of auditor training, the development of supporting technologies, and the enhancement of supervisory capacity. This condition creates constraints on the provision of resources necessary for effective internal supervision (Bougadir & Zahir, 2026; Hlabisa, 2025; Zhang et al., 2024).

Under conditions of budget constraints, an internal control system is a crucial element in ensuring the effective and efficient use of resources. Well-designed internal controls not only serve as supervisory mechanisms for preventing irregularities but also function as strategic instruments that support the achievement of organizational objectives. The Committee of Sponsoring Organizations of the Treadway Commission (COSO, 2013) defines internal control as a process designed to provide reasonable assurance regarding the achievement of objectives related to the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Effective internal control comprises five main components: the control environment, risk assessment, control activities, information and communication, and monitoring activities (COSO, 2013).

There are five factors that affect weaknesses in internal control within government agencies, namely the size of the local government, locally generated revenue, capital expenditure, social assistance expenditure, and follow-up actions on audit findings (Nurmala Sari & Darmastuti, 2023). With regard to the locally generated revenue factor, which reflects budget availability, local governments with higher levels of locally generated revenue tend to have greater resources to invest in improved financial systems, qualified personnel, and stronger control processes, thereby reducing internal control weaknesses (Triono, 2020).

In this situation, government agencies face significant challenges in carrying out their duties and functions. Limited financial resources require public organizations to innovate in managing resources effectively and efficiently while continuing to achieve established performance targets. The Inspectorate General of the Ministry of Communication and Digital Affairs, as an internal supervisory unit with a strategic role in supporting national digital transformation, is not exempt from these challenges. In the context of digital transformation, the Inspectorate General is required to ensure good governance, accountability, and efficiency in program implementation despite significant budget constraints (Engstrom & Ho, 2020; Kettl, 2015; Shah, 2017; Wirtz et al., 2019).

Research on the impact of budget efficiency at the ministry and institutional levels remains limited. Previous research has focused primarily on impacts at the local government level and on budget constraints prior to the implementation of the efficiency policy (Astika et al., 2025; Nurmala Sari & Darmastuti, 2023). Even where research has been conducted following the issuance of budget efficiency policies, the focus has generally been on the health and education sectors (Prince, 2025).

Research on the impact of budget efficiency at the ministry and institutional levels remains limited. Previous research has focused primarily on impacts at the local government level and on budget constraints before the introduction of efficiency policies (Astika et al., 2025; Nurmala Sari & Darmastuti, 2023). Even where research has been conducted following the issuance of budget efficiency policies, the focus has been on the health and education sectors (Putri, 2025). To date, no study has specifically examined how internal audit units at the ministry level adapt their internal control strategies in response to the significant budget reductions mandated by Presidential Instruction Number 1 of 2025.

This research addresses this gap by positioning internal control not only as a compliance instrument but also as part of an organization's strategic choices (David, 2011; Wheelen & Hunger, 2012) for maintaining the effectiveness and efficiency of supervision amid fiscal pressures. The novelty of this research lies in three aspects: first, it examines the implementation of the five COSO components within an internal audit unit at the ministry level under the 2025 efficiency policy; second, it identifies specific factors contributing to internal control weaknesses in a resource-constrained environment; and third, it formulates adaptive internal control strategies with practical implications for similar government institutions facing fiscal constraints.

Based on this description, the author considers it necessary to conduct research examining internal control strategies for addressing budget constraints within internal supervisory units at the ministry level. This research positions internal control not only as a compliance instrument but also as part of an organization's strategic choices (David, 2011; Wheelen & Hunger, 2012) for maintaining the effectiveness and efficiency of supervision amid fiscal pressures. Thus, this research is expected to serve as a reference for policymakers in formulating appropriate internal control strategies (Imelda et al., 2025; Nurferyanto & Takahashi, 2024; Yuniarto & Siregar, 2025).

Therefore, an appropriate strategy is needed to address such non-ideal conditions. This study aims to evaluate the effectiveness of the internal control strategies implemented by the Inspectorate General of the Ministry of Communication and Digital Affairs in addressing budget constraints and to formulate adaptive internal control strategies that have a tangible impact on organizational efficiency and performance. This research is expected to provide a theoretical contribution by developing an internal control framework relevant to conditions of fiscal pressure, as well as a practical contribution through strategic recommendations that can be implemented by the Inspectorate General to support national digital transformation.

