

Original Article

Risk Mitigation Analysis for Procurement of Goods and Services within the Enrekang Regency Public Works Department

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Abstract - Government Procurement of goods/services is the activity of procuring goods/services by Ministries/Institutions/Regional apparatuses funded by the APBN/APBD. The process starts from the identification of needs to handover of work results. To find out how to take mitigation steps to minimize the impact of risks that arise in risk management for the procurement of construction goods and services within the Enrekang Regency Public Works Department. This research uses a qualitative descriptive research approach. The population in this research is Civil Servants at the Enrekang Regency Public Works Department, totaling 43 people, 204 people in the 2021 Enrekang Regency Public Works Department Procurement Partners, and 7 people in the Working Group at the UKPBJ of the Enrekang Regional Secretariat in 2021. The sample in this study amounted to 112 people who were used as respondents. Mitigation actions can be taken to reduce the chance of risk causing the occurrence, thereby reducing the chance of risk occurring, which could have an impact on the routine overhaul service procurement process, especially in achieving targets on time.

Keywords - Mitigation, Risk, Procurement, Goods and Services, Public Work.

1. Introduction

In Article 1 point 1 of Presidential Regulation Number 12 of 2021 concerning Amendments to Presidential Regulation Number 16 of 2018 concerning procurement of government Goods/Services states that procurement of government goods/services is a funded activity of procurement of goods/services by Ministries/Institutions/Regional Apparatus by the APBN/APBD, the process starts from identifying needs until the handover, the results of the work. The implementation of this policy is an effort to build a foundation for implementing government procurement policies to increase efficiency, competitive spirit and professional community empowerment. The availability of goods/services, apart from being part of the government's duties and responsibilities in an effort to meet the needs of the people, is also a need for the government in administering government. Procurement of goods/services is often a source of legal problems related to criminal acts of corruption or other fraudulent incidents. The impact of this fraud incident is very significant on the achievement of goods/services procurement objectives in particular, as well as government objectives in general. Losses to state finances, criminal actions by law enforcement officials against perpetrators of corruption both from the bureaucracy and the private sector, as well as from the executive and legislative circles, as well as the decline in

the image of state administrators are some examples of the impact of fraud related to the procurement of goods/services which is then very likely to be the cause of increasing public distrust of bureaucratic processes, especially in the procurement of goods/services. Fraud/corruption in various forms is a large and significant risk in the implementation of goods/services procurement, so inevitably, it must be one of the main concerns in the implementation of the goods/services procurement process.

Government procurement managers of goods/services are currently required to continue to improve, be more professional, understand their main duties and functions as procurement managers, and, of course, the most important thing is to be able to absorb the important messages contained in various statutory regulations. procurement of government goods/services. The process of procuring government goods/services is basically an implementation of state administrative law, which allows state administration actors to carry out their functions and protect citizens from the actions of state administrators, as well as protect state administrators themselves. The existence of an element of using state finances means that the process of procuring goods/services can also be in line with other relevant laws and regulations. It often appears in discussions and news when administrative



errors or administrative matters occur, resulting in criminal sanctions. The large number of legal sources in the procurement of goods/services, apparently in empirical reality, does not reduce the problems that arise at each stage of procurement of goods/services. On the other hand, legal issues in the procurement of goods/services have shifted far from just issues of state administrative law and civil law to criminal nuances, which often dominate the story of government procurement of goods/services. Procurement problems often develop from just administrative problems, metamorphosing into other legal problems such as criminal or civil problems. Likewise, economic laws related to the demand and supply of goods/services often become serious legal problems in the construction of several procurement stakeholders.

In accordance with Government Regulation Number 60 of 2008 concerning Government Internal Control Systems, article 13, paragraphs (1) and (2), requires every government agency to carry out a risk assessment. A risk assessment is carried out on the implementation of service management in the community. The objectives of implementing risk management are a) Realizing better good governance, b) Determining and managing the risks faced, c) minimizing the impacts caused, d) Protecting the ministry from significant risks that have an impact on obstacles to achieving organizational goals, e) Improving organizational performance in achieving goals, f) Create employee awareness and concern for the importance of risk management.

There are several reasons why companies/agencies need to mitigate risk; among them: 1) It is a process in risk management that cannot be separated. One of the risk management processes after the risk assessment stage is the preparation of a risk mitigation/response plan. 2) Because companies/agencies need to take a stand after receiving information regarding the risks they will face. In this risk mitigation process, companies/agencies must develop a series of action plans to minimize risk exposure. Of course, it is a fatal action if the company/agency identifies risks and assesses the risks that will be faced but does not respond to the risks that the company/agency will face.

