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Strengthening Internal Oversight in Local Government through Organizational Reform: Evidence from a Regional Inspectorate

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Abstract

This study aims to analyze how organizational reform through the establishment of Special Assistant Inspectors (Irban Khusus) supports the strengthening of internal oversight functions at the Merauke Regency Regional Inspectorate. The study employs a descriptive qualitative approach with data collection through in-depth interviews, observations, and documentation. Six informants were purposively selected to represent internal members of the Inspectorate, functional oversight officials, external stakeholders, and village governments. Data were analyzed using the six dimensions of policy implementation proposed by Van Meter and Van Horn: policy standards and objectives, resources, interorganizational communication, characteristics of the implementing agency, social, economic, and political conditions, and the disposition of implementers. The results indicate that the establishment of the Special Internal Audit Unit (Irban Khusus) supports the strengthening of internal oversight through the specialization of oversight functions, a clearer division of tasks and authority, and improved coordination. Policy implementation is supported by clear objectives, institutional support from the local government, effective communication, and positive acceptance from implementers. However, limitations in the number of auditors, workspace, geographical conditions, and regional accessibility remain operational constraints. This study demonstrates that structural changes alone are insufficient to strengthen internal oversight; they must be accompanied by adequate implementation capacity. The contribution of this research lies in the understanding that organizational reform is not merely an administrative change but rather a policy implementation mechanism that can support the strengthening of local government internal oversight functions.

Keywords: organizational reform; internal oversight; policy implementation; regional inspectorate; local government.

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1. Introduction

Internal oversight is one of the key mechanisms for ensuring accountability, integrity, and the effectiveness of local government administration. In public sector organizations, the oversight function is not only related to compliance with regulations and financial management but also to strengthening governance and preventing irregularities. Public accountability demands mechanisms that allow government actions and decisions to be evaluated and held accountable at the institutional level (Bovens, 2007). In recent developments, internal audit has increasingly been viewed as a vital component of public sector governance because it plays a role in strengthening internal controls, preventing fraud, and improving the quality of governance (Nadirsyah et al., 2024; Nasution et al., 2025).

The effectiveness of internal oversight is determined not only by the quality of audit activities but also by the institutional capacity that supports them. Organizational structure, the division of authority, resources, coordination, professionalism, and the organizational environment are factors that determine an oversight agency's ability to carry out its mandate. A comparative study of local government audit systems indicates that organizational design, independence, audit scope, and performance evaluation are key elements in shaping public sector audit capacity (Ferry et al., 2023). Furthermore, limited resources and institutional capacity can hinder the effectiveness of oversight (Bradley et al., 2023). Therefore, organizational reform is a key strategy for strengthening internal oversight functions through more specific task allocation, clear delineation of authority, and more effective coordination.

In the Indonesian context, the Regional Inspectorate, as the Government's Internal Oversight Agency (APIP), plays a strategic role in supporting accountable local government governance. Various studies indicate that internal audit functions are linked to the strengthening of good governance, compliance, the quality of oversight, and the prevention of irregularities (Sutaryo et al., 2023; Shidqi & Arfiansyah, 2025; Williyanto et al., 2025). In this context, the Merauke Regency Government enacted Regent Regulation No. 132 of 2021 on the Organization and Work Procedures of the Regional Inspectorate, one of whose policies is the establishment of Special Assistant Inspectors (Irban Khusus). This policy constitutes a form of structural change as it requires organizational adjustments, the distribution of authority, the provision of resources, and coordination among units within the Regional Inspectorate. Its implementation also takes place within a complex geographical and institutional context, including limitations on civil service resources and regional accessibility.

Although studies on local government internal audits have expanded, most research still focuses on audit quality, internal controls, audit effectiveness, compliance, and good governance. Nerantzidis et al. (2022) indicate that studies on public sector internal audit often emphasize governance and operational effectiveness, while other research highlights the quality of public sector audits (Sihombing, 2023), internal controls and follow-up on audit findings (Sari & Darmastuti, 2023), and auditor professionalism (Kantohe & Sumual, 2024). International literature also tends to focus more on audit system design, independence, and audit capacity (Ferry et al., 2023). Consequently, attention to how changes in the organizational structure of oversight bodies are implemented as instruments to strengthen the functions of APIP remains relatively limited.