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METHOD

Research Design

This research employed a qualitative approach with a case study design to examine the effectiveness of internal control strategies implemented by the Inspectorate General of the Ministry of Communication and Digital Affairs in addressing budget constraints resulting from Presidential Instruction Number 1 of 2025 (Yin, 2018; Creswell & Poth, 2018). The study focused on the implementation of the five COSO components—control environment, risk assessment, control activities, information and communication, and monitoring—as well as factors contributing to internal control weaknesses and the adaptive strategies adopted by the organization. The qualitative approach was used to capture stakeholder perspectives and organizational dynamics within the framework of General Systems Theory and the COSO Internal Control Framework.

Data Types and Sources

This study uses two types of data:

a. Primary Data, in the form of direct information from in-depth interviews with stakeholders at the Inspectorate General, direct observation of internal control processes, and internal documentation (e.g., audit reports).
b. Secondary data, in the form of supporting data from the official report of the Ministry of Communication and Digital (2021-2025) on budget trends, Presidential Instruction Number 1 of 2025 policies, and literature related to internal control.

Data Collection Methods and Techniques

Data is collected through the following methods:

a. In-Depth Interview:
   Conducted with a semi-structured interview guide to explore the application of COSO components, weakness factors, and internal control strategies. Interviews are recorded and transcribed for analysis.
b. Participatory Observation:
   Direct observation of supervisory activities at the Inspectorate General to understand process dynamics and operational constraints.
c. Study Document:
   Analysis of internal documents, such as budget reports, audit results, and internal control policies, to complete qualitative data.

Data Analysis Methods

Data analysis was carried out using a qualitative approach following the interactive model of Miles, Huberman, and Saldaña (2014), with the following stages:

a. Data Reduction: Selecting relevant data from interviews, observations, and documents, with a focus on COSO implementation, weakness factors, and adaptive strategies.
b. Data Presentation: Organize data in the form of narratives, tables, or diagrams to map findings, such as the relationship between budget constraints and control effectiveness.
c. Verification and Conclusion Drawn: Using triangulation of sources (primary and secondary data) to validate the findings, analyzed with the General Systems Theory approach and the COSO framework to explain the system interaction and strategy effectiveness.

RESULTS AND DISCUSSION

This chapter presents the results of data analysis, findings, and discussion. The presentation began with a brief description of the unit of analysis to provide context in understanding the research findings, followed by the presentation of data, analysis, and interpretation prepared to answer the three research questions, as well as a discussion that related the findings to the foundations of theory and previous research.

Brief Description of Analysis Units

Profile and Position of the Inspectorate General of the Ministry of Communication and Communication

The analysis unit in this study is the Inspectorate General of the Ministry of Communication and Digital, hereinafter referred to as the Inspectorate General of the Ministry of Communication and Digital. The organization, and work procedures of this ministry are regulated in the Regulation of the Minister of Communication and Digital Number 1 of 2025 concerning the Organization and Work Procedures of the Ministry of Communication and Digital, which is stipulated as the implementation of Article 47 of Presidential Regulation Number 174 of 2024 concerning the Ministry of Communication and Digital. The organizational arrangement is expressly aimed at realizing effective and efficient work procedures to improve the performance of the implementation of the ministry's duties and functions.

Based on Article 7 of Permenkomdigi Number 1 of 2025, the organizational structure of the Ministry of Communication and Digital consists of the Secretariat General; five directorates general, namely the Directorate General of Digital Infrastructure, the Directorate General of Digital Government Technology, the Directorate General of Digital Ecosystem, the Directorate General of Digital Space Supervision, and the Directorate General of Public Communication and Media; Inspectorate General; and the Communication and Digital Human Resources Development Agency. Among all units at the level of echelon I, the Inspectorate General occupies the position of the only unit that carries out the function of internal supervision.

In accordance with Article 197, the Inspectorate General is under and directly responsible to the Minister, and is headed by an Inspector General. This position places the Inspector General as the Government Internal Supervisory Apparatus (APIP) with a line of direct accountability to the head of the ministry — a position that affirms his relative independence as well as his authority in overseeing the accountability of all work units within the ministry.

In the framework of this study, this position becomes relevant because the effectiveness of internal control which is the object of study is highly determined by the position, authority, and availability of resources attached to the Inspector General as a subsystem of supervision in the ministry organization.

