

A conceptual model of internal audit capability model (IACM) development to improve accountability of education funding management in private high schools in Semarang city

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Abstract: Stakeholder involvement, such as foundations in school financial management, reflects good coordination. However, the dominant authority of foundations often limits school management, particularly in financial management. This research aims to enhance internal control by adopting the Internal Audit Capability Model (IACM). While foundations can conduct audits, schools need to establish independent audit teams at the managerial level to improve accountability. This study used the Design-Based Research (DBR) method to develop a conceptual model, employing both quantitative and qualitative approaches. A total of 39 private schools in Semarang City participated, with 37 headmasters and 35 treasurers providing quantitative data. Expert interviews followed to validate the model. The research presents a framework for systemic change in financial auditing, positioning an independent school audit team as essential for financial control. This team, consisting of school practitioners, supports transparency and reduces foundation regulation rigidity. The model offers opportunities for policymakers and educational foundations to adapt the concept within the private school context, promoting decisions to reform the financial audit system, with the headmaster playing a formal audit role.

Keywords: Conceptual model, Internal audit capability model (IACM), Accountability, Private high schools, Education funding management.

1. Introduction

Educational financing plays a critical role in the operation of schools and the overall success of educational programmes. When financing is well-managed, it has a significant positive impact on the success of these programmes [1]. Proper management of finances ensures that resources are allocated efficiently to meet the educational needs of students, staff, and other stakeholders. This management refers to the systematic efforts undertaken by schools to achieve their goals in line with educational standards [2];[3]. Conversely, financial mismanagement, where funds are not used according to established guidelines or regulations, negatively impacts the quality of education delivered [5].

One ongoing debate within the educational sector concerns the disparity in quality between public and private schools [6]; [5];[7]. Private schools, in particular, face several challenges that hinder their ability to provide education on par with public institutions. These include institutional, financial, and facility-related issues, as well as challenges related to school culture, human resource development, and the school's reputation and branding [8]. Despite these obstacles, private schools are under increasing

pressure to improve the quality of education they provide, often with fewer resources than public schools [9].

The growth of private high schools in Semarang City has been particularly notable. By 2023, there were 58 private high schools in the city, providing an alternative for students who could not be accommodated by public schools due to zoning restrictions and limited capacity [10]. However, despite this growth, data from the education report card for Central Java Province show that students in public high schools generally outperform those in private high schools in terms of literacy, numeracy, and character development. This discrepancy highlights the quality gap between private and public schools, suggesting that private institutions must do more to meet the same standards.

Internal quality assurance mechanisms, mandated by Law Number 20 of 2003 on the National Education System, are supposed to help schools maintain and improve the quality of education. These mechanisms involve the coordination, monitoring, and evaluation of educational processes to ensure compliance with national standards. However, in practice, quality assurance teams in private high schools in Semarang City face several challenges. These include a lack of understanding of financial audit processes, inadequate training in audit skills, and limited opportunities for professional development [11]; [12]; [13].

Educational financing is essential to ensuring the smooth operation of schools. Financial management involves planning, budgeting, allocating, and overseeing the use of funds to support educational activities [2]. When done effectively, financial management can enhance the quality of education by ensuring that resources are available and used optimally to meet the needs of both students and staff [3]. Conversely, financial mismanagement can lead to a decline in the quality of education, as resources are not used efficiently or are misallocated [5].

The financial challenges faced by private schools often stem from limited funding sources compared to public schools [6]. Effective financial management is therefore crucial for private schools to remain competitive and provide high-quality education [5]. Research has shown that schools that improve their financial management practices can use their resources more efficiently, leading to better educational outcomes [7].

To address the issues of financial management in schools, this study proposes the adoption of the Internal Audit Capability Model (IACM). Originally designed for the public sector, the IACM provides a framework for improving internal audit capabilities within organisations. The model consists of five levels of maturity: Initial, Infrastructure, Integrated, Managed, and Optimising [14]. At each level, the internal audit function becomes progressively more structured and efficient.

