Internal Control and Financial Accountability in Non-Tax Forest Revenue Management: A Qualitative Study

Oleh :

Elis Nur Aisyah[1]
Universitas Indonesia, Jakarta, DKI Jakarta, Indonesia
nuraisyahelis319@gmail.com

Dwi Martani[2]
Universitas Indonesia, Jakarta, DKI Jakarta, Indonesia
dwimartani@yahoo.com

Co Author *nuraisyahelis319@gmail.com

ABSTRACT

This study critically examines the internal control system over Non-Tax State Revenue (PNBP) derived from forest area utilization within the Directorate General of Forest Area Planning and Establishment of Forest Management Areas (RPKHPWPH) under the Ministry of Forestry. The performance audit by the Supreme Audit Agency (BPK) reported that the internal control over PNBP for Forest Area Utilization still requires further evaluation. Drawing on a qualitative approach based on descriptive analysis, observation, interviews, and field observations, this research reveals shortcomings in monitoring, evaluation, and documentation. Several necessary improvements in the internal control system for PNBP PKH at the Directorate of RPKHPWPH encompass improving a culture of control, risk mitigation, implementing stricter policies, enhancing transparency, adopting a preventive approach, and engaging stakeholders to achieve organizational objectives efficiently. Recommendations to enhance the internal control system for PNBP PKH include the necessity for initiatives to foster a culture of control, robust risk mitigation, high transparency, preventive approaches, stakeholder involvement, and better monitoring.

Keywords: *Financial Accountability, Forest Area, Internal Control, Non-State Revenue (PNBP), Public Accounting*

INTRODUCTION

Non-Tax State Revenue (PNBP) constitutes one of the fundamental pillars in Indonesia's financial structure for advancing state funds (Dulatif et al., 2022). The forestry and natural management sector, under the oversight of the Ministry of Forestry, became the primary contributor to the non-tax state revenue from natural resources with IDR 5.6 trillion as an anticipated target in 2022 (Indrawati, 2022). Nevertheless, this realization remains significantly lower in comparison with the previous year in 2021 which reached IDR 452 trillion (Kementerian Keuangan Republik Indonesia, 2022). This under-performance of revenue underscores the ongoing challenges in the non-tax state revenue governance effectiveness, which has been highlighted by the Minister of Finance as a pressing issue requiring comprehensive strategic reform (World Bank, 2021).

The government's internal control system, as stipulated by government regulation number 60 of 2008, has emerged as a fundamental instrument and a cornerstone framework designed to ensure efficiency, transparency, and accountability of non-tax state revenue derived from natural resources management (Indonesia, 2008; Peraturan BPKP Nomor 5, 2021). The audit report by The Audit Board of the Republic of Indonesia (BPK RI) on the Ministry of Energy and Mineral Resources and the Ministry of Forestry strongly indicates several weaknesses in the aspects of the control environment, risk assessment, Information and communication, and monitoring activities (Badan Pemeriksa Keuangan Republik Indonesia, 2023; OECD, 2018). This finding reveals the need for

systematic improvement to enhance the governance of PNBP from natural resources (Sari & Prabowo, 2021). Weaknesses in internal control tend to correlate with a higher risk of corruption as well as the breakdown of meritocratic principles in public institutions (Syahraini & Sultan, 2024) In a public sector institution, integrated risk management practices can be achieved through the implementation of internal control, resilience, and accountability (Asnawi et al., 2023). As it has been shown in studies that financial accountability is heavily impacted by the maturity of internal control systems, especially through effective internal supervision and well-organized mechanisms (Sutaryo & Sinaga, 2018) In conclusion, fostering a well-aligned and comprehensive internal control structure is necessary to attain ethical governance, operational effectiveness, and suitable financial management, particularly in the management of natural resources (Winarna et al., 2021).

Aligned with the BPK's findings, several previous studies have identified issues with non-tax state revenue from natural resource internal control systems. Sari, R., & Prabowo (2021) ascertain that the weaknesses in the control environment have affected the lowering of transparency and accountability in non-tax state revenue governance (Sari & Prabowo, 2021. Riyanto (2020) accentuates the crucial need for internal control system improvement in the Ministry of Forestry to be more adaptive in response to the dynamic regulations and changes in the external environment (Riyanto, 2020). Wahyudi and Mumbunan (2012) outlined that there was a significant gap in forest resource provision and reforestation funds, which have reached only 40% of the expected potential. This outline conveys the structural weakness in the internal control system (Wahyudi & Mumbunan, 2012). A study conducted by Muhammad Abu Dzar Yusuf (2024) at the State of Polytechnic Jakarta analyses the effectiveness of the realization of non-tax state revenue form forestry sector managed by the Ministry of Environment and Forestry, the findings indicate that non-tax state revenue from forest sector has met or even surpassed the set target each year, with an average effectiveness of 119.48% (Yusuf, 2024). Rakhman Budi and Nurhandayani reported that the implementation of the government's internal control system over the non-tax revenue at West Bali Park was based on Government Regulation No. 12 of 2014, with tariff-based revenue recording contributing to over 100% effectiveness (Handayani, 2017). Riani and Gultom

(2016) evaluated the governance of non-tax state revenue in the Ministry of Forestry and identified the weaknesses of risks in internal control that can constrain the non-tax state revenue, and recommended innovation in the management system to enhance efficiency and transparency.