To analyze this process, this study employs the policy implementation model by Van Meter and Van Horn (1975), which encompasses six dimensions: policy standards and objectives, resources, interorganizational communication, characteristics of the implementing agency, social, economic, and political conditions, and the disposition of implementers. This framework is relevant because the establishment of the Special Internal Audit Agency (Irban Khusus) is not merely a formal change in the organizational chart but a policy that requires the translation of regulatory objectives into the distribution of authority, resources, coordination, implementer behavior, and adaptation to the implementation environment. The Van Meter and Van Horn model is also relevant in the context of local government policy because it explains the interaction between internal organizational factors and external implementation conditions (Muksin et al., 2024; Sari & Rahayu, 2021).

Based on this gap, the novelty of this study lies in positioning organizational reform as a policy implementation mechanism to strengthen local government's internal oversight, rather than merely assessing the quality or effectiveness of audits. This study links organizational structural changes to the six dimensions of policy implementation to explain the factors that support or hinder the strengthening of oversight functions. Therefore, this study aims to analyze the implementation of the establishment of Special Assistant Inspectors in strengthening local government's internal oversight functions and to identify the factors influencing its implementation.

2. Literature Review

2.1 Organizational Reform and Internal Oversight

Internal oversight is a crucial component of public sector governance as it supports accountability, compliance, integrity, and the effectiveness of government administration. From a public accountability perspective, government organizations require mechanisms that enable actions, decisions, and the use of public resources to be examined and held accountable at the institutional level (Bovens, 2007). Over time, the function of internal audit has expanded beyond mere compliance audits to focus increasingly on strengthening internal controls, preventing irregularities, and improving the governance of public organizations (Nadirsyah et al., 2024; Nasution et al., 2025). A systematic review by Nerantzidis et al. (2022) also indicates that public sector internal audit has evolved into a crucial instrument in supporting governance and organizational effectiveness.

The effectiveness of internal oversight depends heavily on the institutional capacity that supports the performance of this function. Organizational structure, division of authority, resources, independence, communication, and professional competence are elements that can influence an oversight agency's ability to fulfill its mandate. Ferry et al. (2023) demonstrate that local government audit systems vary in terms of organizational structure, independence, scope of audit, and performance evaluation mechanisms. Meanwhile, Bradley et al. (2023) note that limitations in capacity and resources can put pressure on the sustainability of local government audit functions. This suggests that the effectiveness of oversight depends not only on audit activities but also on how the oversight function is positioned and supported within the organizational structure.

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In this context, organizational reform can be understood as the adjustment of an organization's structure, division of functions, authority, and operational mechanisms to enhance its capacity to achieve institutional goals. Reform of oversight organizations becomes relevant when existing structures need to adapt to the increasing complexity of tasks, risks, and accountability demands. Langella et al. (2023) note that the development of the internal audit function is linked to the institutional and organizational conditions in which it operates. On the other hand, auditors' communication and professional commitment are also linked to the quality of internal audits (Kantohe & Sumual, 2024). Thus, organizational reform within the oversight function involves not only changes to formal structures but also the organization's ability to establish a division of functions, resource capacity, coordination, and professionalism that support the implementation of oversight.

In Indonesian local governments, strengthening the structure and capacity of the Regional Inspectorate is crucial because this institution serves as the Government's Internal Oversight Agency (APIP). Previous research indicates that the internal audit function is linked to strengthening local government governance and control (Shidqi & Arfiansyah, 2025), monitoring civil service performance (Jiwayanti et al., 2024), risk-based internal oversight (Putra & Syahran, 2025), and the achievement of good governance (Williyanto et al., 2025). Therefore, the strengthening of internal oversight must be understood as an institutional process that integrates organizational structure, resource capacity, the distribution of authority, coordination, and professionalism to support the effectiveness of oversight functions.

2.2 Policy Implementation: The Van Meter and Van Horn Model

Changes in organizational structure established through formal policies do not automatically result in changes in the organization's capacity or performance. Their success depends on how these policies are interpreted and carried out by the organization and the responsible actors. Van Meter and Van Horn (1975) view policy implementation as actions taken by both public and private actors to achieve the objectives set forth in policy decisions. This perspective positions implementation as a process that links policy objectives to organizational actions and expected outcomes.

