

Evaluating Government Internal Control Systems for Preventing Corruption in Public Procurement at National Heart Hospitals

Ghina Nafiah^{1*}, Haryono Umar²

^{1,2}Institut Keuangan Perbankan Dan Informatika Asia Perbanas Jakarta, Indonesia

ghinafiah@gmail.com^{1*}, haryonoumar@perbanas.id²

Abstract

This study examined the role of Government Internal Control Systems or locally Sistem Pengendalian Intern Pemerintah/SPIP in preventing corruption in public procurement within a public healthcare institution in Indonesia, focusing on the implementation of internal control mechanisms and their contributions to procurement governance. A qualitative case study approach was used. Data were collected through in-depth interviews, observations, and document analyses involving organizational actors responsible for procurement and internal oversight. The data were analyzed to identify patterns in the implementation of internal controls and corruption prevention practices. The findings indicate that the SPIP was implemented systematically across procurement stages through clear operational procedures, managerial supervision, risk control, and continuous monitoring by the internal audit unit. These mechanisms functioned not only as compliance instruments but also as operational safeguards that supported decision-making, strengthened accountability, and constrained opportunities for opportunistic behaviors. Integrity-building initiatives further reinforce corruption prevention within the organization. The effective implementation of the SPIP has contributed to strengthening transparency, accountability, and organizational integrity in public procurement governance. This study focused on a single public healthcare institution; therefore, the findings are contextual and cannot be directly generalized to other public-sector organizations. This study provides empirical insights into how internal control mechanisms operate in practice to prevent corruption in public healthcare procurement and highlights the importance of integrating formal controls, internal oversight, and integrity-building initiatives into public sector governance.

Keywords: Corruption Prevention, Governance, Internal Control System, Public Procurement, Public Sector

1. INTRODUCTION

Corruption remains a serious structural problem in public sector governance in many countries, including Indonesia. Corrupt practices not only cause financial losses to the state but also undermine public trust in government institutions and reduce public service delivery effectiveness. In the context of national development, responsible and accountable citizenship constitutes an important element in supporting anti-corruption efforts, particularly in ensuring that the management of public finances, natural resources, and human resources is conducted transparently, accountably, and with a focus on public welfare ([Nadirsyah, Indriani, & Mulyany, 2024](#)). Therefore, corruption prevention requires not only strong regulations but also governance systems capable of ensuring integrity in every activity undertaken by public organizations.

In Indonesia, various forms of corruption are regulated under Law Number 20 of 2001, which amended Law Number 31 of 1999 concerning the Eradication of Criminal Acts of Corruption. The regulation identifies various forms of corrupt practices, including bribery, which is one of the most frequently occurring forms of misconduct. Within the framework of anti-corruption governance, transparency and accountability are regarded as fundamental principles capable of strengthening oversight mechanisms and minimizing the potential abuse of authority in public organizations, particularly in government procurement processes ([Hovhannisyan, 2025](#); [Jiménez, Hanoteau, & Barkemeyer, 2022](#); [Motadi, 2025](#); [Prakasa, Asis, & Sahid, 2022](#)).

Conceptually, the term corruption originates from the Latin word *corruptio*, which, in the context of public organizations, manifests as the abuse of authority for personal or group interests, including bribery and embezzlement of funds. Such risks become more significant in healthcare institutions, such as government hospitals, which are responsible not only for providing medical services but also for managing substantial amounts of public funds. Consequently, their performance must be assessed from the perspectives of financial governance and procurement integrity. Previous

studies have demonstrated that internal control systems that are appropriately designed and effectively implemented play an important role in maintaining organizational integrity and improving the efficiency of resource management in the public sector ([Kartika, 2022](#); [Malau, 2022](#); [Agwot, 2024](#); [Suardi, Rossieta, Djakman, & Diyanty, 2024](#)).

Government procurement of goods and services conducted by ministries, institutions, and regional government agencies constitutes a complex process involving multiple stages, ranging from needs assessment and planning to contract completion and the handover of the procured goods or services. This process involves not only the management of substantial budgets but also intensive interactions between government officials and private sector suppliers. Such complexity makes procurement one of the areas most vulnerable to fraud and corruption in public sector governance. Therefore, strengthening governance mechanisms within public procurement systems remains a continuing policy challenge in many countries, particularly developing ones that still face various limitations in public oversight and accountability mechanisms ([Jiménez et al., 2022](#); [Makarenkov, 2024](#); [Prakasa et al., 2022](#); [Suardi et al., 2024](#)).

