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Evaluation Of The Implementation Of Risk Management in Government Agencies in Indonesia: A Study at the Ministry of Finance

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The focus of this study was to evaluate the implementation of risk management in one of the echelon II units in the Financial Education and Training Agency, the Central Office of Tax Education and Training. This research was limited to the implementation of risk management in the Tax Training Center in 2015 and 2016. This study used a qualitative method. In conducting this research, the researchers used 2 (two) types of data, primary data and secondary data. Primary data is data obtained directly through interviews with informants, in this case, the primary data of this study came from the Tax Training Center employees, who were directly involved in risk management at the agency. While secondary data is data obtained by the researchers indirectly through other parties such as websites, books, applicable laws and regulations, and other research in the field of risk management. The result is that risk management has been applied in the Tax Training Center according to the rules. However, there were several problems experienced by the Tax Training Center in an effort to implement risk management for the period of 2015 and 2016. These problems include: the absence of Standard Operating Procedure (SOP) for implementing risk management in the Tax Training Center, no risk awareness in every employee of the Tax Training Centre, lack of consistency in risk management monitoring, no synchronisation between the Government's Internal Control System and Risk Management, causing some activities to overlap, the number of forms that must be filled which takes time because of repeated information and must be filled manually, and risk management that was still not knowledgeable. This problem is a recurring problem each year and has not been treated effectively.

Keywords: *management accounting, public sector accounting, risk management, Enterprise Risk Management (ERM), state finance.*

INTRODUCTION

Research Background

Risk management is a systematic approach that includes culture, process, and structure to determine the best course of action related to risk. The Ministry of Finance, as one form of application of Government Regulation Number 60 of 2008 concerning Government Internal Control System, has implemented risk management since 2008, with the issuance of Minister of Finance Regulation (PMK) Number 191/PMK.09/2008, concerning Application of Risk Management in the Ministry of Finance, as amended by PMK Number 12/PMK.09/2016, concerning Application of Risk Management in the Ministry of Finance. With the enactment of these regulations, each agency is required to identify and mitigate any risks that may arise in each agency in accordance with the characteristics of each business process.

Duggan (2006) states that Enterprise Risk Management (ERM) is an innovation that is seen as an important and inseparable element of good corporate governance. Risk management has been implemented in the central government with some success and has also been developing in the health and education sectors. In an increasingly complex environment where public sector organisations carry out community service tasks, a risk management system that adapts to change quickly is an important element of management and control that must be formed seriously and professionally.

The importance of risk management was also expressed by Muljawan (2013) who indicated that the application of clinical risk management processes at Siloam Hospitals Lippo Village was carried out according to the AS/NZS ISO 31000:2009, standard. The study stated that the factors of leadership commitment and work culture were the most important factors for smooth implementation of company risk management and assisted companies in achieving organisational goals.

Facts on the field based on the Reports on the Maturity Level Implementation Results of the First Semester of 2015 compiled by the Inspectorate General, produce conclusions that the level of maturity at the Echelon I level of the Financial Education and Training Agency (BPPK) is at level 3 (risk defined) of the index level 5. As a result of this lack of risk management, the BPPK Secretariat receives 4 (four) green Main Performance Indicators (KPI) targets with 2 (two) KPI targets that are still yellow on the implementation of this risk management. Whereas in the Budget and Treasury Training Center, for the application of this risk management, out of the 9 (nine) KPI targets, 6 (six) KPIs were achieved with green status and 3 (three) KPIs were still with yellow status (The Institute of Internal Auditing, 2012).

Based on the 2015 Taxtraining center Performance Report, of the 15 (fifteen) KPIs determined at the beginning of the year, there are still 4 (four) KPIs that have not met the target by the end of the year, namely: KPI of User Service Satisfaction Index, KPI Satisfaction Index for Training Participants above Facilities and Infrastructure, IKU Organisational Health Index, and KPI Percentage of Budget Absorption and Achievement of

Output. Considering that the KPI is one indicator of organisational performance appraisal, if there are KPIs that do not reach the target, it can have an impact on the organisation's performance evaluation to be not optimal. For example, by not achieving budget absorption and achieving expenditure output can result in budget cuts because organisational performance is considered not optimal. In addition, the budget that is not absorbed causes the emergence of fiscal space that should be used for more urgent organisational output.

The Centre for Tax Education and Training (Pusdiklat) as one of the echelon II within the Financial Education and Training Agency, Ministry of Finance, has the task of fostering education, training and certification of state financial competencies in the tax sector based on technical policies stipulated by the Head of the BPPK. To fulfill the main services to the Directorate General of Tax (DGT) in the development of Human Resources (HR), which will indirectly affect the main target of the Directorate General of Taxation, namely State Revenues from the taxation sector, the Tax Training Centre is encouraged to map, anticipate, and handle risks that will hinder or frustrate the achievement of organisational goals, by integrating risk management processes in planning, implementing, and evaluating supervisory performance (Reding, 2013).