The Van Meter and Van Horn model (1975) identifies six key dimensions of policy implementation: policy standards and objectives, resources, inter-organizational communication and enforcement activities, characteristics of implementing agencies, economic, social, and political conditions, and the disposition of implementers. Standards and objectives provide direction for implementation, while resources determine an organization's capacity to carry out the policy. Inter-organizational communication supports coordination and consistency in implementation, whereas the characteristics of implementing agencies relate to organizational structure and capacity. Social, economic, and political conditions describe the external environment of implementation, while the disposition of implementers reflects their acceptance, understanding, and commitment to the policy. These six dimensions have also been used to analyze policy implementation in the context of local government (Muksin et al., 2024; Sari & Rahayu, 2021).

This model is relevant to this study because the policy establishing the Special Assistant Inspector is an institutional and structural policy that requires organizational adjustments, the delegation of authority, and the availability of resources. Furthermore, its implementation takes place in an environment influenced by geographical conditions, limitations in civil service resources, and the dynamics of local government. Therefore, the six dimensions proposed by Van Meter and Van Horn are used as an analytical framework to understand the implementation process of oversight organizational reform, rather than as causal variables tested statistically.

Conceptually, this study views the establishment of the Special Internal Oversight Agency (Irban Khusus) as a form of organizational reform aimed at strengthening local government's internal oversight. The Van Meter and Van Horn model is used to analyze how these structural changes are translated into practice through the clarity of policy objectives, the availability of resources, communication and coordination, the characteristics of the implementing organization, external environmental support, and the attitudes and commitment of implementers. Within this framework, the strengthening of internal oversight is not assumed to occur merely due to the formation of a new structure, but is understood as the result of an implementation process involving interactions among policy aspects, organizational capacity, implementing actors, and the implementation environment. Based on the theoretical perspective outlined above, the conceptual framework of this study is presented in Figure 1.

Figure 1. Conceptual Framework of Organizational Reform and Internal Oversight

Source: Developed by the authors based on Van Meter and Van Horn (1975).

3. Research Methodology

3.1 Research Design and Location

This study employs a descriptive qualitative approach to gain an in-depth understanding of the implementation of organizational reform through the establishment of Special Assistant Inspectors (Irban Khusus) and its implications for strengthening the internal

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oversight functions of local governments. This approach was chosen because policy implementation is a contextual process involving interactions among organizational structures, resources, communication, the implementation environment, and the attitudes of implementers. The study was conducted at the Merauke Regency Inspectorate in South Papua Province, which was selected because it is the organization directly responsible for implementing the policy establishing the Special Assistant Inspector (Irban Khusus) pursuant to Merauke Regent Regulation No. 132 of 2021 on the Organization and Operational Procedures of the Merauke Regency Inspectorate. The geographic and administrative characteristics of the Merauke region also provide a relevant context for understanding the implementation of internal oversight policies at the local government level.

3.2 Informants and Data Sources

Research informants were selected purposefully based on their involvement, knowledge, and experience in the implementation of the policy establishing the Special Regional Inspector (Irban Khusus) at the Merauke Regency Regional Inspectorate. Informants were selected to obtain perspectives from both internal policy implementers and external parties who interact with the performance of oversight functions. The informants interviewed consisted of six individuals: the Regional Inspector, the Assistant Inspector for Region V (Special Regional Inspector), an Auditor, a PPUPD official, the Head of the Community and Village Empowerment Agency (DPMK), and a Village Head, representing the perspectives of policy leaders, oversight implementers, functional oversight officials, external stakeholders, and the village government. To maintain the confidentiality of identities and the consistency of the research results, each informant was assigned a code from I1 to I6, as presented in Table 1.

Table 1. Characteristics and Codes of Research Informants

Code	Informant Category	Position/Role	Main Information Explored
I1	Internal Inspectorate	Regional Inspector	Policy objectives, implementation direction, and institutional support
I2	Internal Inspectorate	Assistant Inspector, Region V (Special Inspector)	Policy implementation, division of authority, and implementation constraints
I3	Internal Inspectorate	Auditor	Auditor capacity, audit procedures, and effectiveness of oversight
I4	Internal Inspectorate	PPUPD	Supervisory implementation, procedures, and implementation of oversight
I5	External Stakeholder	Head of the Community and Village Empowerment Agency (DPMK)	Coordination, response to oversight, and policy impacts
I6	Village Government	Village Head	Experience with the inspection process and perceptions of oversight
		Total	**6 informants**

Source: Developed by the authors based on research data.