From the perspective of public financial management, procurement activities frequently face potential misconduct arising from various factors, including information asymmetry between decision-makers and other stakeholders, considerable discretionary authority held by certain officials, and limited transparency at various stages of procurement implementation. Although regulatory reforms and strengthened oversight mechanisms implemented between 2004 and 2013 contributed to a decline in the number of corruption cases in government procurement, empirical evidence indicates that bribery and more complex forms of corruption continue to evolve alongside improvements in accountability systems for public financial management. This demonstrates that regulations alone are insufficient to effectively prevent corruption without being supported by strong and optimally functioning internal control systems ([Hovhannisyan, 2025](#); [Kartika, 2022](#); [Motadi, 2025](#); [Agwot, 2024](#)).

In this context, the government internal control system was developed as a primary mechanism for ensuring accountability, transparency, and risk mitigation in the implementation of public sector activities in Indonesia. *Sistem Pengendalian Intern Pemerintah/SPIP* is designed to assist organizational leaders in ensuring that every activity is carried out in accordance with organizational objectives, complies with applicable regulations, and protects state assets from the potential abuse of authority and fraudulent practices. Previous studies have shown that well-designed and consistently implemented internal control systems can assist organizational management in achieving operational objectives while reducing the risks of fraud and corruption in both profit-oriented and non-profit organizations ([Makarenkov, 2024](#); [Malau, 2022](#); [Suardi et al., 2024](#)).

Nevertheless, empirical gaps remain in terms of the methodological characteristics and contextual scope of prior research. Most studies on internal control and corruption prevention have adopted quantitative survey-based approaches that examine the relationships among variables at an aggregate organizational level within the public sector by [Mulyany \(2024\)](#), or have employed conceptual literature reviews synthesizing the relationships among governance, agency theory, and corruption without directly examining how these mechanisms operate within organizational practice ([Al-Faryan, 2024](#)). Such approaches have not sufficiently explained how SPIP is procedurally implemented in institutions with high operational complexity, such as government hospitals, which involve multiple organizational units and intensive procurement activities to support the continuity of healthcare service. Studies specifically examining the relationship between SPIP implementation and corruption prevention in government hospital procurement through a qualitative approach capable of capturing institutional dynamics are limited. This condition makes procurement within government hospitals an area with significant corruption risks when not supported by effective internal control systems, while simultaneously emphasizing the need for empirical studies that examine these mechanisms in greater depth.

Based on this research gap, this study contributes to the literature by empirically examining how the implementation of the government internal control system prevents potential corruption in procurement processes within government hospitals. Unlike previous studies that generally examine relationships among variables quantitatively at a general public sector organizational level or develop theoretical propositions through literature reviews, the novelty of this study lies in its use of a qualitative case study approach to directly investigate SPIP practices and operational mechanisms within a government healthcare institution characterized by high procurement complexity. This study also integrates perspectives on public sector governance, internal control, and corruption prevention into a single contextual analytical framework, an approach that has received limited attention in government hospitals. Accordingly, this study provides a more comprehensive understanding of SPIP implementation in public organizational practice and contributes to the literature on integrity-based public procurement governance. Based on this background, this study aims to analyze the implementation of the government internal control system in a government-owned teaching hospital, examine the corruption prevention mechanisms implemented in the procurement of goods and services, and evaluate the extent to which the internal control system effectively mitigates corruption risks in public sector procurement ([Hovhannisyan, 2025](#); [Motadi, 2025](#); [Agwot, 2024](#); [Suardi et al., 2024](#)).

2. LITERATURE REVIEW

2.1 Government Internal Control System and Public Sector Governance

Internal control is an important component of organizational governance because it provides mechanisms to ensure that organizational activities are conducted in accordance with established objectives, procedures, and applicable regulations. In the public sector, internal control serves a broader function than merely ensuring administrative compliance, as it is also associated with the protection of public resources, accountability, transparency, risk management, and the prevention of misconduct. [Asqolani, Hidayat, Marsono, and Kalpikotomo \(2023\)](#) demonstrated that internal control in public sector organizations contributes to resource management and strengthens oversight mechanisms. Similarly, [Bannerman, Ebenezer, and Obeng \(2022\)](#) highlighted the importance of internal control in ensuring that public organizational activities are conducted in accordance with established procedures and objectives.