From the description above it can be seen that risk management activities become very important in their role in each organisation in order to achieve it's objectives. The Tax Training Centre has a central role in the implementation of risk management in the Education Department in the Ministry of Finance so that the Tax Training and Training Centre can be used as a role model in the implementation of risk management both within the State Finance Education and Training environment within the IRB. Therefore, the researchers are interested in evaluating further the implementation of risk management in the Tax Training Centre, the Financial Education and Training Agency and the Ministry of Finance.

Based on the background of the research and the scope of the research described earlier, the problem in this study can be described as follows:

1. How is the implementation of risk management in the Tax Training Centre for the period of 2015 and 2016?
2. What are the problems experienced by the Tax Training Centre in the effort to implement risk management for the 2015 and 2016 periods?

   This research is expected to contribute positively to many parties. Some of the benefits expected from this study include:

1. For the researchers, it is hoped that this research can deepen their insight in managing risk management within the Ministry of Finance in general and in the Tax Education and Training Centre in particular.
2. The Tax Training Centre is expected to be able to provide input for improving the quality of risk management in it's scope of work.
3. For other government agencies, especially those that have the same business process, the research is expected to be a reference in managing risk management and developing improvements in each government agency.

4. For readers, it is hoped that this will be an additional insight related to risk management in government agencies so that it can be used as a reference for useful reading material in developing research with similar fields in the future.

THEORETICAL BASIS

Risk Management and Internal Audit

The internal audit according to The IIA Board of Directors (1999) in Reding stated that:

> *Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*

From the definition of internal audit, there are at least 5 main components related to internal audit:

5. Help the organisation achieve its goals.
6. Evaluate and improve the effectiveness of the risk management, control and governance management processes.
7. Consultation and assurance activities designed to increase company value and improve operating activities.
8. Are objective and independent.
9. Have a disciplined and systematic approach.

Based on these components, the role of internal auditors in an organisation is more to provide assurance that organisational goals can be achieved by ensuring standards and regulations such as risk management, internal control of the organisation's business processes, and effective governance must be carried out by each person/management from the organisation, and provide consultation and communication on standards that are not in accordance with organisational goals, are ineffective, and inefficient to be implemented.

General Risk Management Concepts

COSO (2004) in Enterprise Risk Management - Integrated Framework states that:

> *Enterprise risk management is a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.*

The definition of risk management according to COSO (2004) can be further elaborated based on the keywords as follows:

1. As an ongoing process, risk management is carried out continuously and monitored regularly.

2. Affected by people, risk management is determined by parties within the organisation.
3. Applied in strategy setting, risk management has been arranged since the formulation of organisational strategy by the top management of the organisation and the strategies prepared are adjusted to the risks faced by each section/unit of the organisation.
4. Applied across the enterprise, the strategy chosen based on risk management is applied in operational activities, and covers all parts/units in the organisation. Given that the risk of each section is different, the application of risk management is based on the determination of risk by each section.
5. Designed to identify potential events, risk management is designed to identify potential events that threaten the achievement of organisational goals.
6. Provide reasonable assurance, the risk that is managed well will provide assurance that activities and services can take place optimally.
7. Geared to achieve objectives, risk management is expected to be a guideline for organisations in achieving predetermined goals.

Definition of risk management according to the Risk Management Guidelines Companion to AS/NZS 4360:2004, stated "*Risk management the culture, processes and structures that are directed towards realizing potential opportunities whilst managing adverse effects*".

The concept of risk management in the Ministry of Finance

PMK Number 12/PMK.09/2016 stated that"Risk management is a systematic approach that encompasses culture, process, and structure to determine the best course of action related to Risk." The implementation of the Ministry of Finance's risk management up to the first semester of 2016 is guided by PMK Number 191/PMK.09/2008(older regulation), while for the second semester of 2016 there has been a change in guidelines to PMK Number 12/PMK.09/2016. The regulation has been supplemented by general guidelines for risk management and guidelines for implementing risk management for all Echelon I units within the Ministry of Finance.

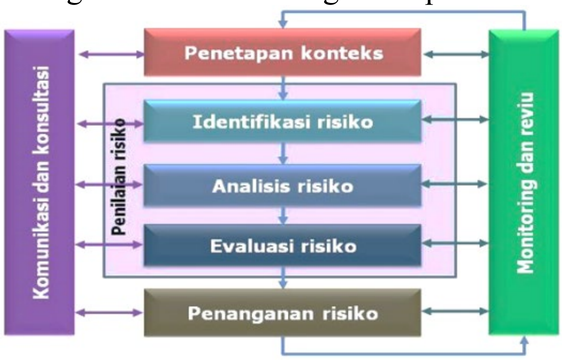
The principles of applying risk management in the Ministry of Finance based on PMK Number 191/PMK.09/2008: complying with laws and regulations; long term oriented; and balanced, both in terms of meeting stakeholder interests and in terms of cost. Whereas PMK Number 12/PMK.09/2016 experienced a significant change to be:

1. Contributing to achieving goals and improving performance;
2. Becoming an integral part of the overall organisational process;
3. Being part of decision making;
4. Taking into account uncertainty;
5. Systematic, structured and timely;
6. Based on the best available information;
7. Adapted to the state of the organisation;
8. Taking into account human and cultural factors;
9. Transparent and inclusive;
10. Dynamic, repetitive, and responsive to change;
11. Continual improvement.

