



Development of Functional Auditor Competency Model in Inspectorate Institution

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ABSTRACT

This study aims to review and develop auditor inspectorate competency model based on factual condition in Timor Tengah Utara (TTU) district to support the implementation of supervisory duties. Supervision is an important instruments needed to ensure the sustainability of good governance optimization. The Inspectorate is one of the institutions that plays a role in ensuring the quality of local government. The method used in this study is a qualitative-descriptive method to describe the competency model and its development based on a review of the literature and the auditor's technical competency needs. The data used in this study is sourced from interviews and studies of some of the literature relating to the issues discussed. Some of the main references used are books and journals related to work competencies, competency dictionaries, observations and interviews as well as secondary data in the form of regulatory documents and related reports. The results of this study found problems related to work discipline and auditor's personal safety. The development of competencies safety awareness requires auditors to be able to identify and improve situations that have an impact on personal safety in each process of carrying out supervision whereas the development of competencies time management requires auditors to be able to plan and regulate the use of time in setting priorities in carrying out supervisory duties with the result that they can be carried out effectively

Keyword:

Internal Auditor, Competency

Model, Safety Awareness-

Time Management

INTRODUCTION

Supervision is an important instruments needed to ensure the sustainability of good governance optimization. The Inspectorate is one of the institutions that plays a role in ensuring the quality of local government.

This role requires the inspectorate as an internal supervisory of the local government to prioritize the professionalism and integrity of every functional auditor official to realizing the proper implementation of local government performance supervision.

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Based on Ministerial of Internal Affairs Regulation No. 64 of 2007, the inspectorate is a government supervisory institution which implementing the supervision program planning, formulating policies and surveillance facility, inspection, investigation, and assessment of supervisory duties where the implementation of these tasks is technically carried out by the auditor. Auditor at the inspectorate has the scope of duties, responsibilities and authority to carry out internal supervision on local government institution and other parties which there are state interests in accordance with statutory regulation. The main tasks of the auditor in carrying out supervision is planning, organizing, technical implementation, control, and evaluation. The functional positions of auditors are classified as skilled auditor and expert auditors (PER/220/M.PAN/7/2008).

Auditor as the government internal supervisory apparatus must be competent and able to guarantee good government management, accountability, transparency, and able to get rid of the deviations behavior practice i.e., corruption, collusion and nepotism (Fitriana, 2015). Auditor has a role in assessing, monitoring and evaluating the quality of all local government apparatus performance which leads to the improvement and enhancement of public services (Asmara, 2017: 300).

One of the main components to build a supervisory work system is auditor competency. In the context of the implementation supervision by the inspectorate requires that auditors must have adequate competency qualification in order to carry out their work and function properly. A study of the effect of auditor competence and independence on internal audit quality concluded that good quality audits determined by both competence (expertise) and independence. This study also explains that experience will affect the ability of auditor to identify errors and the training conducted will increase expertise in

conducting audits (Christiawan, 2014: 85).

Auditor competencies are a combination of concepts learned through professional development and training, formal education, and on the job learning (Hass & Burnaby, 2010:4). Another studies also found that decision making and performance differences are affected by auditor competencies determined from the knowledge of formal, non-formal training, motivation and support of the environment Libby and Luft (1993), Koehler and Harvey (2004). Studies that examine the effects of internal auditor competence and independence show that professional quality supervision can be realized through increasing the competence of internal auditors in aspects of knowledge, skills, attitudes and experience (Asmara, 2017: 306).

Research on the evolution of competencies and key knowledge for internal auditors produces findings that after having sufficient knowledge according to internal auditor standards, they need the ability to identify their work environment and the risks that can occur. the *Institute of Internal Auditing* (IIA) identifies the five most important competencies required by each level of staff auditors i.e. *analytical, communication, writing skills, problem identification and solution, and time management* (Hass & Burnaby, 2010: 11-12).