The previous research on non-tax revenue within the forestry sector has concentrated on regulatory compliance and revenue performance, predominantly employing quantitative methods relying on secondary data sources. Despite these studies contributing to comprehension and administrative and legal frameworks, critical analysis of the internal control system's contribution to effective non-tax state revenue remains scarce. Furthermore, previous studies have similarly overlooked the influence of contextual variables, institutional dynamics, and the need for adaptation to updated regulations.

This research aims to bridge the existing research gaps by critically assessing the effectiveness of internal control in the management of non-tax state revenue derived from forest area utilization. It adopts a qualitative descriptive methodology, leveraging primary data and updated regulations. Using the comprehensive approach, the findings of this research are expected to contribute to the development of better policies in non-tax state revenue governance and to provide evidence-based recommendations for the improvement of the internal control system in Indonesia's forestry sector (Cooper & Schindler, 2014). Additionally, internal control is essential in strengthening public sector management, enhancing efficiency, and upholding accountability (Budding et al., 2015).

LITERATURE REVIEW

This research adopts the Agency Theory as a primary conceptual framework for analysing the relationship between government as an agent and society as a principal, with a focus on non-tax state revenue's natural resource sector governance. This theory underscores the most frequently occurring issues in agency relationships, such as asymmetric information, moral hazard, and adverse selection, which can constrain the effectiveness of management of national resources. Drawing on the conceptual framework of agency theory (Jensen, 1976) entrusting an agent to act on behalf of a lead to inefficiencies arising from misaligned objectives and inadequate information flow. These vulnerabilities are magnified in the public sector governance, where institutional oversight systems

frequently lack coherence and consistency (Bendickson et al., 2016). Agency theory in the Indonesian public is often exacerbated by institutional inefficiencies and a weak system of internal oversight (Handyastuti et al., 2023). Similarly warns that under such circumstances, this structural weakness can foster corruption, especially where natural resources are involved (Al-Faryan, 2024). Furthermore, agency theory has been criticized for inadequately reflecting the organizational complexities, including the prevalence of collective principals' relationships (Hill, 2024). The relevance of this theory in the context of good governance is very crucial, particularly in an endeavour to foster transparency and accountability in non-tax state revenue management from the forestry sector. By using this approach, this research aims to evaluate the effectiveness of the government's internal control system in the context of non-tax state revenue management to identify weaknesses and to convey strategic recommendations to strengthen the management to be more transparent, accountable, and efficient.

As part of this study, internal control theory plays an indispensable role in guaranteeing that national financial management is conducted with maximum efficiency and accountability. Effective internal control serves a role in preserving assets, preventing acts of misuse, and guaranteeing accuracy and maintaining the integrity of data that is disclosed to the public (Pickett & Pickett, 2018). In this case, the COSO framework stands as a foremost reference in the design and development of robust internal control systems, which encompass five components: controlling environments, risk assessments, control activities, information and communication systems, as well as monitoring mechanisms. These five components not only ensure the achievement of organizational goals but also play a vital role in fostering an ethical work environment and mitigating the risk of fraud tendencies and abuse of authority in managing the public national fund (Nadirsyah et al., 2024).

The implementation of internal control principles in the governmental internal control system is strongly relevant in the context of the forestry sector of non-tax state revenue management. The internal control is designed to ensure efficiency, effectiveness, and accountability in national resources. In this context, it serves as a critical mechanism for identifying and mitigating financial risks that potentially occur in state financial

management while ensuring transparency in non-tax state revenue governance, for instance, the non-tax state revenue derived from forest area utilization under the forest management unit obtained from forest area utilization for development activities beyond forestry sector. Thus, the successful implementation of the government's internal sector system in managing the non-tax state revenue derived from forest area utilization under the forest management unit highly depends on the continuity and effectiveness of internal control principles. The evidence indicates that the consistency and institutionalization of government internal control system at the Forest Management Unit (FMU) level significantly affect financial reporting accuracy, audit results, and credibility in revenue governance (Handoko et al., 2023). When accountability is integrated within internal control systems, it fosters a continuous cycle of improvements that bolsters the sustainability of non-tax revenue sources (Wibowo & Murwaningsari, 2024).