At the Initial level, internal audits are reactive and unstructured. The infrastructure level involves the establishment of basic audit processes and structures [11]. The Integrated level reflects a more mature internal audit function, which is integrated with risk management and internal controls. The Managed level represents an internal audit system with well-documented procedures, while the Optimising level reflects a highly efficient and continuously improving audit process [13]. Implementing IACM can help educational institutions develop a more effective internal audit function, improving both accountability and transparency in financial management.

Accountability is a key component of effective financial management in education. Schools and educational institutions are responsible for managing their funds in a transparent and accountable manner, ensuring that resources are used efficiently to achieve educational goals [1]. Studies have shown that improved accountability in educational financing leads to more efficient resource utilisation and increased stakeholder trust in the institution [2].

One way to improve accountability is through the implementation of internal audits. A strong internal audit function can help schools identify and address financial mismanagement, reducing the risk of fraud and ensuring that funds are used as intended [5]. [15] noted that an effective internal audit system is essential for ensuring that educational funds are used in line with established goals and objectives. By identifying potential problems early on, internal audits allow schools to take corrective action before issues escalate.

In the context of private schools, improving internal audit capabilities is especially important given the limited resources these institutions have compared to their public counterparts. Research has shown

that schools with strong internal audits are better able to manage their finances and improve educational outcomes [7]. Additionally, involving stakeholders such as parents, teachers, and the broader community in the financial planning process can increase accountability and transparency [8]. [10] emphasised the importance of transparent financial reporting systems that are accessible to all stakeholders. Transparent reports allow stakeholders to see how funds are being used and ensure that there is no misuse of resources. Furthermore, strong internal audits contribute to building stakeholder trust, which is critical for the long-term sustainability of private schools [14].

The purpose of this study is to develop a framework for the Internal Audit Capability Model (IACM) Development to Improve Accountability of Education Funding Management in Private High Schools in Semarang City. By adopting and adapting the IACM, this research aims to address the specific challenges related to financial management accountability in private schools ([14]). The goal is to enhance internal supervision and ensure more effective and transparent management of educational funds [15]. Through the implementation of this model, private high schools can improve their financial management practices, ensuring that resources are used efficiently to achieve their educational objectives and meet national standards [2];[5]. This model will provide a systematic approach to increasing the capability of internal audits, which is crucial for achieving long-term improvements in accountability and educational quality [8];[7].

2. Method

2.1. Research Design

This study employed a qualitative approach with the Design-Based Research (DBR) method, which was adopted and modified from the design research developed by [16]. This design was chosen because it is a research and development (R&D) method that includes relevant stages for constructing a procedural model [17]. Design-Based Research (DBR) provides a systematic and flexible approach through iterative phases of design, development, evaluation, and redesign [18]. The final outcome of this DBR method is the design of an Internal Audit Capability Model (IACM) that can be implemented in schools.

The use of Design-Based Research (DBR) is rooted in the effort to develop an intervention model to solve a specific problem. This research has the potential to bridge the gap between educational management theory and practice. Therefore, the result of this study takes the form of steps or audit procedures applicable to the educational field.

2.2. Participants

This study was conducted in 42 private high schools across Semarang City, involving 37 headteachers and 32 school treasurers. The selection of participants was based on their critical roles in financial management and internal audit implementation in schools. Headteachers, as institutional leaders, hold primary responsibility for strategic decision-making and overseeing all school activities, including financial management. Meanwhile, school treasurers are directly responsible for financial administration, transaction recording, and financial reporting. Involving both groups as research subjects allows us to gain a comprehensive perspective on education fund management and internal audit implementation in schools.

2.3. Measurement and Instruments

In this research, we employed three primary measurement approaches to develop the Internal Audit Capability Model (IACM) aimed at improving accountability in education funding management. These approaches were designed to provide a comprehensive description of the model development process for accountability, as well as its impact on schools' financial performance.

First, we developed a customised interview instrument tailored to the research topic. This was intended to allow for an in-depth needs analysis concerning the improvement of internal audit performance. The instrument included questions designed to evaluate various aspects of accountability and financial performance in schools, including work quality, work quantity, timeliness, school accountability, and documentation availability.