Risk Management Process

The risk management process based on PMK Number 191/PMK.09/2008 and PMK Number 12/PMK.09/2016, in general, has not changed, the sequence of process activities is seen in Figure II-1, with the following explanation:

FigureII-1. Risk management process



Source : https://www.djkn.kemenkeu.go.id/artikel/detail/penerapan-manajemen-risiko-berinisiatif-menjadi-kreatif-sekaligus-inovatif

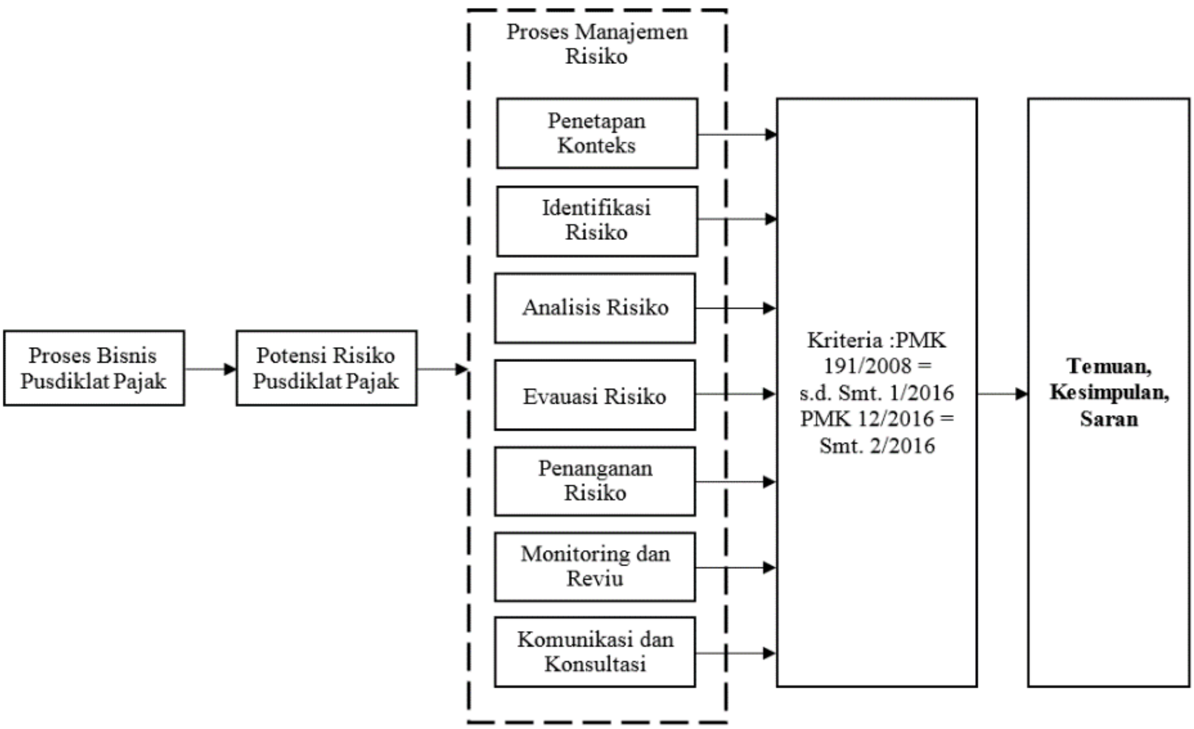
Previous studies

Previous research relevant to the theme that the researchers took in this study included *Enterprise Risk Management the Challenge for Public Sector* by Duggan (2006). Duggan conducted research on the Central Government in various sectors and stated that ERM, which involved the development of risk policies and strategies, a list of risks, a continuous system of monitoring and revision of identified risks, is an innovation that is seen as an important and inseparable element of organisational governance. Risk management has been implemented in the central government with some success and has also been developing in the health and education sectors (Hanggraeni, 2016).

Framework

The framework for this study can be shown in Figure II-2. which shows the flow of thought that started from the problem to the analysis and discussion to later be described in this study.

Figure II-2. Framework



RESEARCH METHODOLOGY

Reasons for Using Qualitative Research Method

Based on the general picture that has been explained in the previous chapter, the researchers hope to get an in-depth picture of the problem studied. These problems include whether the implementation of risk management in the Tax Training Centre is in accordance with applicable regulations and what problems are experienced in its implementation. To obtain this picture, the researchers will study the related documents and conduct interviews with parties related to the implementation of risk management in the Tax Training Centre. Neuman (2014) explained that descriptive research is "… *research in which the primary purpose is to "paint a picture" using words or numbers and to present a profile, a classification of types, or an outline of steps to answer questions such as who, when, where, and how"*.Therefore, the most appropriate method to be used in this studywas descriptive qualitative research (Joint Technical Committee OB-007, 2009).