Viewed holistically, the role of the government's internal control system in the forestry sector extends far beyond the confines of regulatory compliance. It is regarded as a foundational pillar that actively promotes transparency in public financial management processes (Raharjo et al., 2024), preventing systemic financial vulnerability and administrative inefficiencies through embedded control mechanisms (Sari & Prabowo, 2021). Its successful application at the forest management unit level becomes a linchpin for the sound management of public funds (Widyasanti & Misra, 2023; Winarna et al., 2021) Furthermore, effective internal control contributes to better financial reporting, which is essential for the management of non-tax state revenue in the forestry sector (Permatasari, 2023).

This research will commence by evaluating the internal control alignment of non-tax state revenue from forest area utilization under government regulation No.60 of 2008. It also conducts a comprehensive analysis to ensure whether the existing internal control framework has been effectively achieved in line with the objective set by the government's internal control system. To achieve the objectives, this research will develop a compliance checklist, which will be combined with interviews to capture more in-depth data. The output of the checklist and interviews will be instrumental in pinpointing weaknesses and impediments in the internal control system's execution, which will be validated through

comparison with the audit board's findings and the Inspectorate General to ensure a robust and reliable conclusion. Based on the comprehensive analysis, this research will conclude by demonstrating how the effective implementation of the government's internal control system not merely optimizes the target, but also substantively enhances the management and governance of the non-tax state revenue derived from the forest sector, thereby ensuring greater accountability, transparency sustainability in its management. The conceptual framework that underpins this study is organized as follows:
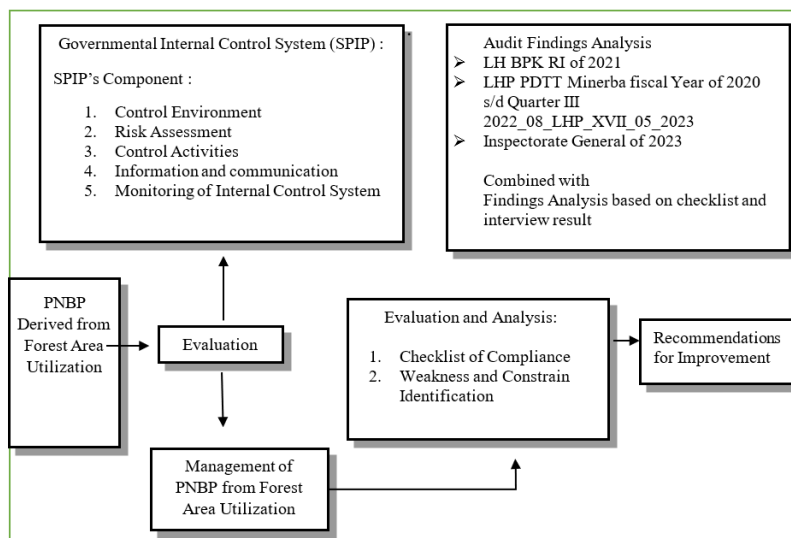
Source: Author (2025)

Figure 1. Research framework

RESEARCH METHODOLOGY

This study employs a qualitative description analysis using a case study approach to cultivate a profound and comprehensive understanding of a specific phenomenon by processing diverse data sources through systematic synthesis. The case study approach enables researchers to undertake a comprehensive and detailed exploration of a specific phenomenon, uncovering deep inside its underlying mechanisms (John W. Creswell, 2013). The collected qualitative data will be systematically presented through a descriptive narrative, aiming to over a vivid depiction of the context and elucidate the findings of the study in an obvious and insightful manner.

A case study evaluation illustrates a profound understanding of individuals, divisions, companies, nations, strategies, or policies required before planning and acting (Ellet, 2019). In a broader context, the case study undertaken in this research seeks to offer a detailed, insightful analysis of the phenomenon under investigation, specifically focusing on the evaluation of the government's internal control system over the non-tax state revenue derived from forest area utilization. The qualitative data employed in this research encompasses a range of sources including the SPIP Report year 2022 to 2024, Audit Report from the Audit Board Republic of Indonesia (BPK RI) year 2020 to 2023 and Audit Report from the Inspectorate General year 2022 to 2023, relevant regulations, research findings, publications, and other pertinent information that pertain to the internal control system.

After the data collection phase, the author conducts a thorough analysis by systematically analyzing the acquired data and information to comprehend the deep understanding of the findings. To elevate the depth and rigor of the analysis, this study leverages the interview technique as a strategic quality approach. The researcher utilizes a predefined set of questions within semi-structured interview frameworks and subsequently refines the questions to align with the research objectives and problem frameworks. The interview is meticulously designed to obtain in-depth information and validate the implementation of government internal control system through a compliance checklist established by BPKP regulation No.5 of 2021. Building upon the checklist outcome and observational insight, the

interview questions are thoughtfully refined by the author. Comprehensive, in-depth interviews will be systematically planned with various parties and stakeholders to facilitate a comprehensive and detailed inquiry. The participants selected in this research are specifically aligned with their role in the risk management unit, individuals responsible for activities, as well as those who are responsible for operational execution, and the development and advancement of research activities.

