



Strengthening Internal Control Systems to Prevent Corruption in Public Procurement

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Abstract

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This study aims to assess the effectiveness of internal control systems in preventing corruption within public procurement and to identify the challenges and limitations encountered in their application. Using a literature review method, the research systematically examines findings from previous studies, policy documents, and audit reports relevant to procurement practices in the public sector. The analysis reveals that, while internal control frameworks are generally adequate, their effectiveness is frequently undermined by insufficient understanding of procedures, inadequate training of personnel, and instances of collusion between officials and suppliers. Furthermore, the reviewed literature indicates that promoting transparency and adopting technological solutions, such as e-government platforms, significantly enhance accountability and strengthen control mechanisms. The study concludes that beyond technical improvements, a cultural transformation that emphasizes ethics, professionalism, and integrity is essential for improving the reliability of internal controls. By integrating strong organizational values with systematic oversight, internal control systems can more effectively deter corruption and support good governance in public procurement.



1. Introduction

Corruption within public procurement remains one of the most pressing governance challenges faced by governments across the globe, as it distorts the efficient use of resources and weakens public confidence in state institutions (Wardani et al., 2021). Since public procurement represents a large share of overall government expenditure, it is especially vulnerable to corrupt practices. This makes the evaluation of internal control systems, which are specifically designed to safeguard procurement processes from corruption, both necessary and urgent. Effective systems of internal control are fundamental to ensuring ethical conduct and discouraging individuals from engaging in misconduct within government organizations. Yet, even the most carefully designed systems cannot fully eliminate corruption, particularly due to the supply side of corruption, where private corporations actively pursue government contracts and may attempt to manipulate procurement processes through collusion or bribery.

Internal control mechanisms are central to maintaining the integrity of procurement activities. These mechanisms generally consist of formal policies, documented procedures, and structured practices that guide the responsible allocation of resources, ensure compliance with legal requirements, and maintain reliable reporting standards. In the sphere of public procurement, internal controls specifically aim to prevent, detect, and mitigate corruption, fraud, and other types of irregularities. Transparency, therefore, plays a pivotal role in curbing opportunities for corruption. It not only reduces unethical practices but also fosters greater trust in procurement systems, enhances productivity, and encourages wider participation

from suppliers (Hochstetter et al., 2021). The integration of e-government tools further strengthens this process by ensuring broader access to information, improving supplier relations, and reducing the chances of corrupt interference. An effective internal control system should embed features such as segregation of duties, appropriate authorization and approval mechanisms, thorough documentation and record-keeping, as well as independent evaluations and monitoring. Together, these aspects create a strong network of checks and balances that significantly narrows opportunities for corruption while simultaneously increasing the chances of detection.

Despite these benefits, internal control systems are not without limitations in their application to public procurement. One of the primary challenges is related to supply-side corruption driven by corporations eager to secure lucrative contracts. Such companies may adopt unethical strategies, including bribery or collusion, thereby undermining even well-established controls. This underlines the necessity of addressing corruption from multiple perspectives, not only on the demand side within government institutions but also by targeting the external forces that fuel it. Another challenge arises from the inherent complexity of procurement processes, which often involve a wide range of stakeholders and regulations. The more intricate these processes become, the more opportunities there are for loopholes, particularly if control mechanisms are poorly designed or ineffectively executed. Issues such as non-compliance with procurement policies, inadequate knowledge of supply chain management, fraud, and corruption further compound these weaknesses.

Improving the effectiveness of internal control systems in procurement requires the adoption of several deliberate measures. Organizations must ensure that their controls are tailored to address specific risks inherent to procurement procedures. Regular risk assessments are essential, as they help to identify potential vulnerabilities and allow for the timely introduction of countermeasures. In addition, transparency and accountability need to be promoted consistently to reduce opportunities for corrupt behavior (Leitão, 2016). Making public the criteria, procedures, and structures used for contract awards, especially in large-scale projects, is one way of minimizing corruption risks. This transparency can be enhanced through e-government platforms and related technologies, which allow broader access to procurement data and help prevent manipulation by ensuring that information is openly available.

The purpose of this study is to evaluate how internal control systems contribute to preventing corruption in public procurement while also analyzing the key challenges and limitations in their implementation. It seeks to highlight the ways in which internal controls, when properly designed and executed, can enhance transparency, strengthen accountability, and deter corrupt practices in procurement processes. Furthermore, this research intends to identify strategies for overcoming barriers to the effectiveness of internal controls, focusing particularly on organizational reforms and technological solutions. By encouraging ethical practices, reinforcing oversight, and promoting openness in procurement systems, internal controls can play a decisive role in improving the management of public resources and ensuring greater public trust in governance mechanisms.