3.3 Data Collection and Analysis

Data were collected through in-depth interviews, observations, and documentation. Interviews were used to obtain information regarding policy objectives, implementation processes, the division of authority, resources, coordination, institutional support, and obstacles to the implementation of the Special Irban. Observations were conducted on work processes, patterns of coordination, and the dynamics of oversight function implementation, while documentation was used to supplement the data through organizational documents and oversight findings. Data analysis was conducted interactively following Miles, Huberman, and Saldaña (2014), through the processes of data reduction, data presentation, and drawing conclusions and verification. The analysis process was carried out concurrently with data collection so that findings could be continuously compared and verified.

Further analysis was guided by Van Meter and Van Horn’s (1975) policy implementation model as an analytical framework. Data were categorized and interpreted based on six dimensions, namely: (1) policy standards and objectives, (2) resources, (3) interorganizational communication and implementation activities, (4) characteristics of the implementing agency, (5) social, economic, and political conditions, and (6) implementers’ dispositions. This framework was used to understand how organizational reform through the establishment of the Special Internal Audit Unit (Irban Khusus) was implemented and to identify conditions that support or hinder the strengthening of internal oversight functions. To ensure a systematic analysis, the collected data were categorized based on the six dimensions of policy implementation proposed by Van Meter and Van Horn (1975). The focus of the analysis for each dimension is presented in Table 2.

Table 2. Analytical Framework of the Study

No.	Analytical Dimension	Focus of Analysis
1	Policy Standards and Objectives	Clarity, consistency, and understanding of the objectives of organizational reform and the strengthening of internal oversight
2	Resources	Availability of human resources, budget, facilities, information, and authority to support policy implementation

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3	Inter-organizational Communication and Enforcement Activities	Communication, coordination, information exchange, and follow-up activities among implementing units and relevant stakeholders
4	Characteristics of Implementing Agencies	Organizational structure, division of tasks and authority, procedures, and institutional capacity
5	Economic, Social, and Political Conditions	Institutional support, external environment, geographical conditions, and regional characteristics affecting implementation
6	Attitude of Implementers	Implementers' understanding, acceptance, commitment, and professionalism in implementing the policy

Source: Developed by the authors based on Van Meter and Van Horn (1975).

This analytical framework was used to organize and interpret findings from interviews, observations, and documentation. The use of these six dimensions allowed for a systematic analysis of the organizational reform implementation process, while also identifying factors that support and hinder the strengthening of internal oversight functions.

3.4 Data Validity and Research Ethics

Data validity was ensured through triangulation of sources, methods, and time. Source triangulation was conducted by comparing information from various categories of informants, while method triangulation was conducted by comparing the results of interviews, observations, and documentation. Time triangulation was used to verify the consistency of information obtained at different times. During the research process, the confidentiality of informants' identities is maintained, and research data is used solely for academic purposes. Consent from relevant parties is obtained prior to conducting interviews and observations, and the researcher maintains data integrity throughout the process of data collection, analysis, and reporting of research results.

4. Research Findings

The research findings indicate that the establishment of the Special Assistant Inspector (Irban Khusus) brought about changes in the organization of internal oversight functions within the Merauke Regency Inspectorate. These changes were primarily evident in the increased focus on handling public complaints and conducting audits that required special attention. The research findings are presented based on six dimensions of policy implementation: policy standards and objectives, resources, inter-organizational communication and implementation activities, characteristics of the implementing agency, social, economic, and political conditions, and the disposition of implementers.

4.1 Policy Standards and Objectives

The establishment of the Special Internal Audit Unit (Irban Khusus) was driven by the organization's need to enhance the effectiveness of oversight, particularly in handling public complaints requiring audits with specific objectives. Prior to the unit's formation, the handling of public complaints was still carried out by individual regional Internal Audit Units (Irban), so oversight of special cases could not be optimally implemented.