The steps of analysis in this study begin with a thorough documentation analysis of the phenomenon, followed by an analysis of pertinent regulations, studying standard operating procedure (SOP), and reviewing audit findings. Based on the reference of Government Regulation No. 60 of 2018, a specialized compliance checklist was developed meticulously to address the critical components and objectives inherent to the SPIP framework: the refined framework and expansion of elements and sub-elements elaboration under BPKP regulation No.5 of 2021. Subsequently, a compliance review checklist is conducted alongside on-site observation. Following these, an evaluation is conducted on the findings from direct observation and the compliance checklist, as well as an analysis of identified weaknesses and challenges in the implementation of the internal control system. From this, a comprehensive set of interview question frameworks was also developed, integrating member checking and interviews with selected resource persons. Afterward, the interview data is examined, integrated, and mapped onto the previously developed conceptual framework, ensuring rigorous data source triangulation. The next step involved analyzing the interview findings to build a deeper understanding of the subject of research. In the following phase, the study proceeds with interpretation, comparative analysis, and discussion to generate conclusions that respond to the research inquiries. Ultimately, the conclusions are structured by the study's objectives.

RESULT AND DISCUSSION

Result

. The Directorate of Forest Area Planning, Changes, and Forest Management Unit Formation is operated under the Ministry of Forestry, Republic of Indonesia, that responsible for formulating policies related to the utilization of forest areas. This Directorate is led by a Director at the Echelon II level, who holds a strategic role in shaping and formulating policies and forest spatial planning, the

reallocation of Non-Tax State Revenue from forest utilization and function, as well as the Forest Management Unit (FMU) structure throughout Indonesia. However, audits by the Audit Board of the Republic of Indonesia (BPK RI) and internal reviews have identified several weaknesses across the five principal components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring function.

The control environment remains weak due to leadership commitment, which amplifies the risk of moral hazard consistent with Agency Theory. The Directorate's risk assessment is insufficiently responsive to evolving regulation, and control activities lack both standardization and regulatory alignment. Furthermore, the suboptimal information systems and irregular monitoring remain ineffective, collectively increasing exposure to fraud and revenue erosion.

These findings of this research affirm the applicability of internal control theory and agency theory, broadening the literature by emphasizing contextual challenges such as regulatory volatility and organizational inertia. Enhancing non-tax state revenue governance requires strong leadership commitment, updating risk management frameworks, standardizing control procedures, the improvement of information systems, and the institutionalization of continuous monitoring by government internal control system principles, and mitigating the principal-agent challenge

Control and Environment

The control of the environment constitutes a foundational pillar of risk assessment and in the efficient and accountable management of non-tax state revenue derived from forest area utilization. Its direct linkage to forest area units underscores its relevance not only from a managerial standpoint but also from an environmental and policy-making perspective. In this context, a strong control environment contributes to shaping the organizational ethos and internal accountability mechanisms that support the effective enforcement of forestry regulations. Moreover, it ensures that strategic goals, such as sustainable development and revenue integrity, are pursued within a framework of institutional discipline and governance excellence. A weak control environment, by contrast, may lead to regulatory lapses,

compromised conservation efforts, and erosion of public trust in forestry-related institutions.

By Presidential Regulation No.92 of 2020, there are six critical aspects of the Forest Management Unit's non-tax state revenue control environment, as detailed in the following table:

Table 1. Control environment in the Directorate of RPKHPWPH

No	Controlling aspects	Assessment of implementation process
1	Effectiveness of policies and procedures	Fairly effective, but requires continuous monitoring and evaluation
2	Consistency in data collection	Confirming procedures, supporting transparency and accountability
3	Communication and reporting	Systematic, with the publication rate and electronic billing
4	Monitoring and Evaluation	Annual audits are address through responses and periodic assessment
5	Corruption prevention	Implemented through segregation of roles and regular audits
6	Optimal use of PNBP fund	Allocated for forest conservation and sustainable development of forest

Source: BPKP Regulation No. 5 year of 2021 as reviewed and adapted (2025)

In conclusion, the Directorate of RPKHPWPH has successfully implemented a control system that promotes transparent and accountable governance of non-tax state revenue from the Forest Management Unit. Despite the high effectiveness of the control system is considered high, ongoing optimization is necessary to enhance risk mitigation, improve operational efficiency, and ensure the sustainability of forest resource management.