In public organizational management, the effectiveness of internal control is determined not only by the existence of formal procedures but also by how controls are implemented in organizational practice. [Pious, Clement, Benedict, Korsorku, and Nti \(2023\)](#) demonstrated that employees' perceptions of internal control are associated with work implementation in public sector organizations. Meanwhile, [Mwaiseje, Panga, and Mchopa \(2025\)](#) showed that internal control systems in procurement can contribute to the effectiveness and efficiency of implementation. Therefore, internal control should be understood as part of a governance system that connects formal procedures with organizational behavior and decision-making.

In this study, the SPIP is positioned as a governance mechanism encompassing the control environment, risk assessment, control activities, information and communication, and monitoring. These five components constitute the basis for understanding how internal control is implemented in the procurement of goods and services in public healthcare institutions. The research findings also indicate that these five components have been applied in procurement practices at the hospital under study.

2.2 Public Procurement and Corruption Risk

Government procurement of goods and services is a public sector activity characterized by high complexity because it involves budget management, various administrative stages, decision-making processes, and interactions between government organizations and suppliers. Such complexity can create opportunities for misconduct when not accompanied by adequate mechanisms of transparency, accountability, and oversight. [Jiménez, Hanoteau, and Barkemeyer \(2022\)](#) demonstrated that public procurement may face corruption risks associated with the process of obtaining public contracts, while [Prakasa, Asis, and Sahid \(2022\)](#) emphasized the importance of good governance in reducing

corruption risks in government procurement. [Kartika \(2022\)](#) also demonstrated the relevance of e-procurement implementation in efforts to reduce corruption cases in public procurement. In addition to digitalization, the level of competition in procurement may also influence corruption risks, indicating a relationship between competition levels and corrupt practices in public procurement ([Hovhannisyan, 2025](#)).

These risks become increasingly complex in healthcare institutions because procurement is an essential component that supports the continuity of healthcare services ([Usman, Iek, & Hafizriandra, 2025](#)). Government hospitals require various goods, services, equipment, and operational supplies in different quantities ([Dalimunthe, Wiyani, & Eriza, 2026](#)). Therefore, procurement in healthcare institutions requires control mechanisms capable of ensuring that procurement decisions are based on organizational needs, budget availability, applicable procedures, and public service interest.

2.3 Internal Control as a Corruption Prevention Mechanism

Internal control is closely associated with corruption prevention because such mechanisms can be used to identify, prevent, and detect potential misconduct in the public sector. [Abdulhussein, Al-Refiay, and Wahhab \(2023\)](#) demonstrated the importance of internal audit functions in relation to corruption, while [Appiah, Amaning, Tettevi, Owusu, and Ware \(2023\)](#) found that internal audit effectiveness is relevant to public procurement performance. These findings indicate that internal oversight is an important component of a system that supports procurement integrity.

Internal control can also function as a mechanism for reducing opportunities for misconduct through the segregation of duties, work procedures, documentation, monitoring, and evaluation. [Laboso, Keitany, and Naibei \(2024\)](#) demonstrated that internal control can influence the relationship between supplier pre-qualification processes and procurement performance in public organizations. Meanwhile, [Mwaiseje, Panga, and Mchopa \(2025\)](#) emphasized the importance of internal control systems in supporting the effectiveness and efficiency of procurement processes.

From a corruption prevention perspective, these mechanisms are important because corruption does not arise solely from individual weaknesses but may also develop when opportunities, discretion, and inadequate oversight exist within the organizational systems ([Shofi, 2026](#)). Therefore, effective internal control should reduce opportunities for the abuse of authority while increasing the likelihood that misconduct will be detected. Previous research has shown that internal oversight, audit mechanisms, and consistently implemented control systems can support corruption prevention in public procurement ([Abdulhussein et al., 2023](#); [Habibi, Rahman, & Sahban, 2023](#); [Appiah et al., 2023](#)).

2.4 Agency Theory in Public Sector Internal Control

Agency theory provides a conceptual framework for understanding the need for oversight mechanisms in the relationships between parties that provide mandates and those that execute them. In the public sector, society can be viewed as the principal, and government and public institution managers act as agents entrusted to manage public resources. Problems may arise when there are differences in interests, information asymmetry, and discretionary authority between principals and agents. Such conditions may increase the likelihood of opportunistic behavior when oversight mechanisms are ineffective or absent. In the context of the procurement of goods and services, information asymmetry may occur because the parties involved in procurement possess greater information regarding organizational needs, supplier selection processes, contract implementation, and budget utilization than those responsible for oversight.