Main Tasks, Functions, and Organizational Structure

Based on Article 198 of Permenkomdigi Number 1 of 2025, the Inspector General of the Ministry of Communication and Communication has the main task of carrying out internal supervision within the ministry. To carry out these duties, Article 199 stipulates six functions carried out by the Inspectorate General, namely:

a. the preparation of technical policies for internal supervision within the ministry;
b. the implementation of internal supervision of performance and finances through audits, reviews, evaluations, monitoring, and other supervisory activities;

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c. the implementation of supervision for certain purposes on the assignment of the Minister;
d. preparation of reports on the results of supervision within the ministry;
e. the implementation of the administration of the Inspectorate General; and
f. implementation of other functions given by the Minister.

These functions, especially the implementation of audit, review, evaluation, and monitoring, are essentially internal control instruments that are in line with the components of control activities and monitoring activities within the framework of COSO that are the basis of this research.

In terms of organizational structure, Article 200 stipulates that the Inspectorate General consists of the Secretariat of the Inspectorate General and four supervisory units, namely Inspectorate I, Inspectorate II, Inspectorate III, and Inspectorate IV.

The Secretariat of the Inspectorate General is tasked with providing management, technical, and administrative services to all organizational units within the Itjen (Article 201). Among its functions, as stipulated in Article 202, the Secretariat prepares the coordination of the preparation of plans, programs, and budgets and their control; carry out evaluation of the report on the results of supervision and monitor the completion of the follow-up; and manage risk management and internal compliance within the Itjen. The function of budget management and follow-up monitoring is most closely related to the context of budget limitations studied in this study.

The four inspectorates divide the scope of supervision based on their partners. **Inspectorate I** supervises the scope of the Directorate General of Digital Infrastructure and the Telecommunications and Information Accessibility Agency; **Inspectorate II** supervises the Directorate General of Digital Ecosystems, the Directorate General of Digital Space Supervision, and the Inspectorate General's own internal affairs; **Inspectorate III** supervises the Directorate General of Public Communication and Media and the Communication and Digital Human Resources Development Agency; and **Inspectorate IV** supervises the Directorate General of Digital Government Technology and the Secretariat General (Articles 206, 210, 214, and 218). Each inspectorate carries out a similar task, namely drafting technical policies and carrying out internal supervision through audits, reviews, evaluations, and monitoring in its scope of work.

Each inspectorate is supported by the Administration Subdivision as well as functional and executive positions (Articles 208, 212, 216, and 220). The functional position of the auditor — which in this study is represented by the Associate Expert Auditor and the Junior Expert Auditor — is the spearhead of the implementation of supervision and at the same time the main informant of the research, in addition to the Inspector as a leading element.

The description of the structure shows that the Ministry of Commerce's Inspector General is a relatively lean supervisory organization, but carries a broad supervisory burden because it covers all echelon I units of the ministry. This condition makes the issue of budget limitations — as triggered by the spending efficiency policy through Presidential Instruction Number 1 of 2025 — very relevant to be studied, because it has the potential to directly affect the capacity of the Inspector General in carrying out his internal supervision mandate.