Second, we conducted theoretical studies and a literature review to gather theoretical support for the developed model. This step was undertaken to enrich the model with various perspectives and findings from similar previous studies. This ensures that the developed model has a strong and scientifically relevant foundation within the educational context.

2.4. Research Procedure

The study, based on the Design-Based Research (DBR) approach, consists of four stages:

1. Collaborative Analysis of Practical Problems: Identification and analysis of practical problems within the real-world context in collaboration with practitioners.
2. Solution Development: Designing solutions based on existing theories and literature, as well as practical knowledge.
3. Iterative Cycles for Testing and Improving Practical Solutions: Conducting repeated iterations to test, evaluate, and improve the implemented solutions.
4. Reflection to Produce Design and Enhance Implementation of Practical Solutions: Reflection and analysis of the results obtained to develop final design conclusions and recommendations for implementation.

2.5. Data Collection and Analysis

Data collection in this study was conducted through two primary techniques: structured interviews and open-ended questionnaires. We conducted structured interviews with 37 school principals and 25 treasurers. Additionally, we collected data through open-ended questionnaires to obtain supplementary information. The interview results provided informative responses, highlighting similarities in the answers from various informants. The questionnaires were distributed to streamline the data collection process and ensure broader coverage.

Data analysis was carried out using the model which consists of three main stages: data reduction, data presentation, and drawing conclusions or verification. The research data also underwent a triangulation process to enhance the credibility and validity of the findings. Triangulation aims to reduce, eliminate, or balance any limitations that may arise from using a single strategy, thereby strengthening the interpretive power of the research findings/

3. Result and Discussion

3.1. Result

In the last decade, many countries have introduced school accountability systems that require schools to be answerable for their educational practices and policies to the authorities [19]. We developed a conceptual model for financial management aimed at increasing the accountability of private high schools. The results of this study are shared in two parts: an empirical model that reflects the actual conditions of financial audits currently conducted in schools, and a blueprint of the model we developed.

The ultimate goal of our conceptual model is to provide an audit system that involves managers at lower management levels as part of a comprehensive and effective audit team. The output of our conceptual model includes both short- and long-term results for schools, foundations, and external parties.

3.2. Empirical Model of Financial Audits in Private High Schools in Semarang City

To evaluate the current state of internal quality audits in private schools across Semarang City, we conducted an empirical study involving in-depth interviews with 37 headteachers and distributed questionnaires to 35 school treasurers. The results revealed several important findings that highlight systemic weaknesses in the current internal audit processes. One key finding is the extent of foundation intervention in financial policy. Most headteachers interviewed disclosed that foundations have dominant authority over school financial policies. As a result, financial audits are often conducted solely by the foundation, without involving school practitioners. This condition weakens the role of headteachers and management teams in overseeing and controlling their school's finances.

Another finding is the significant disparity in financial reporting. Headteachers from several schools reported a striking difference between the reports submitted to the local education authority and those sent to the foundation. This lack of alignment results in discrepancies in budgeting, financial planning, and reporting. Such disparity introduces potential risks of inaccuracy and a lack of transparency in financial reports, ultimately affecting the school's trust and accountability.

Headschool also expressed an urgent need for the formation of an internal audit team within the school. This team would be expected to provide the required information and documents quickly and accurately during external or foundation audits. The establishment of this internal audit team would enable schools to take a more proactive role in managing and overseeing their finances, thereby increasing overall accountability and transparency. Furthermore, school treasurers, who play a crucial role in financial audits, still require further training and improved financial management digitalisation tools to enhance their accountability. Without these supports, the financial audit and reporting processes risk not meeting the expected standards, potentially harming the school's reputation and operations.

The findings further clarify the importance of this study in highlighting the need to develop an Internal Audit Capability Model (IACM) that can be implemented in schools. The IACM provides a structured and systematic framework to enhance internal audit capabilities through several stages of development, starting from the basic level to the optimal level. With the IACM, schools can develop a more robust, transparent, and accountable internal audit process. Active participation from headteachers and management teams in internal audits ensures that every step of financial supervision and control is carried out with high standards and compliance with regulations. Additionally, the implementation of the IACM helps align financial reporting to both the government and foundations. With consistent audit standards and procedures, budgeting, financial planning, and reporting can be conducted more accurately and transparently.