Internal control subsequently functions as a mechanism for reducing these risks through procedures, duty segregation, oversight, documentation, and monitoring. [Chalwe and Nyimbili \(2023\)](#) demonstrated the importance of procurement planning in ensuring that public procurement processes are structured. Meanwhile, [Laboso, Keitany, and Naibei \(2024\)](#) and [Machirori, Pande, and Fundira \(2022\)](#) demonstrated that procurement controls and procedures are important components in improving the quality of public procurement governance.

Accordingly, agency theory is used in this study to explain the necessity of SPIP in procurement processes. SPIP functions not only as an administrative instrument but also as a governance mechanism that helps reduce information asymmetry, limit opportunities for opportunistic behavior, and increase the accountability of parties involved in managing public resources. Recent literature emphasizes that the relationship between agency theory, corporate governance, and corruption is mutually reinforcing: when control mechanisms weaken or authority becomes concentrated without adequate oversight, the likelihood of opportunistic agent behavior tends to increase, making stronger governance a prerequisite for effective corruption prevention ([Al-Faryan, 2024](#)). Within the framework of this study, the SPIP is positioned as an operational instrument that translates the principles of agency theory into daily procurement practices.

2.5 Integration of Internal Control, Governance, and Organizational Integrity

Internal control cannot be separated from an organizational environment that supports the integrity. Formal procedures may become less effective when they are not supported by management commitment, organizational culture, communication, or ethical behavior ([Ogli, 2026](#)). Therefore, corruption prevention requires the integration of formal control mechanisms and the development of integrity-based organizational culture.

[Boadu, Sunindijo, Wang, and Frimpong \(2022\)](#) demonstrated the importance of integrating control aspects across various procurement stages, while [Hardinata, Yenirida, and Putra \(2025\)](#) highlighted the complexity of public procurement management in Indonesia. [Mawaya \(2024\)](#) also demonstrated the importance of governance and organizational practices in public procurement management. In a broader context, corruption associated with public money management must be understood not only from a procedural perspective but also from a governance perspective.

This integration is relevant to the present study because the hospital under investigation not only implements internal controls in procurement processes but also conducts organizational integrity programs ([Agung, Wandebori, & Sirait, 2026](#)). The study found that the integrity zone program and the implementation of an Anti-Bribery Management System based on ISO 37001:2016 are used as part of efforts to strengthen organizational commitment to prevent bribery and illicit benefits.

2.6 Research Gap and Research Position

Previous studies have provided evidence of the importance of internal control, internal audits, procurement governance, and digitalization in reducing corruption risks in the public sector ([Abdulhussein, Al-Refiay, & Wahhab, 2023](#); [Jiménez, Hanoteau, & Barkemeyer, 2022](#); [Appiah, Amaning, Tettevi, Owusu, & Ware, 2023](#)). However, some of these studies have focused on public organizations, government procurement, or specific aspects such as e-procurement and internal audits. There remains a research opportunity to gain a deeper understanding of how SPIP mechanisms operate in practice within procurement processes at government healthcare institutions, particularly in organizations characterized by high operational complexity and substantial procurement requirements. Government hospitals differ from other public organizations because procurement processes directly support the continuity of healthcare services while involving multiple organizational units.

Based on this gap, this study positions SPIP as a governance mechanism and analyzes it contextually through the experiences of organizational actors, procurement practices, observations, and institutional documents. This study does not aim to statistically test the relationship between SPIP and corruption but rather to understand how internal control is implemented and how these mechanisms contribute to preventing corruption risks in procurement practices. This approach enabled the study to provide a deeper understanding of the relationship between control procedures, oversight, coordination, risk management, and organizational integrity development.

2.7 Research Conceptual Framework

To integrate the concepts discussed in the preceding sections, this study developed a conceptual framework connecting four major elements sequentially. First, the regulatory and structural inputs consist of government procurement regulations and the five components of SPIP control environment,

risk assessment, control activities, information and communication, and monitoring which serve as the formal foundation of procurement governance. Second, the control process in procurement practice concerns how these five components are translated into operational procedures, managerial oversight, and monitoring by the internal audit unit at each procurement stage. Third, organizational integrity mechanisms, such as the integrity zone program and the Anti-Bribery Management System based on ISO 37001:2016, complement formal controls by developing an ethical organizational culture. Fourth, the outputs consist of corruption prevention and integrity-based procurement governance, which are reflected in reduced opportunities for opportunistic behavior and increased accountability.

The relationships among these elements are explained from the perspective of agency theory, whereby regulatory inputs and control processes function to reduce information asymmetry between principals and agents, while integrity mechanisms strengthen these effects through the internalization of ethical norms. Together, these mechanisms promote corruption prevention outcomes ([Al-Faryan, 2024Mulyany, 2024](#)). This framework was used as an analytical lens to guide the interpretation of the data in the results and discussion sections and was not intended to be statistically tested.