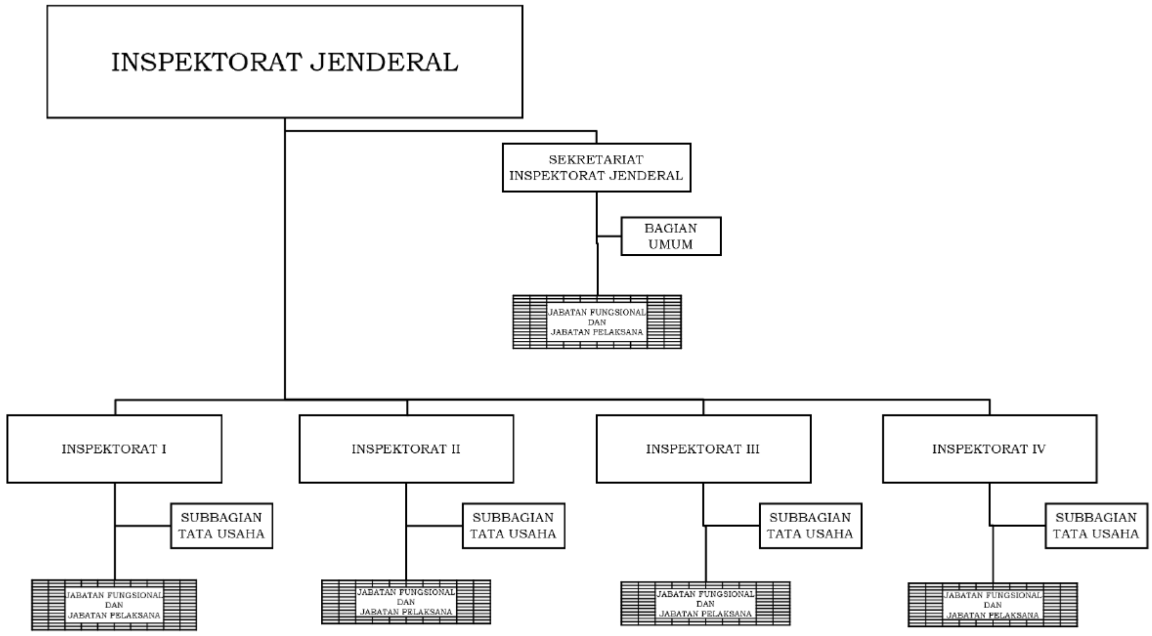

Figure 1. Organizational Structure of the Inspectorate General of the Ministry of Communication and Communication

Research Informant Profile

The selection of informants in this study was carried out by purposive sampling, namely selecting the parties who are considered to understand and are directly involved in the implementation of internal control at the Ministry of Communication and Commerce, as explained in Chapter III. The number of informants is targeted at 10 to 15 people and can be adjusted until data saturation is achieved, which is a condition when the information obtained no longer provides meaningful new findings.

Informants are grouped into three categories of positions that are deliberately chosen so that the phenomenon of internal control can be reviewed from three complementary perspectives. Inspectors represent strategic and policy perspectives; The Associate Expert Auditor represents the tactical perspective and supervision of the assignment; while the Junior Expert Auditor represents the operational perspective in the field. This division allows for triangulation of sources between levels of positions so that the findings produced become more complete and reliable.

The composition of the informants and the perspectives explored are summarized in Table 1. The identity of each informant is presented in the form of codes, such as I-1 and I-2, to maintain confidentiality and anonymity in accordance with the ethical principles of research.

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Details such as the period of service and the time and place of the interview were completed at the data collection stage.

Table 1. Composition and Design of Research Informants

No.	Category of Departments	Key Information Perspectives and Focuses	Number of Informants
1	Inspektur	Strategic and policy perspectives: control environment, risk prioritization, and adaptive strategies at the policy level.	【 ... 】
2	Associate Expert Auditor	Tactical and supervisory perspectives: risk-based audit planning, tiered reviews, and team resource optimization.	【 ... 】
3	Young Expert Auditor	Operational and field perspectives: task implementation, adequacy of training and technology, and real obstacles in the field.	【 ... 】
	Total	It is set purposively until data saturation is achieved.	10–15

Source: Primary data, designed by the researcher (2025)

Research Findings: Data Presentation, Analysis, and Interpretation

» CHARGING GUIDE

*This section contains **data, findings, and interpretations** to answer research questions. Restate the research question as a benchmark, then present the findings in **the same order** as the problem formulation (PP1 → PP2 → PP3).*

*The presentation follows **the Miles and Huberman Model** (data reduction → data presentation → verification/conclusion drawn) according to Chapter III. Raw data in the form of excerpts from verbatim interviews, observation notes, and document review results are used as raw materials for analysis and interpretation.*

*Meet the qualitative data quality criteria according to **Fossey et al. (2002):** authenticity, coherence, reciprocity, typicality, and level of influence of researchers. **Triangulate sources** (interviews, observations, documents) to validate each finding, and support the claim with Toulmin's (2003) Argumentation Model.*

Before presenting the findings, the three guiding research questions were restated as follows: (PP1) how the Inspector General of the Ministry of Communication and Communication implements the five components of internal control based on the COSO framework in the context of the limitations of the 2025 budget; (PP2) what factors do stakeholders consider to influence weaknesses in internal controls and how they interact with COSO principles; and (PP3) what kind of internal control strategies are considered effective to manage resources efficiently while supporting the national digital transformation agenda.

Application of the Five Components of COSO in the Context of Budget Constraints (Answering PP1)

» CHARGING GUIDE

*Present the findings **per COSO component**. For each component: (1) present data/citations; (2) analysis of the conditions of its application; (3) interpretation of whether components are still effective under fiscal pressure. Close with a summary table of the implementation levels of the five components.*

Control Environment (Principles 1–5)

These components include integrity, ethical values, organizational structure, and accountability. The findings are presented based on data collected from informants, observations, and documents.

