

The Role of Internal Control System in Health Services

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Abstract: *The author conducts research with case studies at the Royal Taruma Hospital in Jakarta, Indonesia. The population in this study were all employees at the Royal Taruma Hospital. The author uses a purposive sampling method to determine respondents at the Royal Taruma Hospital. Respondents are employees who work in the department of internal control systems and accounting and finance. This study aims to find out how the implementation of the implementation of internal control systems in Loyal Taruma Hospital. This research is a descriptive qualitative research using primary data and secondary data obtained through interviews, observation, and documentation with related documents and parties concerned with internal control systems at Royal Taruma Hospital. The results of this study indicate that the internal controls implemented in Royal Taruma Hospital have been running well.*

Keywords: *Internal Control Systems, Health Services, Hospitals*

I. INTRODUCTION

Hospitals as health facilities that provide health services to the community have a very strategic role in accelerating the degree of public health. Hospitals have an important role in the implementation of health services for the community. Internal control is important in operational activities carried out by hospitals. Internal control system can be used for future improvement so that hospitals can always provide effective services (Tanjung, 2012). The effectiveness of health services such as good care and treatment will affect the level of patient satisfaction in the hospital. Hospitals are expected to clean up soon and make efforts to improve their internal control system so as to minimize errors and neglect of health services to the community. Internal control systems can evaluate and provide remedial solutions so that health services will be effective in the future in accordance with the main goal of the hospital to provide health services as well as possible and supported by clarity of roles in carrying out tasks for employees so that they can take full responsibility. Based on the background, phenomona/problem, problem formulation and previous research, the authors are interested in conducting research with the title the effect of internal control systems on health services at hospitals (Case studies at royal taruma hospitals, Jakarta Indonesia). Effectiveness of health services such as good care and treatment will affect the rate patient satisfaction at the hospital. Every hospital is required to creating good health services.

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Because of the important role of hospitals in the system health services, then various efforts to improve service quality hospitals are a priority in the development of the health sector. This matter deserve to be pursued so that the entire community can enjoy the service affordable and underserved health. Services provided by hospitals are services that can be directly felt by consumers instantly, therefore consumers can react immediately to the services they receive, such as consumers praise, complain, get angry, or feel satisfaction with service they received. After getting services, patients can comment the service it receives, both to the hospital itself or to his close relatives. Therefore, the hospital needs to maintain and enhance patient visits by displaying and provide quality health services. (4)

II. THEORETICAL FRAMEWORK

Moenir (2002: 17) in Febnesia et al (2012) defines service as a process of fulfilling needs through other people's activities directly. In providing public services, public service providers must be professional to provide effective services and must be in accordance with the principles of public service. The purpose of health services is the achievement of a degree of public health that satisfies the hopes and needs of the community, through effective services, can satisfy the expectations and needs of service institutions that are held efficiently (Sa'diah, 2011). Based on the decision of MENPAN Number 63 Year 2003. Service standards are standards or parameters that are standardized in public service delivery activities that must be obeyed by both parties, namely service providers and service users. According to Law Number 25 of 2009 concerning public services, that standard service components at least include: a. The legal basis, which is the statutory regulations which are the basis of service delivery. b. Requirements, i.e. conditions that must be met in the maintenance of a type of service, both technical and administrative requirements. c. Systems, mechanisms and procedures, which are standardized procedures for service providers and recipients, including complaints. d. The period of completion, which is the period of time needed to complete the entire service process of each type of service.