2. Literature Review

The successful application of internal control systems within government institutions is vital in addressing corruption and fostering ethical conduct in public procurement. These systems are structured to oversee and manage public spending, ensuring that it is executed transparently, efficiently, and in accordance with relevant laws and regulations. By limiting opportunities for misconduct such as fraud and bribery, internal controls strengthen accountability and serve as safeguards, thereby lowering the risk that corrupt practices will remain undetected. Nevertheless, despite their critical role, the attraction of large profits often motivates companies to engage in corrupt schemes to obtain government contracts, weakening the effectiveness of internal control measures. In pursuit of contracts, firms may employ methods such as collusion, kickbacks, or bribery, which compromise procurement transparency and can result in poor-quality goods or services being supplied to the state.

The competitive drive to secure profitable deals pushes businesses to exploit gaps in procurement frameworks, bypassing the very controls designed to protect public resources. Because of its scale in terms of expenditure and resource distribution, public procurement is highly susceptible to corruption (Bauhr et al., 2020). Since these procedures involve substantial monetary values, they naturally become attractive to corrupt actors. The complexity and administrative nature of procurement processes provide additional opportunities for malpractice. Munzhedzi (2016) emphasizes the importance of implementing strong internal control systems to counter these weaknesses. In the absence of such measures, corruption risks escalate, as loopholes expand and accountability mechanisms grow weaker.

Therefore, building and enforcing rigorous internal control systems is essential to preserve the integrity of procurement processes (Alam et al., 2019). These mechanisms must be capable of resisting pressures from both corrupt insiders within government and external private actors seeking to exploit flaws in the system. Transparency, accountability, and adherence to ethical principles must be prioritized to establish a procurement framework that deters corruption and strengthens public confidence. Without these safeguards, corruption remains a major obstacle that continues to threaten the credibility of government procurement worldwide (Munzhedzi, 2016).

3. Research Method

This study employs a literature review methodology to analyze the effectiveness of internal control systems in reducing corruption risks in public procurement. The use of a literature review is considered appropriate as it allows for a comprehensive examination of diverse scholarly perspectives, regulatory frameworks, and best practices that influence the implementation and performance of internal control mechanisms. Unlike empirical fieldwork, this method facilitates a critical synthesis of existing findings, offering a broad yet detailed understanding of the theoretical and practical dimensions surrounding corruption prevention in procurement. Through this approach, the research is able to identify recurring patterns, theoretical models, and unique contextual insights that are relevant to strengthening governance systems.

The data for this study are entirely drawn from secondary sources, such as policy documents, audit reports, and scholarly literature addressing internal controls and anti-corruption strategies. These materials provide a holistic picture of how internal control systems are designed, regulated, and evaluated across different organizational and national contexts. The review also highlights the standards and procedural guidelines that form the foundation of public procurement integrity. By examining these documents, the study uncovers the alignment between established policies and the intended goals of ensuring accountability, transparency, and efficiency in resource management. The analysis in this study is conducted thematically, focusing on issues that frequently emerge in the literature, including procedural weaknesses, limited resources, compliance gaps, and organizational culture.

The thematic approach allows for a structured synthesis, revealing both the strengths and shortcomings of internal control systems. To ensure the robustness of the findings, triangulation is applied by comparing insights from various types of literature, including academic articles, policy evaluations, and practical reports. This process strengthens the reliability and validity of the conclusions drawn. Ultimately, this literature review aims to provide evidence-based insights and recommendations for enhancing internal control systems in public procurement. By identifying factors that support or hinder their effectiveness, the research offers practical strategies for policymakers, auditors, and public managers to promote integrity and reduce corruption. In doing so, it contributes to broader efforts toward accountability, transparency, and good governance in the public sector.

4. Results and Discussion

This study, which employs a literature review methodology, emphasizes the critical role of internal control systems in addressing corruption risks within public procurement processes in government institutions. Through an extensive review of academic studies, policy documents, and audit reports, the research identifies both the strengths and weaknesses of internal control frameworks as applied in practice. Findings across the literature suggest that internal controls have, to some extent, functioned as effective safeguard mechanisms in a number of government agencies, helping to reduce opportunities for corrupt practices and reinforcing principles of accountability and transparency. However, the overall effectiveness of these systems is shown to be limited, primarily due to weaknesses in implementation and insufficient supervisory oversight. While policies and formal procedures governing internal controls tend to be clearly articulated on paper, the persistent gap between regulation and practice remains significant. This discrepancy reflects the systemic challenges faced by public institutions in translating accountability frameworks into consistent, daily procurement operations (Fourie & Malan, 2020).

The literature further highlights that although formal structures have been established, many agencies fail to apply internal control measures in a consistent and systematic manner. As a result, efficiency is reduced, and the system becomes increasingly vulnerable to fraud and other forms of misconduct. One major contributing factor identified is the limited understanding and appreciation of the value of internal controls among procurement staff and officials. When employees perceive internal controls merely as bureaucratic requirements rather than as

essential preventive mechanisms, the potential of these systems to mitigate corruption is significantly undermined (Jeppesen, 2019).