Research Data Sources

In conducting this research, the researchers used two types of data, primary data and secondary data. Primary data is data obtained directly from sources, in this case, the primary data of this study came from Tax Training and Education employees who were directly involved in risk management at the agency. While secondary data is data obtained by the researchers indirectly through other parties such as websites, books, applicable laws and regulations, and other research in the field of risk management.

Research Instruments

Supporting instruments used by the researchers in this study included:
1. Interview guidelines

The interview guide contains steps in the interview stage and is useful as a guide for researchers in conducting interviews with research informants so that the main points of research are centred.

2. Interview support tools

Interview support tools used by the researchers include voice recorder applications embedded in smartphones and computers for typing interview transcriptions.

Data collection techniques

In conducting this research, the researchers used data collection techniques including:
1. Interview

This study used in-depth interview techniques in the form of semi-structured interviews with selected research sources. Interviews were conducted with research sources with the aim of validating information obtained from document analysis.

2. Documentation

Documentation is a research method by collecting, reading, understanding and comparing conformity between source documents in accordance with the research topic, namely documents related to the implementation of risk management in the Tax Training Centre and literature related to risk management.

Data analysis techniques

The researchers used the steps proposed by Creswell (2014) in processing and analysing data. These steps include:

3. Process and prepare data to be analysed.
4. Read the entire data.
5. Start coding all data.
6. Implement a coding process to describe the settings (domains), people (participants), categories, and themes to be analysed.
7. Show how these descriptions and themes will be restated in the narrative.
8. Interpreting qualitative data.
9. Validate the accuracy of the information.

Data Validity Test

Before analysing the data, the researchers validated the data obtained from the results of documentation and interviews. In checking the validity of the data the researchers used the data triangulation method. According to Moleong (2010), triangulation is a data validation checking technique that utilises something other than the data, for checking or comparison purposes. Data triangulation is done by comparing one data with other data for checking purposes.

RESEARCH RESULTS AND DISCUSSION

Data Analysis Steps

The researchers collected the main data by interview and documentation. Interviews were carried out on 4 people from 7 sources planned with interview constraints. They had a busy schedule and were given assignments out of the office of the interviewees, who became the informants of the interview. From the 4 informants according to the researchers, it was enough to dig deeper into the implementation of risk management in the 2015 and 2016 Tax Education Training Centre.

The researchers performed the data analysis steps in accordance with the steps proposed by Creswell, as explained in the previous chapter, by coding the results of interviews and document reviews and grouping them according to the subject of the researchers' discussion of implementation, which is divided into seven categories according to stages in the criteria that the researchers used, and the risk management constraints in the Tax Training Centre for the period 2015 and 2016.

Discussion of Data Analysis Results

Implementation of Risk Management in the 2015 and 2016 Tax Training Centre

The researchers evaluated the implementation of risk management in the Tax Training Centre with reference to the Regulation of the Minister of Finance Number 191/PMK.09/2008 of 2008, concerning the Application of Risk Management in the Ministry of Finance (PMK Number 191 Number 2008), in the implementation period of semester I and II 2015, and semester I of 2016 and using the reference of Minister of Finance Regulation Number 12/PMK.09/2016 of 2016, concerning Application of Risk Management in the Ministry of Finance (PMK Number 12 of 2016), in the implementation period of semester II of 2016

From the results of the initial evaluation, it is known that in the first semester of 2016 the Tax Training Centre only carried out risk management activities up to the stage of risk profile preparation due to new regulations related to risk management namely PMK Number 12/PMK.09/2016 causing confusion about the implementation of risk management. The results of the evaluation of the suitability of the implementation of risk management for the 2015-2016 period can be seen as follows:

A. Context Setting

Based on an interview with the risk management administrator, Jumali, the decision-making process in the context setting phase of the Tax Training Centre was entirely carried out with a Focus Group Discussion (FGD) during a UPR meeting. Members of the UPR meeting included the Head of the Education and Training Center as the Risk Owner, the Head of the Administration as the Risk Management Coordinator, the Head of Planning and Finance Subdivision as the Risk Management Administrator, and all Echelon III and IV Officers in the Tax Education and Training Centre. In setting the context the first thing to consider is the formulation of organisational goals because the parameters of success in risk management are the achievement of organisational goals. In the Tax Training Centre, organisational goals are reduced to Strategic Targets (SS) and Key Performance Indicators (KPI). The benchmark of success in achieving the Strategic Targets is KPI so that KPI is closely related to risk management in the Tax Training Centre. The use of FGD is intended to explore qualitative information that is useful in decision-making, namely the opinions and perceptions of members of the meeting, according to the researchers where appropriate and in accordance with PMK Number 191/PMK.08/2008 (Sugiyono, 2014).