The hospital has the duty to provide individual health services in a complete manner (Article 4 RI Law 44/2009: 4). To carry out the duties referred to in article 4, the Hospital has a function (Article 5 RI Law 44 year 2009; 4) as follows;

- a. Providing medical services and health recovery in accordance with hospital service standards;
- b. Maintenance and improvement of personal health through complete second and third level health services according to medical needs;
- c. Providing education and training in human resources in the context of increasing the ability to provide health services; and
- d. Conducting research and development and screening of technology in the health sector in the context of improving health services by taking into account the ethical knowledge of health sciences;

Reeve et al (2013: 387) define internal control as broadly defined as the procedures and processes used by companies to protect company assets, process information accurately, and ensure compliance with applicable laws and regulations. Libby, Libby, & Short (2008: 298) define internal control is a process used by companies to secure corporate assets and provide adequate guarantees related to the reliability of corporate financial reporting, efficiency and effectiveness of company operations, and the suitability of company operations with rules and regulations applicable. Government Regulation of the Republic of Indonesia No. 60 of 2008 concerning the Government Internal Control System (2008: 2) states that the Internal Control System is an integral process of actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in the achievement of objectives organization through effective and efficient activities, reliability of financial reporting, security of state assets, and compliance with laws and

regulations. Reeve et al (2013: 388) say the benefit of effective control is that it can help companies direct their operations and prevent theft and other acts of abuse.

Internal control has the most basic characteristics and functions of carrying out activities involving discussion of internal organizational problems, by providing certainty to the board of directors and management, regarding the results of evaluation and testing of an organization's activities that are adjusted to the appropriate criteria and provides recommendations on a series of actions to the management (Tanjung, 2012). Wahyuni and Ngumar (2013) explain internal control is a variety of policies, practices and procedures implemented by companies to achieve four general objectives, namely: a. Maintaining Company Assets b. Ensuring the accuracy and reliability of records and accounting information c. Encourage efficiency in company operations d. Measure compliance with policies and procedures established by management. According to the Committee of Sponsoring Organizations of the Tradeway or COSO 2013 which includes the main elements of internal control are: a. control environment b. risk assessment c. control activities d. information and communication e. monitoring. According to Law number 44 of 2009 article 36 states that every hospital must carry out good hospital governance and clinical management. An internal monitoring mechanism and system is one of the main means to ensure that hospital management has been carried out in accordance with the desired principles of Good Corporate Governance. In order to realize and implement the Law of the Republic of Indonesia number 44 of 2009, hospitals need the existence of an Internal Control System whose main purpose is to help members of the organization carry out their responsibilities effectively.

Internal control is a process carried out by the board of commissioners aimed at providing confidence in the effectiveness and efficiency of operations, the reliability of financial statements and compliance with laws and regulations (Armana, 2016). Internal control is a process, carried out by the board of directors, management, and company personnel, designed to provide adequate confidence regarding the achievement of objectives relating to operations, reporting, and compliance (COSO, 2013). Internal control according to COSO can be assessed through 5 aspects, namely: control environment, risk assessment, control activities, information and communication and monitoring. Maharani et al (2015) which states that internal control has a significant effect on the effectiveness of health services. Triadi and Saputra (2016) in their research also stated that internal control had a positive and significant effect on managerial performance. internal control objectives according to COSO, namely: 1. Operational Objectives Relating to the effectiveness and efficiency of the entity's operations, including targets for operational and financial performance, and protecting assets from losses. 2. Reporting Objectives Relating to internal and external financial reporting and can include reliability, timeliness, transparency, or other requirements set by the regulator, entity policy. 3. Objectives of Compliance Relating to compliance with laws and regulations that are the entity's rights.

III. RESEARCH METHODOLOGY

Scope of Research This study wants to see whether the internal control structure at Royal Taruma Hospital, Jakarta, Indonesia has been carried out effectively and efficiently based on the theory of Sawyers et al (2005). This research was conducted within the scope of the Royal Taruma Hospital, Jakarta, Indonesia 2. Sources of data obtained were centered from the management office of the Royal Taruma Hospital Hospital, Jakarta, Indonesia. The data source used in this study is primary data. Data collection techniques used in this study with interviews, conducted question and answer directly with the parties responsible for hospital internal control of employees who work in the department of internal control systems and accounting and finance to obtain answers which will then be used as research results . 2. Observations In this study, direct observations were made on activities related to internal control in hospitals. 3. Documentation In this study, using

documents, reports, and records contained in hospitals, such as health services and especially documents relating to internal control of the hospital.