Another recurring theme in the reviewed literature is the role of training and awareness. Inadequate training, coupled with a general lack of awareness of procedural requirements, continues to weaken the functionality of internal control systems. This deficiency reflects a broader absence of capacity-building initiatives within government procurement units. The findings suggest that comprehensive training programs are urgently needed, programs that not only address technical compliance but also emphasize ethical standards and integrity in procurement practices (Konduri et al., 2017). Without sustained professional development, procurement officials remain ill-equipped to implement controls effectively or to resist pressures that may lead to collusion and corruption.

A particularly pressing issue identified is the widespread problem of collusion between government officials and suppliers. The literature reveals that collusion represents one of the most entrenched barriers to preventing corruption, as private entities often exploit institutional weaknesses to secure lucrative contracts through bribery or undue influence. Such practices severely compromise the intended effectiveness of internal control frameworks, allowing corruption to persist despite the existence of formal safeguards. This problem becomes especially acute in procurement processes characterized by complex regulations and multiple stakeholders, conditions under which collusion is more difficult to identify and counteract.

In addressing these systemic challenges, the literature consistently points to transparency as a critical factor in reinforcing the effectiveness of internal control systems. One promising avenue for enhancing transparency is the integration of e-government platforms. According to prior studies, e-government systems have proven effective in enabling wider public access to procurement-related information, thereby enhancing accountability in contract awarding processes. Agencies that have adopted digital solutions demonstrate greater success in reducing corruption opportunities, primarily because technology allows for easier oversight by external stakeholders, including civil society organizations and independent monitoring bodies.

Beyond the adoption of technological tools, the cultural dimension of governance emerges as another key determinant of control effectiveness. Literature findings indicate that organizational cultures that fail to prioritize transparency, ethics, and accountability tend to weaken reform efforts. In such environments, officials are more likely to bypass established procedures or even actively participate in corrupt practices, thereby neutralizing the potential benefits of formal internal controls. The absence of a culture that consistently upholds ethical standards undermines both the credibility and sustainability of governance reforms (Okafor et al., 2020). To overcome these deeply embedded barriers, the reviewed literature underscores the necessity of transformative organizational change. The promotion of integrity, ethics, and accountability must be embedded at every level of government to ensure that internal control systems are not only implemented but also respected and maintained over time. Organizational reforms of this kind require

strong political will, clear leadership, and a commitment to reshaping institutional values.

Equally important is the role of continuous professional development. Ongoing training initiatives for procurement staff and audit officials are highlighted as essential to building competence, enhancing technical knowledge, and strengthening commitment to ethical practices (LeBaron et al., 2017). Such programs can help create a workforce that not only understands the technical dimensions of internal control systems but also internalizes their importance as a safeguard against corruption. In conclusion, the literature reviewed in this study indicates that the effectiveness of internal control systems in preventing corruption in public procurement depends on a multifaceted approach. Strengthening oversight mechanisms, promoting transparency through digital platforms, fostering an ethical organizational culture, and providing comprehensive training are all necessary to ensure that internal controls serve their intended purpose. Only by combining these elements can government institutions enhance resilience against corruption, reduce vulnerabilities, and reinforce public trust in procurement processes.

5. Conclusion

Based on the results of this literature review, it can be concluded that internal control systems established in government agencies are generally adequate for addressing corruption risks in public procurement. However, their effectiveness is often constrained by several recurring factors. The literature consistently identifies insufficient understanding and inadequate training among procurement staff as critical weaknesses that undermine the proper application of internal control

procedures. Moreover, inconsistencies in the enforcement of policies and regulations further diminish the capacity of these systems to function as intended. Another pressing issue highlighted in the reviewed studies is the persistence of collusion between government officials and suppliers. Such collusion undermines the integrity of procurement processes and directly challenges the ability of internal controls to serve as a deterrent to corrupt practices.

The review also emphasizes the centrality of transparency and accountability in strengthening internal control mechanisms. Evidence shows that the integration of technology, particularly e-government platforms, plays a vital role in promoting transparency by enabling broader oversight from both the public and independent third parties. Despite these advances, the most significant barrier identified relates to organizational culture. Literature suggests that without a work environment that actively promotes ethics and integrity, internal control systems are unlikely to achieve sustainable effectiveness. Therefore, fostering a culture of transparency, accountability, and ethical behavior must be prioritized. This can be achieved through continuous training initiatives, ethical leadership, and systematic reinforcement of integrity across all levels of government. By adopting these measures, internal control systems can be optimized to reduce corruption risks and ensure greater accountability in public procurement.

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