Based on the Tax Training Centre Performance Report compiled quarterly, in 2015, the Tax Training Centre set 10 (ten) Strategic Targets and 15 (fifteen) KPIs, then shrank to 12 (twelve) KPIs in 2016. There was a reduction in the number of KPIs due to simplification into a single unit, such as in 2015 the Strategic Targets in the form of "Creative and Effective Learning Processes" achieved by KPI, among others, "Training participants 'satisfaction index for teachers", "Training participants' satisfaction index for teaching materials", "Satisfaction indexes training participants on learning methodology ", and" Training participants' satisfaction index on facilities and infrastructure ", summarised as KPI" Training participants' satisfaction index on Learning Process "in 2016. These KPIs have been considered to represent the quality of instructors including instructional materials compiled, and quality the implementation of education and training both in terms of learning methodology, facilities and infrastructure, and service in education. The researchers had analysed the suitability between Strategic Targets and KPIs in the Tax Training Centre. The researchers considered that the KPI determined was relevant and represents the Strategic Targets. However, in the first semester of 2015 in the context setting document, there were still strategic targets that had not been updated.

The link between Strategic Targets and KPIs with risk management is when identifying risks. The general technique used to identify risks is the negation of the KPI, namely the technique of identifying things that hinder the achievement of the KPI itself. The researchers analysed the relationship between Strategic Targets and KPIs with risk assessment in the Tax Training Centre. The researchers concluded that the Tax Training Centre has mapped the risks by referring to the 2015 Strategic Targets and the Tax Training Centre KPI itself. The Risk Assessment Center for Tax Training has covered all of the Strategic Training Centres for Tax Training.

The next stage in setting context is determining risk criteria. PMK Number 191/PMK.08/2008 mandates the use of criteria in determining the level of likelihood and consequence of risk. This criterion can only be determined after the Tax Training Centre has identified the risks and their causes. Related to risk criteria, the Tax Education Training Centre uses 1 (one) type of criteria, namely qualitative criteria in determining the level of risk consequences, and for determining the level of risk likelihood. The Tax Education Training Centre sets different types of criteria depending on risk, sometimes using qualitative criteria on one risk and quantitative criteria on another risk. At this stage of setting the context, each risk has been determined criteria for the level of consequences and the likelihood of the risk occurring. The determination of the criteria in the Tax Training Centre is based on the agreement of all members of the risk assessment FGD decided by the Head of the Training Centre as the Risk Owner. Based on the analysis of the researchers, for all the risks identified each has been determined criteria, both consequences and likelihood criteria. Examples of establishing criteria for one of the risks identified by the Tax Training Centre can be seen in table IV-2 (Deegan, 2004).

Table IV-1. Determination of Risk Criteria

1) Graduates of the Education and Training program do not reflect the expected competencies

Consequences: Contribution of graduates to performance is lacking

A1. Risk Consequences Criteria

No	Level of Consequences	Quantitative Criteria	Qualitative Criteria
1.	Low		Graduates who do not contribute to performance are low
2.	Moderate		Graduates who do not contribute to performance are moderate
3.	High		Graduates who do not contribute to performance are high

A2. Basis for Determining Criteria for Risk Consequences

a. Focus Group Discusion
b. Meeting results

B1. Criteria for Possible Risk

No	Level of likelihood of occurrence	Quantitative Criteria	Qualitative Criteria
1	Low	Scale of 4 - 5	
2	Moderate	Scale of3 - 3,9	
3	high	Scale of1 - 2,9	

B2. Basis for Determining Criteria for the Possibility of Risk

Based on the results of the post-training evaluation, using a Likert scale

Source: processed by the researchers from the 2016 Semester I Tax training center Risk Management Document

B. Risk Identification

Of all the stages in risk management, according to the researchers, the risk identification stage is the most important stage because the risk identification process is a process for risk owners to be able to identify or find any risks or things that are likely to disrupt the entity in achieving it's objectives. If we refer to the Tax training centre's strategic objectives, one of the threats not to be realised is "High Competency State Finance HR" which will also affect the quality of DGT HR in the pursuit of revenue targets from the tax sector.

The process of risk identification in the Tax Training Centre is carried out with a Focus Group Discussion (FGD) with a top-down mechanism. The identification process begins with FGD activities by all UPRs in the BPPK, both central agencies (such as the training centre and BPPK Secretariat) and from vertical agencies (Finance/Leadership centre), which consists of Risk Owners (PR), Risk Management Coordinators (KMR), The Risk Management Administrator (AMR), and a Team Member under the Risk Management Administrator. In addition there is the Secretariat General of the Ministry of Finance which is usually represented by the Performance and Risk Management Section, the Planning and Finance Bureau as the policy maker and the Inspectorate General of the Ministry of Finance, as the Government Internal Oversight Apparatus (APIP). In this FGD the key risks identified in the IRB were identified by determining the risks based on the IRC's strategic objectives.

Based on the results of the FGD with UPR throughout the BPPK, the Head of the Tax Training Centre as the Risk Owner conducted the FGD with members of the risk management team at the Tax Training Centre. The Head of the Tax Training Centre requests the risk proposals for each section/field in the Tax Training Center based on information from the FGD BPPK, strategic targets, KPI, leadership directives, previous period risk management documents, audit results and consultations. From the results of the proposals of each of these fields/sections, they are then gathered to determine the risks that become the risks of the Tax Training Centre (Jumali, interview, 7 June 2017). The stages of risk identification for the 2015-2016 period in the Tax Training Center through FGDs by all UPRs at the BPPK and continued with meetings at each UPR level, according to the researchers are in accordance with the provisions and needs, namely that the parties involved must truly understand the business processes of their work units.