With enhanced capabilities, school treasurers can manage finances more effectively and meet the increasing demands for high accountability. Furthermore, with a strong and well-trained internal audit team, schools will be better prepared for audits conducted by foundations or external parties. This internal audit team will ensure that all necessary documents and information are available and meet audit standards, thus ensuring a smoother and more effective audit process.

To illustrate this further, our factual model is presented in Figure 1. In this illustration, we depict the problems faced by schools related to internal quality audits and how the IACM can provide an effective solution to these issues. Through this visual representation, we hope to offer a deeper understanding of the importance of the IACM and its function as a solution to these challenges.

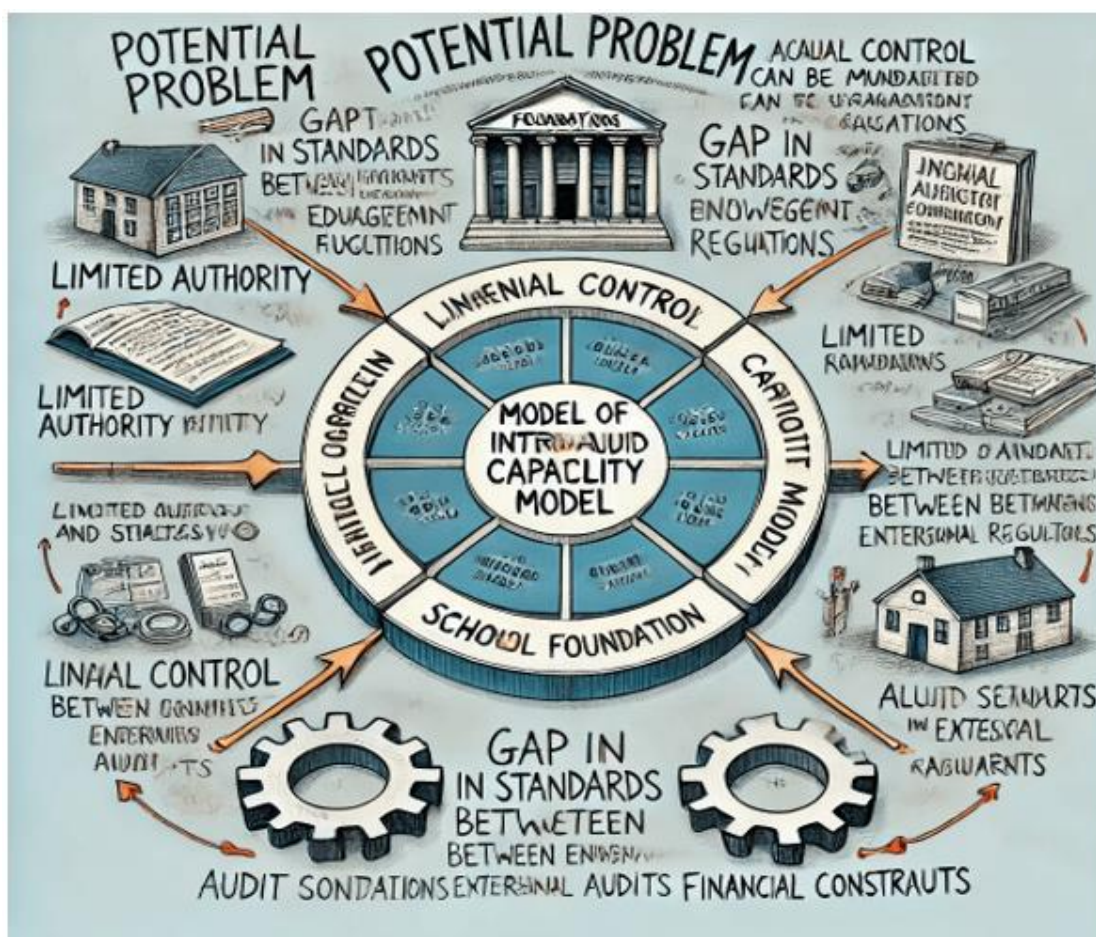


Figure 1.
Illustration empirical model of financial audits in private high schools.