Risk Assessment

The integration of risk assessment into the management of non-tax state revenue governance from the forest management unit serves as a critical mechanism for ensuring effective revenue governance within the forestry sector. Its core objective is to ensure that potential threats to precision, openness, and regulatory adherence of revenue collection mechanisms are addressed. The process not only strengthens internal control but also aligns revenue management practices with principles of environmental governance. A comprehensive review of the Directorate General of Forest Area Planning and Establishment of Forest Management Areas (RPKHPWPH) highlights four core dimensions of risk assessment.

A comprehensive evaluation of the Directorate RPKHPWPH has highlighted four essential aspects of risk assessment as follows:

Table 2. Risk Assessment in the Directorate of RPKHPWPH

No.	Risk aspects	Assessment of implementation process
1	Risk Identification	Successfully conducted systematic identification of environmental, social, economics and legal risk as the foundation of mitigation strategies
2	Evaluation and Risk Analysis	Regularly performed to monitor changes and maintain the relevance of risk management strategies.
3	Risk Management Strategies	Focus on mitigating major risks such as forest fire, illegal logging, and climate change through proper resource allocation and collaboration
4	Risk Monitoring and Control	Systematic, with performance indicator monitoring and mitigation planning to enhance risk prevention effectiveness

Source: BPKP Regulation No. 5 year of 2021, as reviewed and adapted (2025)

The Directorate RPKHPWPH has systematically incorporated risk assessment into the internal control system using a comprehensive approach, including risk identification, evaluation, mitigation planning, and periodic monitoring. This initiative strengthens the resilience of non-tax state

revenue governance from forestry sector management against environmental, social, and policy-driven risks while promoting more effective and accountable forest resource sustainability.

Control Activities

Control activities within the management of non-tax state revenue governance from the forestry sector play a critical role in ensuring transparency, accountability, and efficiency in state revenue collection from the forest region. These steps are designed to mitigate the risk of financial misuse, enhance regulatory compliance, and preserve the environment. Furthermore, internal control enhances operational efficiency, data-driven decision making, and prevents corruption that could negatively impact the nation.

The four components of control activities at the Directorate RPKHPWPH are summarized in the following table:

Table 3. Control Activities in the Directorate of RPKHPWPH

No	Controlling aspects	Assessment of implementation process
1	Determination of non-tax state revenue tariffs	Determined by the corporate work plan on forest area users with annual adjustment to maintain tariff competitiveness and relevance
2	Efficient and Transparent Management	Using an automated monitoring system for verification and ensure the engagement of payees in tariff determination.
3	Revenue stream diversification	Implemented through business partnership to minimize dependency on a single revenue stream
4	Regular Monitoring & Auditing	Periodic audits ensure company compliance with payment responsibilities and proactively prevent potential violation

Source: BPKP Regulation No. 5 year of 2021, as reviewed and adapted (2025)

The Directorate RPKHPWPH has implemented a comprehensive control system with key performance metrics such as compliance rates of payments and stringent penalties for infraction, including the blocking or revocation of permits. A business plan-driven approach allows for tariff flexibility, while the integration of cutting-edge technology enhances both transparency and operational accuracy. Routine monitoring and audits strengthen adherence to regulations, reinforce compliance, and contribute to an efficient, accountable, and sustainable non-tax state revenue administration by the government's internal control system framework.

Information and Communication

Effective information and communication with stakeholders play a vital role in the evaluation of internal control for non-tax state revenue governance from the forestry sector at the Ministry of Forestry. Through active stakeholder engagement, the ministry can enhance transparency, accountability, and gain deeper insight into stakeholder expectations relate to non-tax state revenue management. This process also helps in preventing potential conflicts, ensuring that the management of non-tax state revenue aligns with social, economic, and environmental interests.

The following table provides a summary of the checklist result regarding the implementation of information management and stakeholder engagement in the internal control system of non-tax state revenue governance from the forestry sector at the Directorate of RPKHPWPH.

Table 4. Information and Communication in the Directorate of RPKHPWPH

No	Sub-Elements	Application at the Directorate of RPKHPWPH
1	Consultation and dialogue with local communities	The Directorate of RPKHPWPH engaged in consultation through informal discussion, online forum and accessible communication
2	Collaboration with environmental organizations and NGOs	Conducting open discussion, offering evaluation forum with NGOs and environment organization groups to promote sustainable policy making
3	Engagement of private entities and investors	Receiving feedback from private enterprises and investors to optimize the effectiveness and efficiency of SPIP in non-tax state revenue management

Source: BPKP Regulation No. 5 year of 2021, as reviewed and adapted (2025)

By implementing these steps, the Directorate RPKHPWPH is committed to establishing a more transparent, participatory, and sustainable which aligns with the principles of the government's internal control system.

Monitoring of Internal Control System

The monitoring of the internal control system for non-tax state revenue governance from :

the forestry sector at the Ministry of Forestry is very crucial for ensuring control effectiveness, identifying inconsistencies, and refining the process. This process upholds transparency, accountability, and minimizes the risk of financial losses or legal breaches and supports sustainable non-tax state revenue management.