In terms of the documents used as a basis for identifying risks, the researchers argued that the documents are appropriate to be used as a basis because they provide an overview of the duties, functions and business processes of the Tax Training Centre and what the organisation wants to achieve. While the technique used, the technique with the negation of the KPI, has been aligned with the objectives of the organisation, both the scope of the UPR and the parent organisation, namely the IRB. One of the shortcomings in identifying risks in the Tax Training Centre is that there is confidence in the existing business processes or control systems, causing certain risks to emerge that threaten the achievement of organisational goals (Meitasari, 2016).

Based on the results of the review of the Risk Management document at the Tax Training Centre, conducted by the researchers, some of the highlights include, time for document preparation/ratification, and risks in the category of compliance risk and financial risk. From the 3 (three) semester documents of Risk Management of the Tax Education Training Centre, the implementation of identification is carried out / endorsed when the time horizon of risk management is running. In the first semester of 2015 and 2016, the implementation/endorsement was in February of the current semester, whereas in the second semester of 2015 the implementation/endorsement was even carried out in November, where the period of risk management remained for a maximum of 1 (one) month. Meanwhile, in terms of risks that have not yet been identified, compliance risks and financial risks have not been identified (The Committee of Sponsoring Organisations of The Treadway Commision, 2004).

In addition to the two researchers' highlights above, recording risks that have been eliminated or written off, also obscures the amount of risk identified in that period. In the second semester of 2015, out of 25 risks in the previous period, there were 2 (two) risks removed from the previous period and 1 (one) new risk, so that there should be 24 risks identified, but reportedly there were 26 risks when viewed from risk numbering. Not removing the risk from this form is also a good step, so the organisation has a database of risks that have been identified.

C. Risk Analysis

The stages of risk analysis at the Tax Training Centre are carried out on all the risks that have been identified (results from form 2 of the risk management charter document), compared to the criteria determined when setting the context. This stage of risk analysis is carried out 606 tis ongoing basis in a FGD activity by the UPR after the risk identification process has been carried out. “Well ... the time for the meeting was also determined by the argument. You have determined the criteria for how this can be low, medium, high. The determination of the criteria is also conducted during the meeting, whether 606 tis still relevant or not ... ”(Jumali, interview 7 tren 2017). The main activity of this stage is the determination of the level of consequences and the likelihood of risk according to the criteria at the stage of setting the context (form 1 part 8 (a) and 8 (b) the risk management charter document) with the final result in the form of the level of risk obtained from withdrawing the level of consequences (X axis) and probability level (Y axis). The details of determining the level of risk based on the level of consequences and the level of likelihood are found in the context setting stages listed in form 1 section 8 (c) and can be seen in Figure IV-4. The level of risk of each risk, is compared with the risk of the previous period to see trenrend level of each risk.

Figure IV-1. Matrix Analysis to Determine Risk Level

Kemungkinan	Konsekuensi Risiko		
	Rendah	Sedang	Tinggi
Rendah	Rendah	Sedang	Sedang
Sedang	Rendah	Sedang	Tinggi
Tinggi	Sedang	Tinggi	Tinggi

Source: processed by the researchers from PMK Number 191/PMK.08/2008

According to form 3 of the Tax Training Centre risk management document, the risk analysis period that coincides with this risk identification process results in an implementation time that is not ideal with a risk management time horizon, where the nature of this risk management is the activities carried out before the current handling period/risk period is likely to appear. The results of a risk analysis conducted by the Tax Training Centre, is contained in Form 3. Risk Analysis indicates that the measurement of the level of risk has been carried out in accordance with PMK Number 191/PMK.08/2008, and there are only minor errors re“ated to "process o”jectives" or giving titles to the table according to the researchers, as a result of editing that has missed the copied document.

D. Risk Evaluation

According to PMK Number 191/PMK.08/2008, this stage aims to set the priority of risks and determine whether or not to deal with a risk. More clearly, in this stage things will be taken into consideration in evaluating risk,
i.e.:

1) Risks that need to be addressed;
2) Priority of handling;
3) The magnitude of the impact of the handling on the broader context;
4) Whether there is a need for further risk analysis.

The steps to rank risk based on risk priorities in the Tax Training Centre, according to the researchers, have not followed the correct risk prioritisation of rules in accordance with PMK Number 191/PMK.08/2008. When viewed from the level of risk, the determination of priorities is good enough, but when viewed from the risk category there is still a sequence of categories that should get top priority, but instead are placed at a lower priority. For example, in the Risk Management Period of the Second Semester of 2015, the risk of "Increasing the competence of graduates of training and education is not as expected" with the category of "strategic risk" is placed at priority 10.

E. Risk Management

The selection of risks that require handling is carried out in accordance with the guidelines for implementing PMK Number 191/PMK 08/2008, which states that the risks that need to be handled are high and medium level risks, whereas low level risks are sufficiently monitored.The preparation of a risk management plan at the Tax Training Centre is conducted through the FGD during the UPR meeting. The preparation of this risk management plan is carried out after the UPR meeting that previously produced a risk register.