CONTENT: Present the findings of the implementation of this component at the Inspector General during the 2025 budget limitation period, supported by informant citations and/or documentary evidence.

"... The contents of the informant's verbatim excerpt here..." (I-x, interview, [date])

ANALYSIS & INTERPRETATION: Explain whether the components are still effective, weakened, or hampered due to budget cuts; relate to relevant COSO principles.

Risk Assessment (Principles 6–9)

This component includes the identification and analysis of risks to the achievement of supervisory objectives. The findings are presented based on data collected from informants, observations, and documents.

CONTENT: Present the findings of the implementation of this component at the Inspector General during the 2025 budget limitation period, supported by informant citations and/or documentary evidence.

"... The contents of the informant's verbatim excerpt here..." (I-x, interview, [date])

ANALYSIS & INTERPRETATION: Explain whether the components are still effective, weakened, or hampered due to budget cuts; relate to relevant COSO principles.

Control Activities (Principles 10–12)

These components include authorization policies and procedures, verification, separation of duties, and the use of technology (Principle 11). The findings are presented based on data collected from informants, observations, and documents.

CONTENT: Present the findings of the implementation of this component at the Inspector General during the 2025 budget limitation period, supported by informant citations and/or documentary evidence.

"... The contents of the informant's verbatim excerpt here..." (I-x, interview, [date])

ANALYSIS & INTERPRETATION: Explain whether the components are still effective, weakened, or hampered due to budget cuts; relate to relevant COSO principles.

d. Information and Communication (Principles 13–15)

This component includes the availability and communication of relevant information. The findings are presented based on data collected from informants, observations, and documents.

CONTENT: Present the findings of the implementation of this component at the Inspector General during the 2025 budget limitation period, supported by informant citations and/or documentary evidence.

"... The contents of the informant's verbatim excerpt here..." (I-x, interview, [date])

ANALYSIS & INTERPRETATION: Explain whether the components are still effective, weakened, or hampered due to budget cuts; relate to relevant COSO principles.

Monitoring Activities (Principles 16–17)

This component includes an ongoing and separate evaluation of the SPI function. The findings are presented based on data collected from informants, observations, and documents.

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CONTENT: Present the findings of the implementation of this component at the Inspector General during the 2025 budget limitation period, supported by informant citations and/or documentary evidence.

"... The contents of the informant's verbatim excerpt here..." (I-x, interview, [date])

ANALYSIS & INTERPRETATION: Explain whether the components are still effective, weakened, or hampered due to budget cuts; relate to relevant COSO principles.

Table 2. Summary of the Implementation of the Five Components of COSO in the Inspector General of the Ministry of Communication and Communication

COSO Components	Brief Findings	Implementation Rate*
Control Environment	**【 ... 】**	**【Strong/Medium/Weak】**
Risk Assessment	**【 ... 】**	**【 ... 】**
Control Activities	**【 ... 】**	**【 ... 】**
Information and Communication	**【 ... 】**	**【 ... 】**
Monitoring Activities	**【 ... 】**	**【 ... 】**

Source: Primary data, designed by the researcher (2025)

Factors Affecting Internal Control Weaknesses (Answering PP2)

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Identify factors that stakeholders consider to affect SPI's weaknesses in budget constraints (e.g., limited human resources/training, technological limitations, workload, regulatory pressures). Group them thematically, then describe their interaction with COSO principles.

CONTENT: Explain the weak factors of SPI as a result of data reduction, grouped thematically (HR, technology, budget, organizational factors).

"... The contents of the informant's verbatim excerpt here..." (I-x, interview, [date])

Table 3. Weaknesses of Internal Control and Its Relationship to COSO Principles

Factors of Weakness	Data Source	Principles of Affected COSO
"Sorry. Limitations of Auditor Training 】	**【I-1, I-3, Document 】**	**【Principle 4 (Competence) 】**
【 ... 】	**【 ... 】**	**【 ... 】**
【 ... 】	**【 ... 】**	**【 ... 】**

Source: Primary data, processed by the researcher (2025)

Adaptive Internal Control Strategy (Answering PP3)

» CHARGING GUIDE

Explain strategies that are considered effective by the Inspector General to manage resources efficiently while supporting digital transformation. According to the framework, it is grouped into three strategy families: (1) the use of low-cost/open-source technology and audit digitization; (2) optimization of human resources (online training, rotation, capability improvement); (3) prioritizing supervision in high-risk areas.

