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**CORRUPTION RISK MANAGEMENT DETERMINATION IN CROSS-
SECTORAL PROGRAMS IN DEVELOPMENT OF INFRASTRUCTURE
IN INDONESIA**

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ABSTRACT:

Risk is a factor that has a bad influence and must be handled to achieve work completion that is limited by time, cost and quality. One form of risk that becomes a problem in an organization is the risk of corruption in cross-sector infrastructure development programs. This exploratory descriptive study aims to explain the determinants of Corruption Risk Management in cross-sectoral infrastructure development programs in South Sulawesi, Indonesia. Primary data were obtained from interviews with several parties involved in cross-sectoral infrastructure development programs. Meanwhile, secondary data in this study came from the mass media and documentation of infrastructure development in South Sulawesi. The results of the study found that in the implementation of cross-sectoral programs, infrastructure development in South

Sulawesi has implemented Corruption Risk Management, but it is still incidental if a problem occurs and has not been fully implemented in all programs. The implementation, which is still incidental and has not been fully implemented in all cross-sectoral infrastructure development programs, is due to the absence of commitment from top management and also the active involvement of all collaboration participants and the absence of a team or unit tasked with managing risk together in each development program. intersectoral.

INTRODUCTION:

Risk is a factor that has a bad influence and must be handled to achieve work completion which is limited by time, cost and quality (Kim, Kang, & Hwang, 2012). Besides, the risk is a loss due to the emergence of an unexpected event that can arise from various sources (Williams et al., 2006). It is due to the bad influence it gives to the achievement of work completion and can arise from these various sources, this risk must be controlled.

One form of risk that becomes a problem in an organization is corruption(Heywood, 1997). Corruption itself is a form of Fraud(Chowdhury & Shil, 2019; Huberts, 1998; Peltier-Rivest, 2018). Corruption is a big problem that occurs in Indonesia. This can be seen from the many corruption cases that have occurred in Indonesia which have even ensnared regional heads and Ministers. The number of corruption cases in Indonesia is of course caused by the handling of corruption itself which is still ineffective until now.

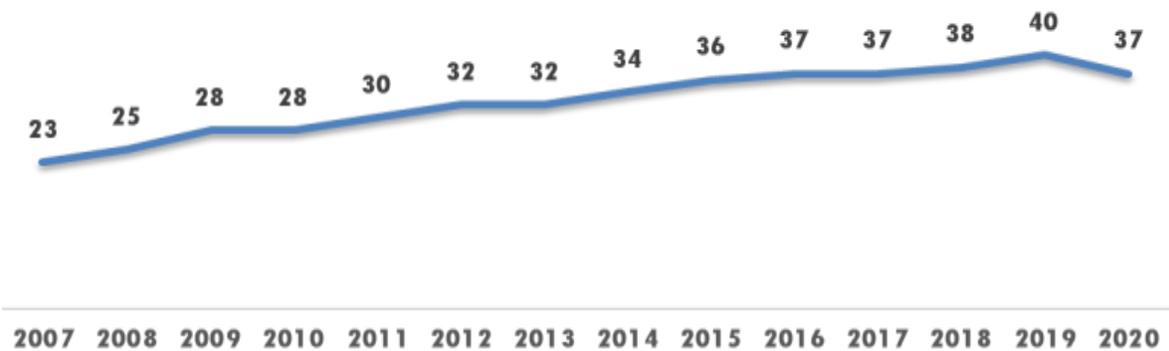


Figure 1. Indonesia's Corruption Perceptions Index (CPI) 2007 - 2020

Based on Figure 1 above, it can be seen that the Corruption Perception Index (CPI) in Indonesia has not increased significantly, it has even decreased by 3 points to 37 in 2020 from 40 in 2019. This indicates that the handling of corruption in Indonesia is still not running effectively and even its performance is considered to have decreased in 2020. Also, one of the prone points for corruption is infrastructure development.