Risk management in the Tax Training Centre is prioritised for high and medium levels. However, there are a number of low level risks that remain to be addressed. In preparing a risk management plan, the organisation must first choose a risk treatment option. The choice of risk management options at the Tax Training Centre always chooses to reduce the level of possibility. The selection of risk treatment options is correct because it has followed the guidelines for selecting risk management options in PMK number 191/PMK.08/2008.

The risk management plan in the Tax Training Centre is contained in Form 5.0 in the UPR report. Based on document analysis, the researchers found that there was a mismatch between the selection of treatment options and the expected residual risk. The mismatch occurs because the risk expectation that has been handled becomes a low level of risk, but if only the level of likelihood is handled, regardless of the level of consequences, even though the level of consequences handled has a moderate level, then based on the matrix determining the level of risk, the risk will not be at a low level.

F. Monitoring and Review

In 2015, the Tax Training Centre conducted Risk Management monitoring in the form of a UPR meeting, a meeting of the Chair of Risk Management with the UPR. Monitoring within the scope of the Tax training centre, UPR is carried out in conjunction with the implementation of the proposal for the preparation of a risk management profile for the next period. Inspectorate General, Ministry of Finance has assessed the Maturity Level of the Implementation of Risk Management (TKPMR) in it's capacity as a Compliance Office for Risk Management (CORM) at the Ministry of Finance. The TKPMR assessment conducted by the Inspectorate General in 2015 was only conducted on 2 (two) Echelon II units, namely the Secretariat of the Financial Education and Training Agency, and the Budget and Treasury Training Centre, while the other Echelon II units went through self-assessment.

The monitoring activities at the Echelon I and Echelon II levels have followed the monitoring and review guidelines in PMK Number 191/PMK.08/2008, namely monitoring should be carried out at least once every 6 (six) months. However, in the first semester of 2015 there was no documentary evidence that monitoring had been carried out by the Tax Training Centre, so that no known risk management plan had been carried out or had been ignored. In addition, the absence of reporting the results of monitoring will result in invalid risk trends in the next period. While in the second semester of 2015, there were a number of errors in the monitoring documents. First, the validity of risk trends is doubtful because of the absence of risk level reports in the first semester of 2015 as well as an upside-down risk trend due to new risks. Second, the actual residual risks listed do not reflect the withdrawal of the frequency/likelihood of occurring with a consequent level of risk. For example, the risk "The training program has not been standardized comprehensively" has a low frequency level and a high level of consequences, according to the matrix determining the level of risk the risk should have a "medium" level but those listed on the form have a "low" level. Third, the effect of the second error is the deviation does not reflect the actual results. The next form, regarding reporting on the results of monitoring, is related to the level of composite risk is still not correct. Of the 4 (four) risks handled, there is 1 (one) strategic risk and 3 (three) operational risks. In filling the composite risk level it should be divided based on the risk categories handled (Nazir, 2014).

G. Communication and Consultation

The communication and consultation have been carried out correctly because the Tax Training Centre has communicated the stages of the risk management process to the relevant parties. In addition, communication and consultation with the Secretariat General of the Ministry of Finance as policy makers and the Inspectorate General of the Ministry of Finance as the APIP/Internal Auditor has been facilitated by the BPPK Secretariat.

Media and communication channels used by the Tax Training Centre, meeting notes, official memoranda, and letters. The use of communication media has followed the instructions in PMK Number 191/PMK.08/2008. In addition, the parties involved in communication and consultation, according to the researchers are more than enough. However, the existence of employees who do not understand risk management related to the Tax Training Centre, proves that the UPR Tax Training Centre has not communicated the risk profile and management plan that has been determined to all employees under the UPR.

Problems experienced by the Tax Training Centre in an effort to implement risk management for the 2015 and 2016 periods

The next step is the researchers identified and found the obstacles that exist in the implementation of risk management in the Tax Training Centre and then the researchers formulated suggestions for future improvement. Based on the review of documents and interviews by the researchers, the obstacles that exist in the implementation of risk management in the Tax Training Center include:

A. There is no Standard Operating Procedure (SOP) for risk management in the Tax Training Centre.
B. Risk awareness that is not yet entrenched in every employee of the Tax Training Centre.
C. The lack of consistency in risk management monitoring can be seen from the 2 (two) risk management monitoring document periods.
D. The absence of synchronisation between the Government's Internal Control System and Risk Management has resulted in several activities overlapping based on monitoring documents that have been carried out by the BPPK Internal Compliance Unit (UKI).
E. The number of forms that must be filled is time consuming because of repeated information and must be filled manually.
F. Risk management is still not knowledgeable so people who intend to learn it will find it very difficult and need a relatively long time; moreover everything is still in the form of manuals which often lead to double interpretation.