3. RESEARCH METHODOLOGY

3.1 Research Design

This study employed a qualitative approach with a descriptive case-study design. A qualitative approach was selected because it enables a deeper exploration of practices in the field that cannot always be adequately explained through numerical data alone. Unlike quantitative research, which is oriented toward statistical generalization, this study seeks to understand the meanings, processes, and institutional dynamics associated with the implementation of the government internal control system in the procurement of goods and services.

The qualitative approach was considered relevant because it enables researchers to examine organizational governance phenomena more comprehensively within the natural context of the institution being studied. Through this approach, researchers can understand how internal control mechanisms are implemented in everyday practice and how these mechanisms contribute to mitigating corruption risks in procurement processes. A case study design was employed to facilitate an in-depth exploration of internal control practices experienced by organizational actors. By focusing on a single public healthcare institution, this study aims to provide a contextual understanding of how internal control systems function in preventing corruption in procurement activities ([Asqolani, Hidayat, Marsono, & Kalpikotomo, 2023](#); [Chalwe, & Nyimbili, 2023](#); [Bannerman, Ebenezer, & Obeng, 2022](#); [Góis, & Mendonça, 2025](#)).

3.2 Research Setting and Informants

This study was conducted at Harapan Kita Hospital for heart and blood vessels in Jakarta, a government-owned teaching hospital under the Ministry of Health of the Republic of Indonesia. The institution was selected because of its strategic role as a national referral hospital for cardiovascular services, as well as its high-intensity procurement activities and complex organizational structure involving multiple stakeholders in procurement processes. Informants were purposively selected based on their direct involvement in the procurement of goods and services and the implementation of internal control systems within the hospital.

The criteria for selecting informants included holding a structural or functional position in a unit directly involved in the procurement cycle or internal oversight, possessing sufficient work experience in the position to provide a contextual understanding of control practices over time and being willing to provide information openly through in-depth interviews. The study involved 12 informants representing four main role groups, such as managerial officials and operational staff in the procurement planning unit, staff in the supplier selection unit, staff in the goods and services verification/receiving unit, and representatives of the internal audit unit responsible for audit and oversight functions. This diversity of roles was deliberately selected to ensure that the data reflected perspectives from various procurement stages and from both implementing and supervisory perspectives, thereby enhancing the completeness and balance of the analysis. The purposive

sampling technique was intended to ensure that the data reflected various perspectives and levels of responsibility in the implementation of procurement activities in the military. To enhance data depth and credibility, several informants were interviewed more than once, enabling the researchers to clarify and validate information and explore emerging themes more deeply during the research process ([Boadu, Sunindijo, Wang, & Frimpong, 2022](#); [Hardinata, Yenisrida, & Putra, 2025](#); [Maway, 2024](#)).

3.3 Data Collection Techniques

Data collection in this study employed several qualitative techniques to achieve data triangulation and enhance the reliability of the findings. The primary method was in-depth interviews conducted through face-to-face interactions with the research informants. The interviews aimed to explore the participants' experiences, perceptions, and understanding of the implementation of internal control systems in procurement processes. Interviews were conducted intensively and, in several cases, repeatedly, to obtain more comprehensive data and deepen the understanding of the phenomenon under investigation. In addition to interviews, the study employed participant observation to directly observe procurement activities and internal control practices within the organization's operational environment. Through these observations, the researchers were able to understand how internal control mechanisms were implemented in everyday work practice.

Document analysis was conducted by examining various organizational documents, including internal reports, standard operating procedures, audit documents, and other administrative records relevant to procurement processes. These documents provided factual and contextual support for data obtained through interviews and observations. Although this study was qualitative in nature, several quantitative data points in the form of institutional statistics were used as supporting information. These data were utilized descriptively to provide an overview of the organizational structure, human resources, and outcomes of internal programs related to improving understanding and implementation of internal control systems within the organization ([Laboso, Keitany, & Naibei, 2024](#); [Machirori, Pande, & Fundira, 2022](#); [Pious, Clement, Benedict, Korsorku, & Nti, 2023](#); [Emmanuel, Doris, & Hannah, 2023](#)).

3.4 Data Analysis Techniques

Data analysis was conducted interactively and continuously using a model comprising three main stages, such as data reduction, data display, and conclusion drawing and verification. Data reduction involved selecting, focusing on, and organizing relevant information obtained from interviews, observations, and documents in accordance with the research objectives. This process was conducted continuously throughout the data collection period to ensure analytical accuracy.