In the international standard of internal auditor practice, competence and due professional care are in important part of the requirements that auditors must have. Competence means the auditor must have knowledge, skill and attitude involve consideration of current activities, trend and problems update that have been realized through the acquisition of certification and appropriate professional qualifications. Due professional care means the auditor must use precision and expertise in a reasonably prudent and competent manner. These two conditions certainly require the support of a

professional development ecosystem that is sustainable (The institute of internal auditors, 2016: 11-14).

Inspectorate of Timor Tengah Utara (TTU) regency is the supervisory element in the administration of regional government (Local Government Regulation Number 8 of 2013) which has 12 auditors with 298 audit objects. The scope of activities carried out includes; Specific inspection, year-end book closing inspection, regular supervision on local government institutions and another local institution with state interest, review of local government financial report.

Fostering the competence of inspectorate Functional Auditor Official (FAO) conducted through the education and training of auditor functional positions (JFA) by the State Development Audit Agency (SDAA) as an institution authorized to fosters inspectorate auditor competencies. This course is a mandatory requirement that must be followed by all inspectorate auditors to obtain an auditor functional certificate as the main indicator of the implementation supervision and inspection tasks. From Government Agency Performance Accountability Report of 2016 it is known that not all functional auditors who are tasked with auditing in the area of TTU district government have followed the functional auditor course and are certified.

The implementation of the supervisory duties of the TTU inspectorate still includes non-auditor employees based on regent decree. This factual conditions be an obstacle that has an impact on the effectiveness of the auditor performance. The impact was confirmed that there were some problems related to auditor performance, i.e. (1) Delays in compiling the inspection report (reaching 3-5 months of work); (2) The implementation of the audit program is out of timeliness; (3) Auditor's personal safety problems as a consequence of professionalism and integrity at work; (4) Physical risk due to natural conditions and topography. Therefore, the development of

time management and risk management competencies is needed by the inspectorate auditor.

A Competency is an “*underlying characteristic*” of an individual that is *causally related* to the “*criterion-referenced*” that affect effective performance. *Underlying characteristic* showing a fairly deep parts of a person's personality to be able to predict behavior in a wide variety situations and job tasks. *Causally related* means that a competency predicts behavior and performance. *Criterion-referenced* means that the competency actually predicts whether something is done well or badly, as measured on a specific criterion or standard. Someone can be said to be competent when fulfilling the requirements to perform standards of the work proses. Spencer and Spencer classified five types of competency characteristic, i.e. *Motives; Traits; Self-concept; Knowledge; Skill* (Spencer & Spencer, 1993: 9). David McClelland in his article “*Testing for Competence Rather for Intelligence*”, said that competency is underlying characteristics of an individual which directly affect to the performance (McClelland, 1973: 8).

Competence is also interpreted as “a person's ability (*Quality, Skill and Ability*) to perform a certain activity. This notion emphasizes the intrinsic quality of man, which allows him to submit a performance” (Skorková, 2016: 227). Competency also become the main factor to increase *organization performance* where each individual without competency will not be able to perform important tasks in the organization. Therefore, the organization must identify, develop, and manage competencies to drive the completion of important organizational tasks (Hamel & Prahalad, 1994).

In Regulation of National Civil Service Agency No. 22 of 2016, auditor competency is defined as the ability of the auditor's work that includes knowledge, skill, and attitude aspect in carrying out tasks in accordance

with specified requirements. Auditor competence consist of general competence, technical competence, and core competence. Formulation of work ability compiled and established to be competency standards. Competency standards are a measure of the auditor's minimum ability that includes aspects of *knowledge*, *skill* and *attitude* in carrying out the auditor's tasks with the good results (BPKP, 2010: 3). Competency standards contain competency models of each position level. The competency model must provide a clear definition for each competency, including measurable performance indicators that can be used as the basis for individual performance evaluation. Referring to the competency framework in the public sector built by Virtanen (2000), the elaboration of the competency model also includes professional competence of administration, ethics competence and political competence (Skorková, 2016:228).