Based on data from Indonesia Corruption Watch (ICW), the number of corruption cases in infrastructure projects has increased during 2015-2018. In 2015, there were 106 cases of corruption in this sector. The number increased to 133 in the following year, and 158 cases in 2017. Then in 2018, it became 167 cases with an estimated loss value of 1.1 trillion rupiahs. The number of corruption cases that occur is because the government is currently implementing a lot

of infrastructure development in Indonesia, but this development has not been matched by effective corruption risk control.

The government's focus in implementing this infrastructure development program is one of the main points of focus in Nawacita (nine government priority programs). This infrastructure development is considered as one of the key factors for Indonesia to become a developed country. Reliable infrastructure is the main key in increasing Indonesia's competitiveness. Increasingly competitive infrastructure is the main key in attracting investment to enter Indonesia (Moerwanto, 2018). This infrastructure development is expected to increase Indonesia's competitiveness to attract investors to invest in Indonesia. Also, this infrastructure development certainly involves many parties in the experience, starting from the person in charge of the project, related ministries/agencies to the community directly. The large number of parties involved, of course, also requires good cooperation among stakeholders so that development can run smoothly and effectively (Utomo, 2017).

One of the areas targeted for infrastructure development in South Sulawesi Province because is the focus of development policies in Eastern Indonesia. Development in South Sulawesi will have a transformational impact considering its strategic location as the main access area for Eastern Indonesia and as a support area for the new capital of the Republic of Indonesia in Penajam Paser Utara, East Kalimantan.

The development of infrastructure in South Sulawesi consists of the construction of irrigation installations, construction of provincial roads and bridges, development of conservation management of rivers, lakes and water resources, port development, and railway construction. On the other hand, the large number of development programs in South Sulawesi that are of great value and a complex nature raises concerns over the potential inherent risk of corruption.

Based on the above discussion, risk control is something that must be implemented in cross-sectoral infrastructure development programs in Indonesia, especially in South Sulawesi. It is necessary to apply Corruption Risk Management in the implementation of cross-infrastructure development programs in South Sulawesi to minimize the potential for criminal acts of corruption. For Corruption Risk Management to be implemented properly in the cross-sectoral program of infrastructure development in South Sulawesi, of course, it is necessary to know what factors influence the implementation of Corruption Risk Management in the cross-sectoral infrastructure development program in South Sulawesi.

LITERATURE REVIEW:

Risk management is a tool to achieve goals as well as the key to project success by managing and controlling the possibility of loss in a transparent and accountable manner due to uncertainty (Dermawan, Petkova, Sinaga, Muhajir, & Indriatmoko, 2011; Hanggraeni, Triana, Kuswanto, Alfarisi, & Rahayu, 2020; Ibt, 2018). Furthermore, financial audits that are integrated with risk management are far more systemic in preventing mismanagement including the risk of corruption because they are pre-emptive and the level of risk is measured from the least risky to the most risky which includes systems, procedures, personnel quality, costs and

timeframes . Meanwhile, according to (Agarwal, 2011) that the handling of corruption risks needs to be done by applying an effective and rational approach.

The extension of the audit planning period from 1 year to 3 years will make the internal audit maturity level more-well planned. According to Richard F Chamber, President of International Internal Audit in his book *Trusted Advisor*, being a trusted auditor is not enough only to understand the concept of GRC (Governance, Risk Management and Compliant) but also to be able to describe its implementation (Praja, 2019b).

The most prominent aspect of Risk Management is that there are 3 lines of defense (three lines of defense) with Internal Audit at the last line (Achmad & Haula Rosdiana, 2018). In principle, all agency components will be involved in risk mitigation. Likewise, there are at least 3 (three) main attributes to be a trusted advisor; i) personal attributes ii) communication attributes and iii) professional attributes. Personal attributes include high ethical standards and open mindedness. Auditors must be open to differences of opinion and have sufficient empathy for difficult personalities. Communication attributes. Internal audit must have good communication skills in order to stimulate initiative in the work environment, not one that will lower one's motivation. Professional attributes. Internal auditors must have a critical mindset in order to find the root of the problem.