The image above shows the connection between the foundation manager and the school.

1. **Limited Authority:** Schools often face challenges due to limited authority. These limitations can hinder their ability to effectively supervise and manage finances as well as operations. The gap between school authority and the requirements of educational regulations can create operational inefficiencies and accountability issues.
2. **Gap Between School Standards and Educational Regulations:** There is a gap between the standards applied by schools and the educational regulations they must comply with. This gap can cause problems with compliance and inconsistencies in educational quality as well as financial management.
3. **Limited Audit Knowledge and Skills:** Many schools and their management teams lack sufficient audit knowledge and skills. This limitation can result in inadequate financial supervision, improper use of funds, and a lack of accountability in financial practices.
4. **Financial Constraints:** Financial limitations are a significant issue for many schools. Limited financial resources can impede the implementation of effective audit processes and overall financial management.

Next, we introduce the Internal Audit Capability Model (IACM) as a solution to address these problems. This model aims to increase accountability and improve financial management in schools overall. The main components and expected outcomes of the IACM are:

1. Periodic Financial Controls and Effective Management Functions: The implementation of periodic financial controls is essential. This ensures that financial practices are consistently monitored, promoting transparency and accountability in the school's financial management system.
2. Implementation and Maintenance of Audit Mechanisms: Schools are expected to maintain and follow the established audit mechanisms. By doing so, they can address and resolve any problems identified during audits, ensuring continuous improvement in financial management practices.
3. Use of Audit Results as Guidelines: Internal audit results should be used as guidelines for improvement. When these results are shared with external parties, they provide valuable insights and recommendations for improving financial practices and accountability.
4. Adaptation of Audit Standards and Practices: The IACM allows for the adaptation of audit standards and practices according to the specific needs of schools and government regulations. This flexibility ensures that audits are relevant and effective in addressing the unique challenges faced by each school.

By implementing the IACM, schools can improve financial oversight, ensure compliance with educational regulations, and ultimately increase their accountability and financial management practices. To illustrate this further, our model is depicted in Figure 1. In this illustration, we show how the IACM can be implemented in schools to build strong and resilient internal audit capabilities. The image describes concrete steps in developing an internal audit team, providing continuous training, and utilising technology in financial management. With this visual guide, we hope to provide a deeper understanding of the importance of the IACM and the necessary steps to achieve effective and efficient internal audits.

3.3. A Conceptual Model Blueprint for the Development of the Internal Audit Capability Model (IACM) to Improve the Accountability of Education Funding Management

Effective management of education funds is essential for the success and sustainability of educational institutions, particularly private schools. As these institutions face growing complexities and demands, the need for a strong internal audit mechanism becomes increasingly clear. The Internal Audit Capability Model (IACM) offers a structured framework for enhancing internal audit functions within organisations, making it highly relevant for educational institutions aiming to ensure financial accountability and transparency [14]; [11].

The research has shown that IA-CM can significantly improve internal audit capabilities, particularly in the public sector, but its effectiveness depends on proper implementation and adaptation to specific organisational contexts [13]; [5]. For instance, a study at the Inspectorate Office of Binjai City demonstrated that IA-CM helps improve internal auditors' performance, but requires adjustments to fit local conditions [20]. This paper introduces a blueprint for developing and implementing IA-CM in private schools in Semarang. By aligning internal audit capabilities with the complexities of managing educational funds, the model offers a systematic approach to improving financial oversight and governance [6]. The blueprint details a step-by-step process, from planning and risk assessment to executing audits and implementing recommendations, ensuring each phase is tailored to the specific needs of educational institutions [7];[9].