Drafting and developing an organizational competency model can be tailored to your organizational vision and mission, organizational objectives, organizational culture and organizational strategy. Some of the methods that are commonly used to develop competency models include;(1) *Flexible job competency model method*: This method aims to identify the competencies required to work effectively; (2) *Accelerated competency systems method*: This method puts the focus on competencies that specifically support the production of output such as product, service or information organization (Sanghi, 2007:28).

The improvement of auditor competence through the implementation of JFA course classified by the type and level of the functional auditor, but in JFA course has not specifically provided the competency model related to occupational safety or time management. Competency model of the standard in the development of JFA by SDAA only contains about risk management with

adjusted at each level of Auditor department without any standard related to the competency model *Safety Awareness* and *Time Management*. Therefore, it is necessary to develop both competency models against auditor staff as a form of follow-up of employee performance evaluation. Competency *Safety awareness* is the ability to identify and improve conditions that affect employee safety; Uphold work safety standards. Each individual in carrying out the work is obliged to understand the practice/technical of occupational safety and security, follow and implement it effectively and encourage others to do the same. The competence of *time management* is an individual capability in managing the time and resources available to achieve efficient work. Moreover, the competence of *time management* can be established as: (1) the ability to plan and manage the use of time yourself, meet deadlines, and not necessarily depend on the last minute; (2) Ability and seriousness to regulate the use of existing time and to arrange the work priorities so that the task/work can be completed on time (*Competency Dictionary of Harvard University*, 2018).

METHOD

The method used in this study is a qualitative-descriptive method to describe the competency model and its development based on a review of the literature and the auditor's technical competency needs. The data used in this study is sourced from interviews and studies of some of the literature relating to the issues discussed. Some of the main references used are books and journals related to work competencies, competency dictionaries, observations and interviews as well as secondary data in the form of regulatory documents and related reports. The techniques used in data collection are literature studies. Information is obtained from a variety of references and is based on a review of the information related to the problems gained from the

observation and interview results. The collected data is selected and sorted according to the study topic for later logical and systematic analysis.

RESULT AND DISCUSSIONS

The main focus of this research is the development of competency model safety awareness and time management to the Inspectorate Functional Auditor Official (FAO) as a solutive recommendation in the effort to increase the competency qualification required by the auditor in conducting supervision tasks against the local government. The auditor's functional position (JFA) is a position which is based on the technical implementation of supervision. In general, the auditors functional position (JFA) is responsible for the implementation of supervisory duties in the performance audit, audit on financial aspects, audits for a particular purpose, special audits indication of corruption crimes, evaluation activities, monitoring and other surveillance activities. Auditors are classified into two position level, i.e. skilled auditors and expert auditors (PER-211/K/JF/2010).

Competency of functional auditor at the Inspectorate classified into two types of competence, i.e. general competence and technical competence. The general competency of the auditor functional position is the basic competency that must be had as the main requirement to be appointed as an auditor to ensure the ability to implement each assignment. General competencies of skilled auditors and expert auditors include; Encouragement for achievement, analytical thinking, user orientation, cooperation, stress management, and organizational commitment.

The general competencies of skilled auditors are as follows: Able to meet the standards of achievement and targets set by the leader; Able to work using basic rules, logic and past experience as well as working with the patterns of the likelihood of

identifying problems; Able to fulfill user demand and ensure whether the service/service provided has been in accordance with the user needed; Able to cooperate with others and care about the tasks and problems of others by means of giving advice, input, consideration material or solution; Able to work in stressful situations and limitations by assigning methods of working according to standards; and Have the ability and willingness to align personal behavior to the needs, priorities and objectives of the Organization.