The steps that the authors took to analyze this study are: 1. Gaining sufficient understanding of the application of internal control at the Royal Taruma Hospital Hospital, Jakarta, Indonesia to obtain this understanding, the authors take several steps, as follows: a. Interviews with parties involved with the organization's internal control processes such as with hospital managers or employees who know the hospital's internal control processes. b. Conduct direct observation of the internal control system at the Royal Taruma Hospital, Jakarta, Indonesia. 2. Knowing how to apply the control of Royal Taruma Hospital, Jakarta, Indonesia when compared with existing theories. To find out how the application of internal control at the Royal Taruma Hospital, Jakarta, Indonesia when compared with the existing theory, the authors conducted a question and answer with the parties concerned which will then be compared with the theory contained in reference books. Regarding matters to be compared are 5 components of internal control according to Sawyers, Lawrence B. Mortimer A, James H. (2005), including: 1. Control Environment, 2. Risk Assessment, 3. Information and Communication, 4. Activities Control, and 5. Monitoring.

IV. RESULT AND DISCUSSION

Based on the internal control assessment process that has been carried out through observation and interviews :

One function of internal control is to encourage compliance with management policies. Management policies that are adhered to properly will produce good performance thereby increasing the quality of service to patients. Health services in hospitals are a form of output from hospital performance. It can be said that good internal control will create good performance and the effectiveness of health services will increase. One of the elements of internal control is employee quality. Implementation of the duties and responsibilities of SPI well can also improve health services in hospitals. Basically, the value of integrity and ethics instilled by the Royal Taruma Hospital, Jakarta, Indonesia is already good. So that in the operations of the Royal Taruma Hospital, Jakarta, Indonesia it always prioritizes hospitality and prioritizes patient safety. The Board of Directors and its committees are good enough, this is illustrated from the encouragement to work optimally for the maximum creation of services to patients and good performance in the existing reporting process. Royal Taruma Hospital, Jakarta, Indonesia, in the process of authorization and responsibility distribution, it is clear that it is divided into medical and non-medical departments in the head by the deputy director of medical and nursing services, while non-medical or related to administrative work in the head by the deputy director of human resources, medical support and hospital development. Royal Taruma Hospital, Jakarta, Indonesia conducts training in its operational processes so that professionalism can be achieved. Royal Taruma Hospital, Jakarta, Indonesia is good enough because the hospital has authorized the receipt and issuance of cash documents by authorized officials. Information and communication are not sufficient in terms of transparency because they have not used the services of an independent audit in assessing the performance of financial statements. However, it is quite good from the internal point of view of each hospital that cash receipts and disbursements must be reported to the head of the finance department and from the finance department to the director every month. Supervision from the Royal Taruma Hospital, Jakarta, Indonesia is good This is illustrated by the periodic evaluation by the director of hospital operational activities, especially regarding cash receipts and disbursements and assisted by surveillance cameras found on the cashier's section.

V. CONCLUSION

Internal control is a process carried out by the board of commissioners aimed at providing confidence in the effectiveness and efficiency of operations, the reliability of financial statements and compliance with laws and regulations.

Health services at hospitals are included in operational activities of hospitals. If the hospital implements internal control, health services at the hospital will be effective and efficient in accordance with the objectives of the internal control system. One of the operations in the hospital is health care for patients. One function of internal control is to encourage compliance with management policies. Management policies that are adhered to properly will produce good performance. Health services in hospitals are a form of output from hospital performance. It can be said that good internal control will create good performance and the effectiveness of health services will increase. Utami, et al (2017) wrote in their research results at the Kasih Ibu hospital in Surakarta, which was also one of the samples of this study that the implementation of services in pharmaceutical installations went well due to good quality employees. One of the elements of internal control is employee quality. The implementation of tasks and responsibilities of the internal control system well can also improve health services in hospitals. A well-implemented Internal Control System will improve health services.

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