The reduced data were subsequently presented in structured narrative descriptions to facilitate the identification of patterns, relationships, and themes associated with the implementation of internal control systems and corruption prevention efforts in procurement. This data presentation enabled researchers to obtain a more comprehensive understanding of organizational dynamics. The final stage involved drawing and verifying conclusions by interpreting the meaning of the analyzed data and identifying relationships between empirical findings and the theoretical framework employed in this study. Two forms of triangulation were explicitly applied to maintain the credibility of the findings.

Method triangulation was conducted by comparing data obtained from in-depth interviews, participant observations, and organizational document analysis to identify the consistency of the findings across the three sources. Source triangulation was conducted by comparing statements from informants with different roles in the procurement process, including the planning, supplier selection, and verification units and the internal audit unit, to confirm that the identified patterns of SPIP implementation did not represent the perception of a single party. In addition, credibility was strengthened through member checking of the initial interpretation with key informants to ensure that the researchers' interpretation was consistent with the informants' actual experiences. Triangulation and reconfirmation procedures are commonly recommended strategies for enhancing the validity and

reliability of qualitative research findings ([Donkoh & Mensah, 2023](#)). Through these procedures, the credibility and reliability of the research findings were adequately maintained.

4. RESULTS AND DISCUSSION

4.1 Institutional Context and Organizational Governance

Harapan Kita Hospital for heart and blood vessels is a government-owned specialized hospital that serves as a national referral center for cardiovascular healthcare services in Indonesia. Since its establishment in 1985, the hospital has undergone various institutional transformations, reflecting the dynamics of public healthcare governance in Indonesia. During its initial operation, the hospital was managed by a foundation, subsequently integrated into the government system, and later designated as a Public Service Agency or locally *Badan Layanan Umum/BLU* under the Ministry of Health of the Republic of Indonesia. The BLU status provides flexibility in financial management, enabling the institution to optimize resource management without disregarding the principles of public accountability.

As a national referral hospital, the institution provides comprehensive cardiovascular healthcare services and serves as a center for education, training, and research in cardiovascular medicine. To support these strategic roles, the hospital consistently strengthens organizational governance in accordance with the principles of good corporate governance, namely, transparency, accountability, responsibility, independence, and fairness. This commitment to good governance is reflected in various national and international accreditation achievements, demonstrating organizational maturity and an institutional commitment to improving the quality of public services.

4.2 Implementation of the Government Internal Control System in Public Procurement

The findings indicate that internal control mechanisms for the procurement of goods and services have been formally integrated into the hospital's organizational structure and operational system. In accordance with government procurement regulations, internal control mechanisms are implemented throughout all procurement stages, beginning with needs identification and supplier selection through contract implementation and receipt of goods and services. The implementation of the government internal control system within the hospital is carried out through procurement installation, which consists of four main functional units, such as the planning unit, supplier selection unit, goods and services verification or receiving unit, and secretariat unit. These four units work in an integrated manner to ensure that all procurement processes comply with the applicable regulations and good governance principles.

The implementation of internal control in procurement processes refers to the five main components of the internal control system, such as the control environment, risk assessment, control activities, information and communication, and internal monitoring. The control environment is reflected in an organizational culture that emphasizes integrity, regulatory compliance, and commitment to professional ethics. Risk assessment is conducted through the preparation of monitoring instruments developed by program managers and unit heads to identify potential risks at each procurement stage.

Control activities are implemented through clear standard operating procedures, direct managerial oversight and periodic evaluation of ongoing procurement processes. Regarding information and communication, the hospital ensures that all information related to procurement activities is communicated transparently to the units involved, thereby supporting effective coordination. Internal monitoring is conducted continuously through coordination among procurement units, managerial oversight, and the active involvement of the internal audit unit.

4.3 Empirical Findings from Interviews and Observations

Data obtained from in-depth interviews and focus group discussions indicate that the responsibility for implementing internal control is not solely with one particular unit but is collectively distributed across various structural and functional units within the hospital. Research informants emphasized that oversight of procurement processes is not solely the responsibility of the

internal audit unit but also involves coordination among procurement officials, budget management units, commitment-making officials and hospital management. In operational practice, the procurement process begins with a request for goods or services from the user unit based on operational needs and budgetary availability. The user unit then coordinates with the finance unit to ensure the availability of the budget ceiling before the procurement process proceeds. The procurement request is subsequently processed by authorized officials according to established procurement procedures. According to the informants, continuous monitoring mechanisms and effective coordination among organizational units have contributed to minimizing potential irregularities in the procurement processes. Informants also reported that, to date, no material audit findings related to procurement irregularities had been identified, indicating that the hospital's internal control environment was relatively robust.