CONCLUSION AND SUGGESTIONS

Conclusion

The researchers drew conclusions regarding the implementation of risk management in the 2015-2016 Tax Training Centre:

Suitability of Risk Management Implementation in the 2015 and 2016 Tax Training Center

A. The process of determining the context in the Tax Training Centre is carried out with a FGD followed by the Risk Owner, Risk Management Coordinator, Risk Management Administrator, and all Echelon III and IV Officers in the Tax Training Centre Environment. The results of setting the context are the risk criteria and risk appetite. In general, at this stage there were no significant obstacles.

B. The risk identification process at the Tax Training Centre is carried out with FGDs and is a continuation of the previous stages.
C. The risk analysis process at the Tax Training Centre is carried out by FGD. One of the disadvantages of this stage is that the analysis is carried out when the time horizon of risk is in progress. In addition, some determination of the level of consequences and likelihood also still cannot be considered valid because it was decided to be the same as the previous year / period, not by in-depth analysis.
D. The risk evaluation process at the Tax Training Centre is carried out by FGD. At this stage the Tax Training Center determines risk priorities. The preparation of risk priorities undertaken by the Tax Training Centre is not in accordance with the rules, so the risk priority sequence is wrong. Another deficiency of this stage is the same as the previous stage, namely the implementation of risk evaluation carried out when the time horizon is running risk, not before.
E. The process of preparing a risk management plan at the Tax Training Centre is carried out with the FGD. The choice of risk that was decided to be handled was more because judgment was not due to the order of priorities that had been arranged in the previous stages. The risk management option chosen is to reduce the likelihood of risk and accept the risk, but the risk accepting option is not listed on this form. There are problems at this stage, including a mismatch between the expected residual risk and the risk selection option and some performance targets that are not clearly measured.
F. Monitoring and review is conducted periodically in the form of UPR meetings and Risk Management Committee meetings. The Inspectorate General has also conducted a 2015 TKPMR assessment on 2 (two) UPRs within the BPPK environment, namely the BPPK Secretariat and the Budget and Treasury Training Centre. Based on the 2015-2016 risk management monitoring document, the Tax Training Centre only conducted 1 (one) time monitoring, namely in the Second Semester of 2015.
g. Communication and consultation have been carried out by the Tax Training Centre, both formally and informally, to the internal UPR itself, the BPPK Secretariat and external parties, namely the Secretariat General of the Ministry of Finance as the policymaker and the development function as well as the Inspectorate General of the Ministry of Finance as the Government's Internal Supervisory Apparatus. Media and communication channels used include meeting notes, official memoranda, and letters.

Problems experienced by the Tax Training Centre in an effort to implement risk management for the 2015 and 2016 periods

There are several problems experienced by the Tax Training Centre in an effort to implement risk management for the period of 2015 and 2016. These problems include: Standard Operating Procedure (SOP) for implementing risk management in the Tax Training Centre does not yet exist, risk awareness is not yet entrenched in every employee of the Tax Training Centre, lack of consistency in risk management monitoring, and there is no synchronisation between the Government's Internal Control System and Risk Management. As a result some activities become overlapping , the number of forms that must be filled is time consuming because of repeated information and must be filled manually, risk management is still not knowledgeable. This problem is a recurring problem each year and has not been treated effectively.

Suggestions

For the constraints and weaknesses of the application of risk management that I have explained before, the researchers provide the following advice:

1. Related to the risk management SOP constraints, the researchers suggest that the Tax Training Centre propose to the BPPK to prepare a risk management SOP.
2. Related to employee risk awareness constraints, the researchers suggest making efforts to increase risk awareness by communicating each risk that has been prepared for all employees of the Tax Training Centre.
3. Regarding the lack of consistent monitoring of risk management, it can be dealt with by combining SPIP monitoring with Risk Management monitoring, which is carried out on a monthly basis, because these activities are basically sustainable.
4. Regarding the absence of synchronisation between the Government's Internal Control System and Risk Management, it is better to formulate a formula for the implementation of these 2 (two) activities in a direct and continuous manner.
5. Regarding forms that are too complex, the researchers suggest simplifying the risk management form.
6. Regarding risk management, it is still not knowledgeable, manual books and training in the form of training become one of the ways that it can be taken.
7. Related to the implementation of the FGD in risk profiling, the researchers suggest that the Tax Training Centre re-evaluate the implementation of the FGD that has been carried out so far. The successful implementation of the FGD is supported by members of the FGD who are competent, have in-depth knowledge, and actively contribute during the FGD so that efforts to increase the competency and risk awareness of employees are closely related to the successful implementation of this FGD.

Research Limitations

As with research in general, this study also has limitations. Some of these limitations include:

1. Time limitations in research meant that the researchers had difficulty in exploring aspects of risk management in the Tax Training Centre.
2. Limitation of the scope of the discussion that the researchers did was only for the implementation of risk management in 2015 - 2016 and only for the Tax Training Centre.
3. The period of research criteria, Regulation of the Minister of Finance Number 191/PMK.09/2008 concerning Application of Risk Management in the Ministry of Finance and Regulation of the Minister of Finance Number 12/PMK.09/2016 concerning Application of Risk Management within the Ministry of Finance, which has expired at the time of this research.

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