Informants from the leadership explained that the establishment of the Special Audit Unit was intended to conduct audits with specific objectives, investigative audits, and audits to calculate financial losses to the state. The unit was also intended to strengthen the APIP's role in following up on public reports indicating irregularities in the administration of local government (I1). Results from interviews with another group of informants revealed a relatively similar view that the existence of the Special Irban provides a clearer focus on the implementation of oversight and supports more accountable and transparent oversight. These findings indicate that the establishment of the Special Irban has led to the specialization of oversight functions, particularly for audits requiring special handling and follow-up on public complaints.

4.2 Human Resources

The research results show that the establishment of the Special Inspection Unit has impacted the distribution of human resources within the Inspectorate. The creation of this new unit led to the redeployment of auditors and supervisory officials from regional inspection units to the Special Inspection Unit. However, interview results indicate that the number of available auditors still does not fully meet the organization's needs. To address these limitations, the Inspectorate has opened opportunities for employees from other local government agencies who are interested in becoming functional supervisory officials. Collaboration and the utilization of available personnel are also being implemented to ensure that oversight activities can continue despite the limited number of auditors.

From a budgetary perspective, support from the local government is relatively adequate. The budget for audit activities has been allocated through annual planning documents, including funding for audits with specific objectives, the implementation of which depends on the number of complaints received. Basic work facilities are also available, but workspace remains limited because the Inspectorate's building was originally designed for four regional audit offices (Irban), while the new structure requires space for additional units.

From an external perspective, personnel carrying out oversight functions are assessed as having adequate competence, professionalism, and technical skills. Thus, resource constraints primarily relate to the adequacy of the number of auditors and workspace, whereas budgetary support, basic facilities, and personnel competence relatively support policy implementation.

4.3 Interorganizational Communication and Implementation Activities

Communication and coordination take place at both the internal and external levels. Internally, the establishment of the Special Regional Audit Office (Irban Khusus) was communicated through internal meetings, the swearing-in of structural officials, and the dissemination of policies to employees. Coordination occurs between the Special Regional Audit Office (Irban Khusus), regional audit offices (Irban wilayah), auditors, the Public Procurement and Financial Management Agency (PPUPD), and the administrative division. In the conduct of specific audits, personnel from other units may also be involved to strengthen the team as needed.

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At the external level, the Head of the DPMK and the Village Head assessed that communication between the audit team and the auditee proceeded smoothly. The audit team explained the objectives and stages of the audit and provided the auditee with the opportunity to submit the necessary information (I5, I6). These findings indicate that the communication mechanisms not only support internal coordination among oversight units but also foster open interaction between the audit team and the auditee.

4.4 Characteristics of the Implementing Agency

The establishment of the Special Regional Inspectorate (Irban Khusus) led to changes in the organizational structure, followed by adjustments to the distribution of human resources, the allocation of workloads, and the duties and responsibilities of each unit. These changes were necessary to ensure that specialized oversight functions could be more clearly positioned within the Inspectorate's organizational structure. Interview results indicate that the division of tasks and authority between the Special Regional Inspectorate and other regional inspectorates has been clearly defined. Informants assessed that there was no significant overlap of authority because each unit carried out its duties based on the functions established in the organizational structure.

From the perspective of the audit subjects, the Special Irban team was also assessed as conducting audits in an orderly and systematic manner and following applicable procedures. These conditions foster trust in the oversight process and its results. Thus, the changes to the organizational structure have resulted in a more specific division of functions without causing fragmentation of authority among oversight units.

4.5 Social, Economic, and Political Conditions

The implementation of the Special Irban received institutional support from the local government. This support was manifested through the issuance of policies, the appointment of officials, the allocation of budgets, and operational support for the performance of oversight functions. On the other hand, the geographical characteristics of Merauke Regency posed a challenge to the implementation of oversight. The vast territory made some audit locations difficult to reach, particularly during the rainy season when transportation access is limited. Interview results also indicate challenges at the village level. It is difficult to gather community members if inspection schedules are not communicated in advance, as some residents work in the forest or are outside the village to meet their daily needs. These findings reveal that the implementation environment has two sides. Local government support strengthens policy implementation, while the vast territory, limited transportation access, and the nature of community activities restrict the operational reach of oversight.

4.6 Attitudes of Implementers

Interview results indicate a positive response to the formation of the Special Irban. Informants indicated that staff were able to accept the structural changes and demonstrated a willingness to carry out their duties in the new unit as part of strengthening oversight functions. Positive assessments were also found from the perspective of those being inspected. The Special Irban team was deemed professional, open, polite, and objective in conducting inspections. Community members and village officials were also given the opportunity to convey information and express their concerns during the inspection process.

