Analysis of Internal Control Practices in Local Government-Owned Enterprises: A Study of the Banyuwangi Regency Water Supply Company (PUDAM)

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ABSTRACT

This study aims to analyse control environment practices at the Banyuwangi Regency Water Supply Company (PUDAM). The study employs a descriptive method with a qualitative approach. Data were collected through interviews, observations and documentation, and were subsequently analysed using qualitative descriptive analysis techniques, with data validity tested through source triangulation. The results of the study indicate that PUDAM Banyuwangi Regency has implemented the eight elements of the control environment in accordance with Government Regulation No. 60 of 2008, comprising the upholding of integrity and ethical values, commitment to competence, conducive leadership, an appropriate organisational structure, delegation of authority and responsibility, human resource development, the role of internal oversight, and working relationships with relevant agencies. Nevertheless, several constraints remain, such as limited budgets for competence development, the limited authority of the Internal Audit Unit (SPI), and the uneven understanding of staff regarding organisational policies. Overall, control environment practices at PUDAM Banyuwangi Regency have supported the implementation of good governance and the effectiveness of internal control.

Keywords : Control Environment, Government Internal Control System (SPIP), Good Governance, Internal Control