General competence of expert auditors, are as follow: Able to make a specific change in system or working method to improve job performance; being able to create complex situations or ideas becomes clear, simple and easy to understand by drafting a meaningful explanation (Able to convey observation or knowledge in a simple way; Able to integrate ideas and information and make it more complete and clear); have an initiative to find out what services need to be desired and can tailor the services to the needs of the user; it has a sense of responsibility for the task, problems and progress of the group and invites others to engage in group activities; being able to carry out daily work with confidence, adaptable to change and need; Able to show flexibility when faced with difficult or different tasks at the same time; Able to show performance in the difficult situation; and have the ability and willingness to actively support the Organization and strive to maintain and display a good organizational image.

Technical competence of auditor functional position is a unity of competence in a position that is related to the requirements to be able to carry out supervisory duties. Technical competence is prepared on each level auditor based on the premise of auditors at a higher level has fulfilled the cumulative competencies of previous level. The auditor's technical competence consists of 7 competency areas

categorized in core competencies, supporting competencies and managerial competencies. The intended competency areas are: (i) Competencies in the field of risk management, internal control and public sector governance; (ii) Competence in the area of oversight strategy; (iii) Competence in the field of reporting the results of supervision; (iv) Competencies in the field of professional attitude; (v) Competence in the field of communication; (vi) Competence in the field of government environment; (vii) Competence in the field of supervisory management (PER-211/K/JF/2010).

The development of competency model safety awareness and time management aims to support the performance of auditors so as to optimally provide good supervision from the implementation stage to the enforcement of surveillance results. The design of this competency model development uses a holistic approach by Porvaznik (2013) by evaluating the three basic pillars that make up the competence of knowledge, skills application, and social maturity of the auditor staff of the Inspectorate (Skorková, 2016:228).

The element of competence was developed using the concept of the Bloom taxonomy divided into three main domains: Cognitive (C), Affective (A), and Psychomotor (P). The cognitive realm is arranged in six levels according to the complexity of the process i.e. C1 = knowledge, C2 = comprehension, C3 = Application, C4 = analysis, C5 = synthesis, C6 = evaluation. The psychomotor realm is organized into five levels from the simplest to the highest of P1= imitation, P2 = manipulation, P3 = precision, P4 = articulation, P5 = naturalization. While the affective realm is divided into five levels, namely A1 = Introduction, A2 = response, A3 = appreciation to value, A4 = organizing, A5 = practice.

Competency model Safety Awareness

The competence of safety awareness (See Table. 1) in the functional auditor position is the technical competence of supervision

where auditors have the ability to identify, implement and supervise the principles and standards of occupational safety in implementing supervisory tasks. Safety

Table 1. Competences Safety Awareness Inspectorate Functional Auditor Position.

Competency Model	Element of Competency
Safety Awareness The ability to manage self (team) security and safety while on duty	1. Have knowledge of the principles and standards of security and safety in the supervisory duties.
	2. Able to recognize and identify safety and security issues and issues in conducting surveillance.
	3. Can effectively assess potential hazards occurring and be able to determine what consequences may occur.
	4. Checking area, equipment, facilities and condition of location related to surveillance activities on a regular basis
	5. Able to consistently implement procedures, principles and safety standards.
	6. Able to provide encouragement to other colleagues in raising awareness of security and safety in supervisory duties.
	7. Able to provide appropriate recommendations for safety and security improvements in a whole series of surveillance activities
	8. Able to make quick and precise repairs to working conditions that compromise safety and self-safety
	9. Actively avoiding situations that lead to danger in minimizing the risk of injury to both oneself and team
	10. Able to perform balance between occupational safety considerations and work productivity.
	11. Supervise the adoption of standards and principles of occupational safety in carrying out supervisory duties
	12. Ensuring that each supervisory condition is appropriate and meets the requirements of safety and occupational safety

Source : Analysis of researchers by reference Competency dictionary of Harvard University and Competency dictionary of Indonesian Republic's finance Department, 2019

awareness is classified into supporting competencies that are adjusted to the level of functional auditor.