The IACM framework integrates internal school practitioners into performance monitoring and evaluation, reinforcing accountability by ensuring all school processes are effectively monitored. This model allows schools to identify areas for improvement, conduct regular audits, and take corrective actions. As a result, IA-CM functions not only as a tool for oversight but also as a long-term strategy to improve educational quality and school management. Additionally, the IACM promotes a culture of accountability where all staff understand their responsibility in maintaining high standards of integrity. Internal auditors will be trained to conduct objective audits, produce accurate reports, and recommend improvement steps. This ensures that school operations comply with regulations and meet educational goals, ultimately fostering trust within the school community ([15]).

By integrating IA-CM with existing governance structures, private schools can enhance accountability in managing educational funds [10]. This model not only helps meet regulatory

requirements but also builds trust with stakeholders, such as parents, donors, and regulatory bodies. The following sections will outline the operational steps and components of the IA-CM, offering a practical guide for private schools in Semarang to improve their financial management and internal audit processes [3]; [2].

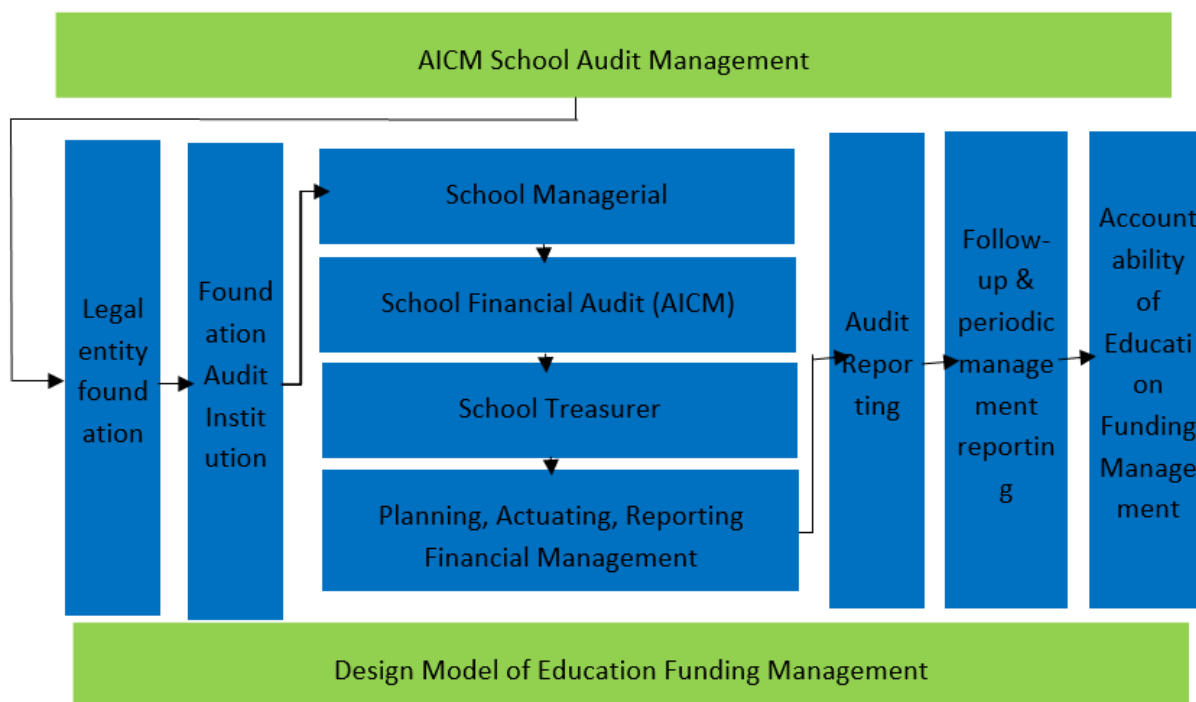


Figure 2.
Desain model of education funding management.

The Internal Audit Capability Model (IACM) provides a structured framework for enhancing internal audit functions through five progressive capability levels: (1) Initial, (2) Infrastructure, (3) Integrated, (4) Managed, and (5) Optimising. Each level describes the characteristics and capabilities of the internal audit unit, which must evolve as the organisation's size, complexity, and associated risks increase [14]; [11]. The model ensures that internal audit capabilities match the organisation's needs and complexities [13].