The summary table of Internal Control System Monitoring Checklist is shown below

Tabel 5. Monitoring of Internal Control System in the Directorate of RPKHPWPH

No	Sub-Elements	Application at the Directorate of RPKHPWPH
1	Frequency and duration	Risk analysis, internal audits, periodic monitoring, and effective control improvement
2	Performance Indicator	non-tax state revenue governance from forestry sector achievement monitoring and on-time payment compliance
3	Transparent Communication	Online forum and collaboration with NGOs to improve transparency and trust
4	Improvement action	Measures such as blocking or revocation to improve control mechanism
5	Training and awareness enhancement	Account suspension and payment delay for payers in difficulties
6	Application of information technology	Automatic systems for monitoring and payment notification
7	Application of Policies and Procedures	Tariff policy implementation and payment monitoring procedures of non-tax state revenue
8	Involvement of Stakeholders	Dialogue and risk monitoring with forest zone using companies
9	Sustainable continuity	Revenue diversification, technology, and continuity of monitoring for economic and environment equilibrium

Source: BPKP Regulation No. 5 year of 2021, as reviewed and adapted (2025)

The Directorate of RPKHPWPH has implemented an integrated strategy to improve transparency, efficiency, and sustainability in non-tax state revenue management. This approach includes collaboration with the stakeholders, technology users, and ongoing risk monitoring, ensuring effective and sustainable forest area management.

Discussion
The Weaknesses of Internal Control System in RPKHPWPH

Analysis of weaknesses and challenges in internal control implementation at the Directorate RPKHPWPH is carried out through secondary data collected from the audit reports of the Audit Board and the Inspectorate, primary data from the compliance checklist, and interviews. This evaluation confirms the Audit Board and Inspectorate findings and identifies challenges in the internal control system.

Internal control weaknesses are identified through discrepancies recorded in checklists and interviews, reinforced by audit findings. The similar findings above various data show a significant correlation, empowering the evidence about the current problems. This analysis draws a precise conclusion that challenges in the internal government control system are the basis of this research.

SPIP Weaknesses based on Checklist and interviews

According to the compliance checklist and interview results, several weaknesses were identified in the implementation of the government's internal control system at the Directorate RPKHPWPH. Primarily, on the control environment component, the recurrent findings reflect a persistent issue with the effectiveness of internal control systems. As stated in the statement of source 2: "In almost every audit, there are always

findings, although not always. In the case of non-tax state revenue governance from the forestry sector, there are annual findings related to non-tax state revenue governance from the forestry sector, which we promptly address by following the recommendations and action plans we made."

This statement indicates that recurrent audit findings indicate deficiencies in the system's ability to prevent repeated issues. Furthermore, monitoring is only conducted twice a year, which, according to the interviews with source 2, is inadequate:

"*Monitoring is held every semester; it means that there are two monitoring session and two follow-ups annually*".

Secondly, related to internal control of non-tax state revenue, there is a tendency to rely on sanctions as a primary tool to ensure the taxpayers, rather than a persuasive or preventive approach. As stated by source 2: "The main risk is that the taxpayers do not pay, leading to the increase of receivable …. that's the main risk."

This condition underscores that the internal control system is more focused on mandatory enforcement rather than educating the taxpayers about the value of voluntary compliance.

Additionally, transparency and risk controlling of non-tax state revenue remain problematic. Source 1 pointed out the importance of strong communication, yet the lack of elaboration in the interviews indicates potential transparency problems:

"*Smooth communication and coordination is the keys for successful integration.*"

Lastly, in terms of stakeholder engagement, responses to feedback remain slow and lack concreteness. As highlighted by Source 3 :
"*The response tends to be slow and not concrete, and we always expect that the ministry can be more responsive, especially when it comes to the critical issues.*"

In conclusion, the weaknesses reveal the need for major improvements in proactive approaches, more intensive monitoring, increased transparency, and proactive engagement from stakeholders to enhance the internal system control.

CONCLUSION

This research evaluates the effectiveness of the internal control system for non-tax state revenue governance from the forestry sector within the Directorate of RPKHPWPH, aiming to pinpoint and uncover potential inefficiencies and evaluate

the broader implications of internal control system implementation in enhancing revenue optimization and achieving the performance target of non-tax state revenue governance from forestry sector. The result of this research reveals that although internal controls are commonly compliant with Government Regulation No.60 of 2008, deficiencies in continuous supervision, systematic evaluation, and comprehensive documentation. Improvements are needed to reinforce the culture of control, enhance preventive monitoring, and improve transparency and risk control. Furthermore, stakeholder involvement must be fostered through prompt responses and more transparent information sharing. Non-tax state revenue governance from forestry sector management highlights the significance of enhancing the government's internal control system to optimize the management of non-tax state revenue and to meet organizational goals effectively.