CONTENT: Describe each strategy group along with evidence of its data (citations, practice observations, policy documents).

"... The contents of the informant's verbatim excerpt here..." (I-x, interview, [date])

Table 4. Adaptive Internal Control Strategy of the Ministry of Communication and Communicationessential.

Strategy Group	Concrete Shape	Objectives/Expected Impact
Low-cost technology	**"Sorry. Digitization of Audit Working Papers 】**	**【Efficiency and Speed】**
HR Optimization	**"Sorry. Online training, auditor rotation 】**	**【Maintaining Competence】**
Risk-based prioritization	**【 ... 】**	**【 ... 】**

Source: Primary data, processed by the researcher (2025)

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The discussion was combined with findings in accordance with the recommendations of the Perbanas SPS Guidelines. Discuss the results by comparing the findings with the theories used (Strategy Theory, General Systems Theory, COSO framework) or previous research, and demonstrate a more complete new understanding.

Close with a summary matrix of the position of the findings in the constellation of previous research.

Discussion on the Application of COSO Components (PP1)

CONTENT: Discuss the findings of 4.2.1 through the lens of the COSO framework and General Systems Theory — Itjen as a surveillance subsystem that maintains homeostasis in the midst of fiscal pressure. Compare with Kusmandhani and Halim (2015) and Lekipera da Costa (2023).

Discussion of Internal Control Weaknesses (PP2)

CONTENT: Discuss the findings of 4.2.2 by comparing Chalmers et al. (2019) on structural factors, Jati (2019) on weakening supervision when HR/technology is inadequate, and the concept of subsystem interdependence in GST.

Discussion on Adaptive Strategy (PP3)

CONTENT: Discuss the findings of 4.2.3 through Strategy Theory (David, 2011; Wheelen and Hunger, 2012 — environmental scanning to evaluation and control) and Klius et al. (2020) on SPI in the digital era, and Astika et al. (2025).

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Synthesis of Findings and Positions on Previous Research

Table 5. Matrix of Synthesis of Research Findings and Novelty

Aspects	**Findings of this study**	**Comparative Previous Research**	**Novelty / Contribution**
Implementation of COSO in Ministries and Ministries	**【 ... 】**	**【 Kusmandhani 2015; Lekipera 2023 】**	**【 ... 】**
Weakness factors	**【 ... 】**	**【 Chalmers 2019; Jati 2019 】**	**【 ... 】**
Adaptive strategies	**【 ... 】**	**【 Klius 2020; Astika 2025 】**	**【 ... 】**

Source: Primary and secondary data, synthesized by the researcher (2025)

CONCLUSION

Internal control at the Inspectorate General of the Ministry of Communication and Digital Affairs functioned not merely as a compliance mechanism but also as a strategic instrument that supported organizational resilience under fiscal constraints. The 2025 budget efficiency policy affected the effectiveness of internal control implementation, particularly in risk assessment, control activities, and capacity development. The five COSO components remained functional: the control environment remained strong because of organizational commitment; risk assessment was partially weakened but was supported by risk-based prioritization; control activities were constrained by reduced funding but were strengthened through audit digitization; information and communication remained adequate; and monitoring activities were limited by travel budget constraints but were partially supported through remote monitoring mechanisms. The primary factors contributing to internal control weaknesses were human resource limitations affecting staff competence, technological constraints that hindered control activities, and budget reductions that affected monitoring and risk assessment. These factors interacted systemically, demonstrating the interdependence of internal control components within the organizational system. Overall, internal control remained effective when supported by strong organizational commitment and adaptive mechanisms.

The adaptive strategies implemented by the Inspectorate General were grouped into three main categories: low-cost technological solutions through audit digitization, human resource optimization through online training and auditor rotation, and risk-based prioritization. These strategies demonstrated that internal control could be adapted to fiscal constraints without compromising its core objectives. This research contributed empirical evidence regarding the implementation of the COSO Internal Control Framework within a ministry-level internal audit unit under the 2025 budget efficiency policy, identified factors contributing to internal control weaknesses in a resource-constrained environment, and formulated adaptive strategies with practical implications. However, this research was limited by its qualitative case study design, context-specific findings, restricted access to confidential documents, and temporal focus on the 2025 fiscal year. The Inspectorate General should therefore strengthen digital audit capabilities, optimize human resource development, formalize risk-based prioritization, and maintain effective stakeholder communication. Policymakers should also develop more flexible internal control policies, provide targeted institutional support, and encourage interagency collaboration.

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