As the need for more sophisticated internal audit practices grows, organisations must aim for higher capability levels to ensure effectiveness [5]. For schools, assessing their internal audit level according to the IACM is crucial to aligning audit capabilities with operational needs [7]. For instance, schools facing higher risks or complexity should strive for the 'Managed' or 'Optimising' levels to enhance audit efficiency [9].

The five levels of internal audit capability are characterised as follows: At the Initial Level, audits are reactive and unstructured, requiring schools to identify foundational areas for development. The Infrastructure Level establishes basic structures and processes, such as audit policies and operational standards. At the Integrated Level, the audit function aligns with risk management and internal control, connecting audit outcomes to performance improvements. The Managed Level sees well-documented audit practices, with advanced techniques applied to consistently manage complex risks. Finally, the Optimising Level represents maximum audit capability, focusing on continuous improvements, innovation, and sustainable practices. By understanding their current audit capability level, school audit teams can create strategies suited to their school's complexity, enhancing accountability and transparency in educational fund management and ultimately improving financial oversight and governance.

Table 1.
Operational steps of the model.

Audit planning (Audit planning)	Indicators
Identify audit objectives and scope a) Determine audit objectives and space its scope based on policy schools and stakeholders' needs. b) Make sure room scope covers aspect critical financing education and management source Power.	Availability detailed document about purpose and space scope of audit that has been approved by the party related.
Audit team assignment a) Choose audit team that has appropriate competencies and expertise. b) Make sure the audit team consists of from independent and non- member members involved direct in operation daily school.	Decree or an internal memo indicating the audit team has issued and accepted by all member team.
Identification risk a) Identification potential risks that can occur influence effectiveness financing education. b) Focus on the risks involved with management finance, use of funds, and compliance to regulation.	Availability of a risk list that has been identified and documented
Evaluate and prioritize risk a) Analysis impact and possibilities the occurrence risk. b) Prioritize risk based on level severity for focus on the most critical areas.	Availability matrix risks that evaluate and prioritize risk based on impact and probability.
Review of policies and procedures a) Review policies and procedures existing finances for ensure that they adequate and effective. b) Identify areas in need repair or strengthening.	Reports documenting results review policies and procedures, including findings and recommendations repair.
Internal control testing a) Do testing to internal control for ensure that they functioning as expected. b) Document its findings and recommendations repair.	Document testing internal control that records results testing and recommendations.
Implementation inspection field a) Do inspection directly in the field for collect data and evidence supporters. b) Use technique interviews, observations, and verification document.	Availability notes the field that documents all field audit activities.
Data collection and analysis a) Collect relevant data and analyze it for identify audit findings. b) Use tool appropriate analysis for evaluate effectiveness management finance.	Report data analysis that includes results analysis and interpretation of collected data during the audit.
Report review finance a) Analysis report finance for ensure that they reflect position real finances. b) Identification error or mismatch in report finance.	Availability a report documenting results review report finance, including findings and recommendations.

Financial performance evaluation a) Review performance finance school in context use of funds and effectiveness management source Power. b) Give evaluation on performance finance based on audit findings.	Document evaluation performance financial assessment effectiveness use of funds and management source Power.
Evaluation compliance to regulation a) Check compliance school to applicable regulations and policies. b) Identification violation or non-compliance and give recommendation repair.	Reports documenting evaluation compliance to applicable regulations.
Internal compliance review a) Review compliance to internal policies and procedures established by the school.	Availability form that documents results review to internal school compliance.
Compilation audit report a) Arrange comprehensive and clear audit report, covering findings, analysis, and recommendations. b) Make sure report easy understood by all stakeholders.	All of audit report was complete and clear, covering findings main and recommendations.
Presentation and discussion findings a) Present audit findings to management schools and other stakeholders. b) Discuss recommendation improvements and plans the action to be taken taken.	Availability minutes meeting that documents discussion about audit findings and plans action.
Action carries on recommendation a) Monitor implementation recommendations given in audit report. b) Conduct a follow-up audit carry on for ensure that repair has done in accordance with recommendation.	Documents that record implementation recommendations and results act carry on.
Evaluation improvements and development sustainable a) Evaluation effectiveness improvements that have been made implemented. b) Continuously develop and improve audit processes based on bait back and previous audit findings.	Report evaluation that assesses effectiveness improvements that have been made implemented and planned development sustainable.