Recommendations

The implication of this research underscores the necessity for strengthening continuous supervision, conducting comprehensive evaluations, and instituting efficient documentation frameworks to reinforce internal control in non-tax state revenue governance from the forestry sector. The development of an internal control awareness culture through the government's internal control system will cultivate a more conducive environment and improve overall effectiveness. Advancing transparency and risk management will strengthen stakeholder confidence and reduce regulatory violations. A more refined approach to documentation, risk identification, and analysis will reinforce risk governance and optimize the organization's strategic success. Limitations and Future Studies

The limitation of this study lies in the scope and the object, which encompasses only the evaluation of the compliance checklist, interviews with key informants, and the analysis of relevant documents. Furthermore, the restricted number of respondents resulted in omissions of quote coding. This does not involve information for the Echelon I unit of the Directorate of Forest Planning and other key stakeholders, such as the Directorate General of Sustainable Forest Management and the Inspectorate General. Future research is expected to expand the information resources from the pertinent units and carry out a more thorough analysis covering not only the implementation of

SPIP but also the process involved in establishing non-tax state revenue governance from forestry sector targets, performance achievements, and the resulting impact on organizational goals.

REFERENCES

Al-Faryan, M. A. S. (2024). Agency theory, corporate governance and corruption: an integrative literature review approach. *Cogent Social Sciences*, *10*(1). https://doi.org/10.1080/23311886.2024.233 7893

Asnawi, M., Larasati, R., & Syahrir, A. (2023). Risk Management And Public Service: Integrated Analysis At The Public Sector Organization. *Jurnal Reviu Akuntansi Dan Keuangan*, *13*(3), 529–545. https://doi.org/10.22219/jrak.v13i3.26910

Badan Pemeriksa Keuangan Republik Indonesia. (2023, December 5). *BPK Discloses 9,261 Audit Findings Worth Rp18.19 Trillion in the First Semester of 2023*. https://www.bpk.go.id/news/bpk-discloses-9261-audit-findings-worth-rp1819-trillion-iin-the-first-semester-of-2023

Bendickson, J., Muldoon, J. , Liguori, E. W. , & Davis, P. E. (2016). Agency Theory: An Assessment and Review. Academy of Management Review. *Journal of Management History*, *22*(4), 437–449. https://doi.org/10.1108/JMH-06-2016-0028

Budding, T., Grossi, G., & Tagesson, T. (2015). *Public Sector Accounting*. Routledge.

Cooper, D. R., & Schindler, P. S. (2014). *Business Research Methods* (12th ed.). McGraw-Hill Education. https://www.amazon.com/Business-Research-Methods-Donald-Cooper/dp/0073521507

Dulatif, Hari Sutarmin, Dian Oksatriana, Alif Muhammad Fadli, Kristinawati, & Ela Firda Amaliyah. (2022). Optimasi Penerimaan Negara Bukan Pajak Sektor Kehutanan Pasca Undang Undang Cipta Kerja. *Jurnal Indonesia Rich* , *3*(2), 100–109.

Ellet, W. (2019). *Case Study Research: A Methodology for Business Scholars*. SAGE Publications. https://us.sagepub.com/en-us/nam/case-study-research/book256532

Handayani, R. B. N. (2017). Pengendalian Internal terhadap Penerimaan Negara Bukan Pajak di Taman Nasional Bali Barat. In *Universitas Jember*. Universitas Jember.

Handoko, D., Sidharta, J., & Tobing, F. B. N. L. (2023). Pengaruh Sistem Pengendalian Internal Terhadap Kualitas Audit The Effect of Internal Control System on Audit Quality in Public Accounting Offices in Jakarta. *Fundamental Management Journal*, *1*(8), 21–30.

Handyastuti, I., Waspada, I., & Sari, M. (2023). A Literature Review of Agency Theory on Finance and Accounting within Tourism and Hospitality Industry. *NHI Hospitality International Journal*, *1*(2), 75–84. https://doi.org/10.34013/nhij.v1i2.1031

Hill, J. G. (2024). *Hidden Fallacies in the Agency Theory of the Corporation*. http://ssrn.com/abstract_id=0https://ecgi.gl obal/content/working-papers

Indonesia. (2008).. *Peraturan Pemerintah Republik Indonesia* https://peraturan.bpk.go.id/Home/Details/4 935/pp-no-60-tahun-2008

Indrawati, S. M. (2022, July 6). *Sri Mulyani sebut komposisi kehutanan ke PNBP hanya Rp5,66 triliun*. Antaranews. https://www.antaranews.com/berita/296542 9/sri-mulyani-sebut-komposisi-kehutanan-ke-pnbp-hanya-rp566-triliun

Jensen, M. C. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure. *Meckling, W. H.*, *3*(4), 305–360. chrome-extension://efaidnbmnnnibpcajpcglclefindm kaj/https://www.sfu.ca/~wainwrig/Econ400/j ensen-meckling.pdf

John W. Creswell. (2013). *Qualitative Inquiry and Research Design: Choosing Among Five Approaches* (3rd ed.). SAGE Publications.