In addition to its audit function, oversight also provides guidance at the village level. Research findings indicate that audit and guidance activities help village officials gain a better understanding of the management and accountability of the Village Fund, the Village Fund Allocation, and the Special Autonomy Fund. These findings suggest that acceptance of organizational change is supported by the professional attitudes of implementers and the positive experiences of those who interact with the oversight function.

4.7 Strengthening Internal Oversight through Organizational Reform

Overall, the research results indicate that the establishment of the Special Internal Audit Unit (Irban Khusus) has strengthened the organization of internal oversight functions through audit specialization, a clearer division of authority, inter-unit coordination, and institutional support from local governments. The existence of this specialized unit allows for more focused handling of public complaints, audits with specific objectives, investigative audits, and audits to calculate financial losses to the state. However, this institutional strengthening still faces limitations in the number of auditors and workspace, as well as geographical and transportation access challenges. Thus, organizational reform has strengthened the structural capacity of oversight, but its operational effectiveness remains influenced by the adequacy of resources and the characteristics of the implementation environment. To provide a more concise overview of the research findings, the results from the six dimensions of implementation are summarized in Table 3.

Table 3. Summary of Findings on the Implementation of Organizational Reform

Dimension	Key Findings	Implications for Internal Oversight
Policy Standards and Objectives	The objective of establishing the Special Internal Audit Unit is clear and focused on audits requiring special handling	Oversight has become more focused
Resources	The budget and basic facilities are relatively adequate, but the number of auditors and workspace remains limited	Operational capacity still needs to be strengthened
Inter-organizational Communication	Internal coordination and communication with audit subjects are going well	Supports the smooth conduct of audits
Characteristics of the Implementing Agency	The division of duties and authorities is relatively clear, with no significant overlap	Strengthens the specialization of oversight functions
Social, Economic, and Political Conditions	Strong support from local government, but geographical conditions and transportation access pose challenges	Affects the scope of oversight
Attitude of Implementers	Structural changes have been accepted, and the conduct of	Supports the implementation and

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Dimension	Key Findings	Implications for Internal Oversight
	inspections is considered professional	acceptance of oversight functions

Source: Compiled by the author based on research findings.

5. Discussion

The research results show that organizational reform through the establishment of a Special Inspectorate not only changed the formal structure of the Inspectorate but also resulted in a clearer specialization of oversight functions. These findings indicate that structural changes can serve as an implementation mechanism when an organization faces increasingly specific oversight needs. From the perspective of Van Meter and Van Horn (1975), clarity regarding policy objectives and the characteristics of the implementing organization are crucial for translating policy mandates into organizational actions. In the context of this study, the establishment of a special unit allowed specific oversight functions to gain a clearer institutional focus. Thus, organizational reform does not merely represent an administrative change but constitutes an effort to align the institutional structure with the complexity of oversight tasks.

Although the oversight structure has become more specialized, these changes have not been fully accompanied by an increase in operational capacity. Resource constraints indicate a gap between structural development and implementation capacity. This finding supports Van Meter and Van Horn (1975) regarding the importance of resources in policy implementation and aligns with Mashauri (2021), who emphasizes the capacity of the internal audit function for the effectiveness of audit services. Kantohe and Sumual (2024) also highlight the importance of auditors' professional capacity in supporting the quality of internal audits. This study adds that structural reforms can progress more rapidly than the resource capacity supporting them. Therefore, organizational specialization must be accompanied by adjustments to personnel capacity and operational support so that new mandates can be carried out optimally.

Communication and clarity of authority serve as mechanisms linking structural changes to oversight practices. Internal coordination and open communication with audit subjects help the new structure function without causing significant overlap of authority. These findings align with Kantohe and Sumual (2024) regarding the importance of communication in supporting audit quality, as well as Langella et al. (2023), who demonstrate that the development of internal audit functions is related to an organization's institutional characteristics. Ferry et al. (2023) also emphasize the importance of institutional arrangements in the governance of local government audits. In the context of this study, the establishment of the Special Internal Audit Agency (Irban Khusus) holds substantive significance because it is accompanied by a redistribution of functions and authority. Organizational reform should thus be understood more accurately as institutional differentiation and specialization, rather than merely the addition of positions within the bureaucratic hierarchy.