Several reasons support the Supreme Court using the ISO 31000 risk management system (SMR) as a reference in assessing the occurrence of negligence in corporate governance. First, the initial process when a corporation builds an Anti-Bribery Management System (ABMS) begins with a gap analysis of the implementation of the ABMS on corporate instruments, such as Standard Operational Procedure (SOP), recruitment patterns and a tone at the top culture. An important part of gap analysis in an organizational context is the risk of bribery. Therefore, in several ways, building an SMR first will make it easier to build an SMAP (Praja, 2019a).

Second, there are many risks that need to be analyzed to avoid mismanagement of investments, such as speculative risks and fundamental risks. In the context of mitigating corruption, there are two types of risk, namely the risk of bribery and the risk of fraud which is preemptive for the occurrence of bribery.

The most prominent aspect of Risk Management is that there are three lines of defense with Internal Audit at the last line. In principle, all agency components will be involved in risk mitigation. According to the fraud triangle formula, fraud can occur if it meets three elements, 1) Pressure, namely financial pressure that encourages fraud. 2) Opportunity or opportunity to cheat. 3) Rationalization or reasons built to justify fraud.

Third, one of the important components in the SMR is the three lines of defense or three layers of defense consisting of the risk owner as the first layer, the party that oversees risk governance as the second layer and internal audit as the third layer (Achmad & Haula Rosdiana, 2018; Dermawan et al., 2011; Jian-bai, 2007; Praja, 2019a; Tarjo, Musyarofah, Haryadi, Nurhayati, & Mulyawan, 2019). Each risk is identified in four categories from most risky to least risky. When a project has been agreed with the level of risk that has been identified, systems and procedures must have been prepared including second-tier roles which in some cases reach the

level of the board of directors. With the three-layer defense pattern on paper there is little chance of project failure.

As important as SMR is in mitigating losses, the Financial Services Authority requires all non-bank financial service institutions to implement SMR up to the level of directors and commissioners (POJK No. 1 / POJK.5 / 2015). In fact, the Ministry of Finance since 2016 has used an SMR based on the Minister of Finance Regulation No. 171 / PMK.01 / 2016 concerning Guidelines for Implementing an SMR in the Ministry of Finance.

Business actors have proven to have benefited from implementing the SMR based on the Center for Risk Management Studies (CRMS) annual survey. The following are some of the findings of the 2018 National Risk Management Survey by CRMS: 1) Most Indonesian companies are at the SMR maturity level at the "Medium" and "Good" levels; 2) SMR has a holistic impact on the company; 3) SMR training has become part of the company's routine (Praja, 2019a).

RESEARCH METHODS:

This research applies qualitative-descriptive and explorative methods (Dempsey, 2008; Hunter, McCallum, & Howes, 2019) which is supported by normative research methods (McCrudden, 2006) to determine the determinants that influence the application of Corruption Risk Management. on the cross-sectoral infrastructure development program in South Sulawesi. Types and sources of data used are primary data obtained through observations and interviews with individuals representing institutions as stakeholders involved in cross-sectoral programs for dam infrastructure development, port expansion and railways in South Sulawesi, while secondary data is obtained from activity reports. and publications on social media. Data were analyzed descriptively analytically following the interactive model stages (Miles, Huberman, & Saldaña, 2018) data collection, data condensation, data presentation, verification and conclusion drawing.

RESULTS AND DISCUSSION:

Risk control, especially the risk of corruption, is something that must be done in the implementation of infrastructure development in South Sulawesi. This identification of the risk of corruption must be carried out in the entire development process, from planning to implementation until the construction is completed. This is consistent with what Djohanputro(2008) stated that risk control is a structured and systematic process of identifying, measuring, mapping, developing risk management alternatives, and monitoring and controlling the implementation of risk management. Also, this statement was strengthened by the upgrade of risk management to Enterprise Risk Management (ERM) - Integrating with Strategy and Performance by COSO in 2017. This framework emphasizes the importance of attaching risk management to strategic planning and throughout the organization.