4.4 Supporting Initiatives for Corruption Prevention

In addition to implementing formal internal control mechanisms, the hospital has developed various initiatives aimed at strengthening organizational integrity in procurement processes. Since 2018, the institution has implemented an integrity zone and corruption-free area program, accompanied by continuous internal socialization activities for managers and operational staff. Furthermore, in 2024, the hospital officially implemented an Anti-Bribery Management System based on the international standard ISO 37001:2016. The implementation of this system was marked by various institutional campaigns emphasizing the organization's commitment to a zero-tolerance policy toward bribery, gratification, gifts, and other forms of illicit benefits. The integration of internal control systems with organizational anti-corruption policies demonstrates that corruption prevention efforts are not carried out solely through structural oversight mechanisms but also through the development of an organizational culture that upholds integrity and ethical behavior.

4.5 Theoretical Interpretation and Mechanisms of Corruption Prevention

The empirical findings described above demonstrate that internal control mechanisms, the involvement of the internal audit unit, and organizational integrity initiatives operate in an integrated manner within procurement practices at the hospital under study. This section interprets these findings analytically by identifying specific mechanisms that explain how SPIP reduces corruption risks and positions the findings within the theoretical framework established in the literature review. Empirically, the government internal control system functions as an important governance mechanism for mitigating corruption risks in the procurement of goods and services in public healthcare institutions. The structured implementation of internal control components at each procurement stage indicates that the internal control system functions not only as an administrative compliance instrument but also as an operational mechanism that influences decision-making processes and everyday organizational behavior.

More specifically, at least three mechanisms can be identified from this study's findings. First, the segregation of functions among units planning, supplier selection, verification, and secretariat limits the concentration of authority in a single party. Second, continuous monitoring by the internal audit unit increases the likelihood of detecting irregularities at an early stage. Third, the availability of standard operating procedures reduces the scope for informal discretion in procurement decision making. This pattern is consistent with the findings that internal audit and internal control functions jointly strengthen governance and constitute key mechanisms for fraud prevention in public sector organizations ([Mulyany, 2024](#)). This also confirms that the effectiveness of SPIP depends on the interactions among these mechanisms rather than the existence of a single component in isolation ([Asqolani, Hidayat, Marsono, & Kalpikotomo, 2023](#); [Pious, Clement, Benedict, Korsorku, & Nti, 2023](#)).

The findings can also be explained from the perspective of agency theory, which emphasizes the importance of oversight mechanisms in principle-agent relationships within public organizations. In the public sector context, society acts as the principal, granting a mandate to the government and managers of public institutions to manage state resources responsibly. However, this relationship often involves information asymmetry, which may create opportunities for opportunistic behaviors. Under

such circumstances, internal control systems function as mechanisms capable of reducing information gaps and limiting discretionary authority in decision-making processes ([Chalwe, & Nyimbili, 2023](#); [Laboso, Keitany, & Naibei, 2024](#); [Machirori, Pande, & Fundira, 2022](#); [Góis, & Mendonça, 2025](#)).

The active presence of the internal audit unit and continuous managerial monitoring also contribute to strengthening organizational accountability. These oversight mechanisms increase the likelihood of detecting irregularities at an early stage, thereby functioning as an early warning system for preventing potential fraud. This finding reinforces previous evidence that effective internal control systems can positively contribute to corruption prevention in the procurement of goods and services ([Abdulhussein, Al-Refiay, & Wahhab, 2023](#); [Habibi, Rahman, & Sahban, 2023](#); [Appiah, Amaning, Tettevi, Owusu, & Ware, 2023](#)).

Furthermore, the integration of internal control systems with organizational integrity initiatives, such as the integrity zone program and the Anti-Bribery Management System based on ISO 37001:2016, further strengthens the governance framework of the hospital. This approach demonstrates that corruption prevention does not depend solely on formal oversight mechanisms but also on strengthening ethical norms and an organizational culture that rejects bribery and abuse of authority ([Boadu, Sunindijo, Wang, & Frimpong, 2022](#); [Hardinata, Yenisrida, & Putra, 2025](#); [Mawayaya, 2024](#)).