Environmental factors indicate that the success of implementation is also influenced by the context in which the organization carries out its oversight functions. Institutional support from local governments creates conditions that facilitate implementation, whereas geographic characteristics limit the operational scope of oversight. These findings reinforce the relevance of the environmental dimension in the model proposed by Van Meter and Van Horn (1975), while also highlighting territorial characteristics as part of the implementation context. In regions with vast territories and uneven accessibility, such as Merauke, oversight capacity depends not only on the organization's internal design and resources but also on its ability to adapt to regional characteristics. This indicates that the design of local government oversight must take into account the territorial context in which policies are implemented.

In addition to structure and environment, the disposition of implementers also plays a role in the operationalization of organizational reform. Acceptance of the new structure and the professionalism of implementers indicate that institutional change requires behavioral support in addition to structural support. These findings are consistent with Van Meter and Van Horn (1975), who identify implementers' acceptance and commitment as crucial components of implementation. These findings are also relevant to Nadirsyah et al. (2024), who position internal audit as part of strengthening controls and governance in the public sector. In this study, oversight also has a capacity-building dimension, meaning that the audit function is not only oriented toward compliance checks but also supports enhancing the understanding and accountability of the entities under oversight.

The main contribution of this study lies in positioning organizational structure reform as part of the mechanism for strengthening internal oversight. Previous research has largely focused on the quality and effectiveness of internal audits, internal controls, compliance, and good governance (Nerantzidis et al., 2022; Sihombing, 2023; Sari & Darmastuti, 2023; Shidqi & Arfiansyah, 2025; Williyanto et al., 2025), whereas studies on organizational structural changes as an instrument for strengthening APIP remain relatively limited. The findings of this study indicate that, in the context of the Merauke Regency Inspectorate, the establishment of a specialized oversight unit provides a clearer institutional focus on specific oversight functions. Thus, the novelty of this study lies in the fact that organizational reform can serve as a policy implementation mechanism that supports the strengthening of internal oversight, rather than merely as an administrative change.

Conceptually, the research findings reveal a pattern of organizational reform → policy implementation process → strengthening of internal oversight. Organizational reform provides structure and functional specialization, while the implementation process determines how that structure is operationalized through objectives, resources, communication, organizational characteristics, the environment, and the dispositions of implementers. However, resource constraints and contextual barriers indicate that structural changes are important but insufficient on their own. Strengthening internal oversight requires alignment between organizational design and implementation capacity. This framework extends the use of the Van Meter and Van Horn (1975) model by demonstrating how the implementation dimension can explain the process linking organizational reform to the strengthening of local government internal oversight functions.

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6. Conclusion

This study shows that organizational reform through the establishment of a Special Internal Audit Unit has supported the strengthening of internal oversight functions at the Merauke Regency Inspectorate. The establishment of a special unit has not only resulted in formal structural changes but has also promoted the specialization of oversight functions, clarified the division of tasks and authorities, and supported coordination in the conduct of audits. Policy implementation is supported by clear objectives, institutional support from the local government, effective communication, and positive acceptance from implementers. However, limitations in human resources, workspace, as well as geographical conditions and regional accessibility remain obstacles to the implementation of oversight.

Conceptually, this study shows that changes to organizational structure alone are not sufficient to strengthen internal oversight. Organizational reform must be accompanied by adequate implementation capacity so that structural and functional specializations can be effectively translated into oversight practices. These findings reveal a conceptual pattern of organizational reform → policy implementation process → strengthening of internal oversight, which confirms that the strengthening of oversight functions depends on the alignment between organizational design and implementation capacity. Thus, this study expands the application of Van Meter and Van Horn's (1975) perspective to the context of local government oversight organizational reform by positioning structural change as one of the institutional mechanisms for strengthening the APIP's functions.

In practical terms, the research results indicate the need to enhance auditors' capacity and provide operational support tailored to the region's geographical characteristics so that the benefits of functional specialization in oversight can be optimized. This study is limited to a single Regional Inspectorate; therefore, the findings must be understood within the institutional and territorial context of Merauke Regency. Future research could conduct comparative studies across several local governments to assess whether the conceptual patterns identified also apply to different institutional and geographic characteristics.

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