However, risk control in the cross-sectoral program of infrastructure development in South Sulawesi is still limited to incidents if a problem occurs, as expressed by Mr Arwin, Senior Manager of PT Pelabuhan Indonesia VI (PT Pelindo IV), “..... if a problem occurs we will report to the Board of Directors forming a joint team, which involves the Regional Government

consisting of the Provincial Government (Pemprov), City Government (Pemkot), as well as vertical agencies such as the National Land Agency (BPN), the Financial and Development Supervisory Agency (BPKP) and the Prosecutor's Office for assistance ... In the auction process, where to minimize the potential for corruption, all documents before the auction we asked for an audit by the Financial and Development Supervisory Agency (BPKP) and at the time of the auction everything was online ... "(Interview with Mr Arwin, 09 November 2020).

The formation of an incidental risk control team was also strengthened by the statement of Mr Prasetyadi, who is the President Director of PT Pelabuhan Indonesia VI (PT Pelindo IV), "... during the initial process until the completion of work or project handover accompanied by the Prosecutor's Office as the Guard Team and Regional Government and Development Safeguards (TP4D) and the Financial and Development Supervisory Agency (BPKP) to prevent the intervention process by irresponsible parties ..., ... in resolving problems effectively and efficiently always involving the National Land Agency (BPN), the Attorney General's Office and Police in land acquisition issues "(Results of Interview with Mr Prasetyadi, 09 November 2020).

The formation of a team that is incidental and not attached to the entire process of implementing infrastructure development certainly makes controlling the risk of corruption in the cross-sectoral infrastructure development program in South Sulawesi ineffective and being used by irresponsible parties. For infrastructure development in South Sulawesi to be effective, it is necessary to form a team tasked with ensuring that Corruption Risk Management is implemented in all processes in the cross-sectoral program of infrastructure development in South Sulawesi. This team identifies possible risks and manages risks throughout the development process.

The team that was formed consisted of representatives from all stakeholders involved in implementing cross-sectoral programs for infrastructure development in South Sulawesi along with the Government Internal Supervisory Apparatus (APIP) and also Law Enforcement Officials (APH). The involvement of all stakeholders is necessary so that the risk identification process in cross-sectoral programs can be carried out comprehensively in all aspects and stages of development. Meanwhile, in terms of risk management as well as monitoring and evaluation it is carried out by the Government Internal Supervisory Apparatus (APIP) and Law Enforcement Officials (APH) who are independent parties and are not directly involved in the cross-sectoral program of infrastructure development.

However, the implementation of Corruption Risk Management as a whole throughout the development process certainly requires commitment from top management and also the active involvement of all stakeholders involved in cross-sectoral infrastructure development programs in South Sulawesi. This is by the explanation of the Committee of Sponsoring Organizations (COSO) in the Enterprise Risk Management Framework - Executive Summary document, 2004, "Integrated Risk Management (MRT) is a process carried out by the board of commissioners and directors, management, and other personnel, applied in strategy formulation, implemented throughout the company, is designed to identify events that have the potential to affect the company, and manage these risks to stay within the company's risk appetite, to provide reasonable assurance for the achievement of company objectives. "

The failure to implement comprehensive Corruption Risk Management, starting from the planning process to completion of development in the cross-sectoral infrastructure development program in South Sulawesi, shows a lack or even absence of commitment from top management as well as the active involvement of all stakeholders involved in cross-sectoral infrastructure development programs in Sulawesi. South. The absence of commitment by top management and related stakeholders can even be seen from the occurrence of corruption cases that have ensnared top management and stakeholders in cross-sectoral infrastructure development programs in South Sulawesi.

CONCLUSION:

In the implementation of cross-sectoral programs, infrastructure development in South Sulawesi has implemented Corruption Risk Management, but it is still an incidence if a problem occurs and has not been fully implemented in all programs. Implementations that are still incidental and have not been fully implemented in all cross-sectoral development programs for infrastructure development in South Sulawesi due to the absence of commitment from top management and also the active involvement of all collaboration participants and the absence of a team or unit tasked with managing risk together in each cross-sectoral development programs.

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