The audit process in schools begins with thorough planning, setting the goals and scope based on school policies and stakeholders' needs. An independent audit team with the necessary competencies is selected to conduct the audit. Key risks to education funding and resource management are identified and assessed based on their severity. Internal controls are evaluated by reviewing financial policies and procedures to ensure they are effective. Controls are tested to confirm they function properly. Fieldwork, data collection, analysis, and a review of financial reports follow, assessing the accuracy of the school's financial position and the effectiveness of fund management.

Compliance with regulations and school policies is also reviewed to ensure adherence. Audit findings are compiled into a report, with recommendations shared with school management and stakeholders. Action plans are discussed, and follow-up audits ensure that improvements are implemented and effective.

4. Discussion

This study aims to evaluate the factual conditions of internal quality audits in private sector schools in Semarang through an empirical method. In this study, in-depth interviews were conducted with 37 school heads, and questionnaires were distributed to 35 school treasurers. The findings reveal systemic weaknesses in the current internal audit processes, particularly due to the significant intervention of foundations in financial policies [19]. This study is important because it provides insights into how internal audits can be improved to ensure transparency and accountability in school financial management.

One of the main findings is the dominant authority of the foundation in influencing school financial policies. This has resulted in financial audits often being conducted solely by the foundation, without involving school practitioners, weakening the role of school heads and management teams in supervising and controlling finances [1]. Additionally, there is a significant disparity in financial reporting between the reports submitted to the education department and those to the foundation, creating potential risks of inaccuracy and a lack of transparency in financial reports [21].

School heads have expressed an urgent need to form an audit team from within the school, which can function as an internal audit team. This team is expected to provide the necessary information and documents quickly and accurately during external or foundation audits [22]. The presence of this internal audit team will allow the school to be more proactive in managing and supervising its finances, thus improving overall accountability and transparency [23].

The disparity in financial reporting poses a significant risk to the trust and accountability of the school. School heads have identified a striking difference between the reports submitted to the education department and those to the foundation, leading to misalignment in budgeting, financial planning, and reporting [8]. This disparity has the potential to create risks of inaccuracy and a lack of transparency in financial reports, which can ultimately affect the trust and accountability of the school [9].

The results of this research highlight the urgent need to develop an Internal Audit Capability Model (IACM) that can be implemented in schools. The IACM provides a structured and systematic framework for enhancing internal audit capabilities through a series of development levels, from the basic to the optimal level [10]. With the IACM, schools can establish a more robust, transparent, and accountable internal audit process, ensuring that every step of financial supervision and control is conducted with high standards and in compliance with applicable regulations [24].

5. Conclusion

This study evaluates the internal quality audits of private sector schools in Semarang City through an empirical approach, involving in-depth interviews with 37 school heads and questionnaires distributed to 35 school treasurers. The findings reveal significant systemic weaknesses in the current audit process, primarily due to the heavy intervention of foundations in financial policies. Financial audits are predominantly conducted by the foundations, with limited involvement from school management, diminishing the role of school heads in financial oversight. Additionally, discrepancies exist between the financial reports submitted to education authorities and those provided to the foundations, increasing the risk of inaccuracy and reducing transparency, which ultimately affects trust and accountability.

The research highlights the pressing need for the development of an Internal Audit Capability Model (IACM) tailored for schools. The IACM provides a structured framework for improving internal audit capabilities across multiple developmental stages. By adopting this model, schools can strengthen their audit processes, ensuring transparency, accountability, and compliance with regulations. This blueprint is intended to deliver both short- and long-term benefits for schools, foundations, and external stakeholders, significantly improving the financial management of educational institutions.

Acknowledgment:

We sincerely thank DRTPM, Ministry of Research, Technology, and Higher Education, for their 2024 grant support, enabling us to conduct this research and achieve valuable outcomes.

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