Nevertheless, the procurement of goods and services remains a relatively high-risk area because of the substantial value of the budgets managed and the complexity of the procurement processes involving multiple stakeholders. Therefore, the sustainability of internal control systems depends heavily on organizational leadership commitment, inter-unit coordination, and the organization's ability to conduct adaptive risk management. Strengthening these aspects is essential for maintaining procurement integrity and supporting transparent and accountable public organizational governance ([Asqolani et al., 2023](#); [Laboso et al., 2024](#); [Mwaiseje, Panga, & Mchopa, 2025](#); [Gatobu, 2020](#)).

4.6 Research Implications

The findings of this study have practical implications for public sector organizations and policymakers, particularly in government healthcare institutions. Strengthening internal control systems should be regarded as an ongoing governance process, rather than merely a means of fulfilling administrative regulatory obligations. Integrating internal control mechanisms with broader organizational integrity frameworks, such as anti-bribery management systems, can enhance organizational resilience in addressing corruption risks.

For public sector practitioners, this study emphasizes the importance of integrity-based leadership, clear operational procedures, and collaborative oversight among organizational units to ensure that procurement processes are conducted transparently and accountably. In addition, this study contributes to the development of public sector accounting and organizational governance literature by providing empirical evidence of how internal control systems operate in practice within high-risk procurement environments. The findings also demonstrate the importance of qualitative research approaches in understanding institutional dynamics and organizational governance processes that cannot be fully captured using quantitative approaches.

5. CONCLUSIONS

5.1 Conclusion

This study aimed to analyze the role of the Government Internal Control System (GICS) in preventing corruption in the procurement of goods and services within public healthcare institutions. Using a qualitative approach with a case study design, this study explored how internal control mechanisms are implemented in practice and how these mechanisms influence procurement governance at Harapan Kita Hospital for heart and blood vessels. The analysis focused on institutional processes, patterns of coordination among organizational units, and the experiences of the organizational actors involved in procurement implementation and internal oversight.

The findings demonstrate that the effective implementation of the government internal control system makes a significant contribution to corruption prevention in procurement, not merely because of the existence of formal procedures but because SPIP operates as an integrated set of mutually reinforcing mechanisms, namely, segregation of functions among organizational units, continuous managerial oversight, and active monitoring by the internal audit unit. Theoretically, these findings extend the understanding of agency theory in the public sector by demonstrating that internal control reduces information asymmetry and limits discretionary authority not through a single instrument but through the interaction of multiple control components operating simultaneously within an institution characterized by high operational complexity, such as government hospitals.

Another important insight from this study is that formal controls alone are insufficient to explain the effectiveness of corruption prevention, organizational integrity initiatives also serve as a complementary mechanism for embedding anti-corruption norms into the daily behavior of organizational actors. The relatively consistent understanding among informants regarding anti-corruption principles, including the implementation of a zero-tolerance policy toward bribery and illicit benefits, indicates that corruption prevention is most effective when structural (SPIP) and cultural (integrity programs) mechanisms operate in parallel and reinforce one another rather than functioning as separate agendas.

Overall, this study provides a theoretical contribution by demonstrating that agency theory is relevant not only for normatively explaining the need for oversight but also for understanding how structural and cultural mechanisms complement each other in reducing information asymmetry within complex public organizations. Practically, the findings emphasize that SPIP effectiveness is not a given condition but rather the result of leadership commitment, adaptive risk management, and continuous inter-unit coordination. Therefore, strengthening the SPIP should be regarded as an ongoing governance process rather than a final achievement.

5.2 Research Limitations

This study has several limitations. First, it was conducted in only one government-owned healthcare institution, with particular attention to its procurement activities; therefore, the findings are contextual and cannot be directly generalized to other public-sector organizations with different institutional characteristics. Second, the study relied primarily on interviews, observations, and organizational documents collected during a specific period, so changes in procurement policies and governance practices over time may not have been fully captured.

5.3 Suggestions and Directions for Future Research

Future research should examine multiple public-sector institutions to enable comparative analysis across different organizational and procurement contexts. Researchers are also encouraged to apply quantitative or mixed-method approaches to assess the relationship between internal control effectiveness and procurement performance more systematically. Further studies could investigate additional factors affecting corruption prevention, including organizational culture, leadership style, employee integrity, and the adoption of increasingly sophisticated digital procurement systems.

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AUTHOR CONTRIBUTIONS

GN was responsible for conceptualization, methodology, data collection, data analysis, interpretation of findings, and writing the original manuscript. HU contributed to supervision, methodological guidance, validation, critical review, and revision of the manuscript. Both authors reviewed and approved the final version of the manuscript.

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