Kementerian Keuangan Republik Indonesia. (2022, January 3). *Realisasi pendapatan negara Rp2.003,1 triliun, tembus target APBN 2021*. Antara News. https://www.antaranews.com/berita/262157 7/realisasi-pendapatan-negara-rp20031-triliun-tembus-target-apbn-2021ANTARA News

Nadirsyah, Indriani, M., & Mulyany, R. (2024). Enhancing fraud prevention and internal control: the key role of internal audit in public sector governance. *Cogent Business and Management*, *11*(1). https://doi.org/10.1080/23311975.2024.2382389

Permatasari, M. (2023). *Pengaruh Pengendalian Internal Terhadap Kualitas Laporan Keuangan pada Direktorat Jenderal Pengelolaan Hutan Lestari Tahun 2022*.

Pickett, K. H., & Pickett, K. A. (2018). The impact of ethical leadership on internal control and organizational performance. *Journal of Accounting, Ethics & Public Policy*, *19*(3), 597–615.

Raharjo, B., Sarjito, A., & Duarte, E. P. (2024). Implementation of the Internal Control System in Increasing the Accountability of the Financial Reports. *Formosa Journal of Social Sciences (FJSS)*, *3*(4), 1035–1048. https://doi.org/10.55927/fjss.v3i4.12924

Riyanto. (2020, December 2). Pembangunan Hijau dan Perizinan: Diplomasi, Kesiapan Perangkat, Dan Pola Standardisasi. *SEMINAR NASIONAL MAGISTER ILMU LINGKUNGAN SEKOLAH PASCASARJANA-UNIVERSITAS DIPONEGORO TAHUN 2020*.

Sari, R. N., & Prabowo, H. Y. (2021). Public Sector Internal Control and Accountability: A Study on Non-Tax Revenue Management in Indonesia. *Journal of Public Budgeting, Accounting & Financial Management*, *33*(5), 631–650.

Sutaryo, S., & Sinaga, D. (2018). Government Internal Control System Maturity: The Role of Internal Guidance and External Control of Local Government in Indonesia. *Jurnal Akuntansi Dan Investasi*, *19*(1). https://doi.org/10.18196/jai.190189

Syahraini, M., & Sultan, Z. (2024). *The Role of The Merit System and Government Internal Control System Maturity on The Success of Corruption Prevention to Realize Sustainability, Moderated by Employee Integrity (Perception of Internal Supervisory Apparatus of Bukittinggi City Government)*

(pp. 518–543). Universitas Terbuka. https://doi.org/10.2991/978-94-6463-522-5_41

Wahyudi, & Mumbunan. (2012). Transparansi Penerimaan Industri Ekstraktif Sektor Kehutanan di Indonesia. *Article 33 Indonesia*. https://media.neliti.com/media/publications/755-ID-sistem-administrasi-penerimaan-negara-bukan-pajak-pnbp-hasil-hutan-kayu.pdf

Wibowo, P., & Murwaningsari, E. (2024). Factors influencing non-tax revenue sustainability in Indonesian government institutions: the mediating role of accountability. In *Cogent Business and Management* (Vol. 11, Issue 1). Cogent OA. https://doi.org/10.1080/23311975.2024.2303788

Widyasanti, Y. S., & Misra, F. (2023). Sistem Pengendalian Intern Pemerintah, Komitmen, Budaya Organisasional dan Good Government Governance dengan Kinerja Pemerintah sebagai Variabel Intervening. *E-Jurnal Akuntansi*, *33*(2), 360. https://doi.org/10.24843/eja.2023.v33.i02.p06

Winarna, J., Muhtar, M., Sutaryo, S., & Amidjaya, P. G. (2021). Government Internal Control System and Local Government Administration Performance: Evidence from Indonesian Local Governments. *Public Finance Quarterly*, *66*(2), 88–107. https://doi.org/10.35551/PFQ_2021_S_2_5

World Bank. (2021). *Implementation Completion And Results Report Ibrd Loan Number 9384-Id on A Loan In The Amount Of Us$750 Million to The Republic Of Indonesia for The Indonesia Fiscal Reform Development Policy Loan (P177726)*.

Yusuf, M. A. D. (2024). Analisis Efektivitas Realisasi Penerimaan Negara Bukan Pajak Sumber Daya Alam Kehutanan Pada Kementerian Lingkungan Hidup Dan Kehutanan Tahun 2019 - 2023. In *Politeknik Negeri Jakarta*. Politeknik Negeri Jakarta