The elements of competence in table 1 are then classified again to determine the level of competency of each functional office of Auditors. Its competency tiers are also determined based on the level of *Cognitive*, *Affective* and *Psychomotor*. You can see the competency level grouping of each level of auditor functional department in Table 2.

Table 2. Level of Competency Safety Awareness.

Auditor Position Level	Type of Competency	Competency Model	Element of Competency	Competency Level
Implementing Auditor	Supporting competencies	<i>Safety Awareness</i> The ability to manage self (team) security and safety while on duty	1-5	C1; P3; A2
Executive Implementing Auditor			1-8	C2; P3; A3
Supervisor Auditor			1-10	C3; P3; A3
First Auditor			1-10	C4; P3; A3
Junior Auditor			1-12	C5; P4; A4
Middle Auditor			1-12	C5; P4; A5
Major Auditor			1-12	C6; P5; A5

Source : Researcher Analysis, 2019x

Competency Model Safety Awareness

Time management competence is required on the role of functional auditors as the ability to manage time based on the organization's priority scale to achieve the optimal implementation of organizational functions. Auditors should be able to plan and regulate the time in the process of monitoring both from planning to reporting so as not to inhibit the enforcement of the results of the supervision. The competency description of Time management are as follows: (See Table. 3).

The description of time management competence above is compiled cumulatively from all the functions of the auditor, which

is then re-classified the competency element according to the level of competency. Here is the description of the competency level Time Management: (See Table.4)

Tabel 3. Competences Time Management Inspectorate Functional Auditor Position

Competency Model	Element of Competency
<i>Time Management</i> The ability to manage self (team) security and safety while on duty	1. Able to identify the priority scale of every supervisory activity and performed.
	2. Allocate time effectively in completing planning, monitoring to reporting.
	3. Able to identify a schedule clash in an activity or supervision task.
	4. Able to use the archiving system of time-based activities to remind yourself of the deadline of audit completion or reporting in a supervisory activity.
	5. Able to regularly list daily activities and developments related to the task undertaken.
	6. Supervise the scheduling of audit activities from audits to the preparation of monitoring results.
	7. Able to coordinate the schedule of watchdogs and their intended parties (Audiences) so that surveillance activities can run well.
	8. Provide an appeal in determining priority scale and optimal time usage for completion of the principal task of supervision.

Source : Analysis of researchers by reference Competency dictionary of Harvard University and Competency dictionary of Indonesian Republic's finance Department, 2019

Tabel 4. Level of Competency Time Management.

Auditor Position Level	Type of Competency	Competency Model	Element of Competency	Competency Level	
Implementing Auditor	Supporting competencies	Time management	The ability to manage time professionally	C1; P3; A2	
Executive Implementing Auditor				1-5	C2; P3; A3
Supervisor Auditor				1-8	C3; P3; A3
First Auditor				1-10	C4; P3; A3
Junior Auditor				1-10	C5; P4; A4
Middle Auditor				1-12	C5; P4; A5
Major Auditor				1-12	C6; P5; A5

Source : Researcher Analysis, 2019

CONCLUSION

Inspectorate as one of the internal supervisory institutions of the local government should demonstrate effective surveillance performance in the framework of the realization of good government management. One element supporting the successful implementation of surveillance activities is the competency of government internal supervision apparatus. Supervision and mentoring of auditors as part of the instrument of advanced evaluation of the auditor's performance is necessary to ensure the continuity of the surveillance tasks running optimally. The competency of functional auditor official must sustainably to be improved by observing real problems that become an obstacle in carrying out their jobs. Based on the fact that occurs in the implementation of the audit task in Timor Tengah Utara (TTU) district, the development of the competency model safety awareness of the auditor needs to be done in order to perform supervision tasks, auditors are able to protect the things that have a bad impact for safety. Development of competency model time management

required auditors to be able to receive time management effectively and efficiently.

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