Therefore, companies/agencies are indirectly obliged to mitigate risks. The performance of state/regional officials in the field of procurement of goods and services is highly required to be credible, accountable, transparent and committed because the decisions taken involve high risks. If the decision is made poorly and seems compromised, then the consequences can be fatal. As happened in Enrekang Regency, as stated by the Head of the Enrekang Public Works Department, Andi Sapada, "Work on the bridge in Panassang Hamlet was indeed stopped due to performance problems with partners or third parties who won the project. This is because the physical work progress is not optimal; only eight percent

of work progress can be seen. Indeed, last year, we terminated the contract with our partner because he was unable to show good physical development. "Because the visible physical progress is only around 8 percent, the 2019 budget is IDR 1.2 billion," (Tribun-Timur.com/ Monday, 1 June 2020). The problem of bridge progress in Panassang Hamlet certainly cannot be separated from the ability of Enrekang Regency LPSE employees to identify partners properly and correctly, thereby creating a risk of financial loss for the state/region and economic and social losses for the communities connected to it village facilities. With regard to the problems stated above and several internal and external problems within the Enrekang Regency Public Works Service, the author is interested in researching "Risk Mitigation Analysis of Procurement of Goods and Services within the Enrekang Regency Public Works Service".

2. Materials and Methods

2.1. Study Area

The research object is in Enrekang Regency.

2.2. Methodology Overview

This research will look at the relationship between risk mitigation and events in the implementation of procurement of goods and services within the Enrekang Regency Public Works Department. The population in this research is Civil Servants at the Enrekang Regency Public Works Department, totaling 43 people, 204 people in the 2021 Enrekang Regency Public Works Department Procurement Partners, and 7 people in the Working Group at the UKPBJ of the Enrekang Regional Secretariat in 2021. people. The sample in this study amounted to 112 people who were used as respondents.

2.3. Data Collection

This research uses 2 types of data, namely primary data and secondary data. Primary data was obtained by asking questions to selected sources to explore and review information regarding supply chain risk management and supporting information from qualitative research data. Meanwhile, secondary data was collected using brainstorming. Brainstorming techniques are needed to collect further information and data while the research is taking place based on data that has been previously collected, which is qualitative in nature.

2.4. Data Analysis

In this research, the stage carried out was the identification stage of government goods and services procurement activities. Next, the identification of possible risk events and risk agents that might cause the risk to occur is carried out. Data collection is a process carried out in research to reveal information from the object under study based on the data obtained in the form of primary data and secondary data. Data collection in this research was obtained through historical company data, interviews with the company, and distributing questionnaires to the company.

2.5. Limitations

This research uses research limitations to analyze risk mitigation in the procurement of goods and services within the scope of the Enrekang district public works department. So, what needs to be identified is the risk management process for procurement of goods and services and mitigation measures to minimize the impact of risks that arise in the risk management of the procurement of construction goods and services within the scope of the Enrekang district public works service.

3. Results

Based on the results of observations in the field as well as the results of interviews with resource persons regarding the identification of risk mitigation for the procurement of goods and services at the Enrekang district public works department.

3.1. Risk Mitigation Actions

Before formulating mitigation actions, each risk cause with the highest ARP is first grouped into 3 conditions, namely high risk, which means this condition must be immediately handled and mitigation measures taken, and medium risk, which means this condition can be implemented. mitigation plan and weekly monitoring are carried out, and the risk is low. This means that in this condition, a mitigation plan can be made, and monthly monitoring can be carried out. The cause of this risk is included in the high-risk category, so it must be addressed immediately, and a mitigation strategy must be designed. Mitigation strategy planning is carried out

by interviewing the company's Procurement and Quality Assurance experts.

The procurement process for routine overhaul services starts from the procurement planning process carried out by the resource planning (resplan) sector. The planning process starts with making a Contract Agreement (Konkes) within the Enrekang Regency Public Works Department, which will be overhauled. This Konkes contains an agreement regarding any work whose procurement process will be delegated to the Enrekang Regency Public Works Service. After the Konkes is formed, the next stage is to create a Term of Reference (TOR), which contains an explanation of the scope and specifications of the work to be carried out.

The next step is to create a Work Plan and Requirements (RKS) document. This document will be submitted to prospective suppliers who will carry out routine overhaul service work. The information contained in this document is a general description of routine service work taken from the TOR, requirements that must be met by prospective suppliers, auction schedule, work period and other provisions related to auction requirements. After the procurement planning document is complete, the final step is to create a request number in the ellipse, which is called a Purchase Requisition (PR). This PR will be withdrawn from the system by the procurement implementer as a sign that the work must be processed immediately.

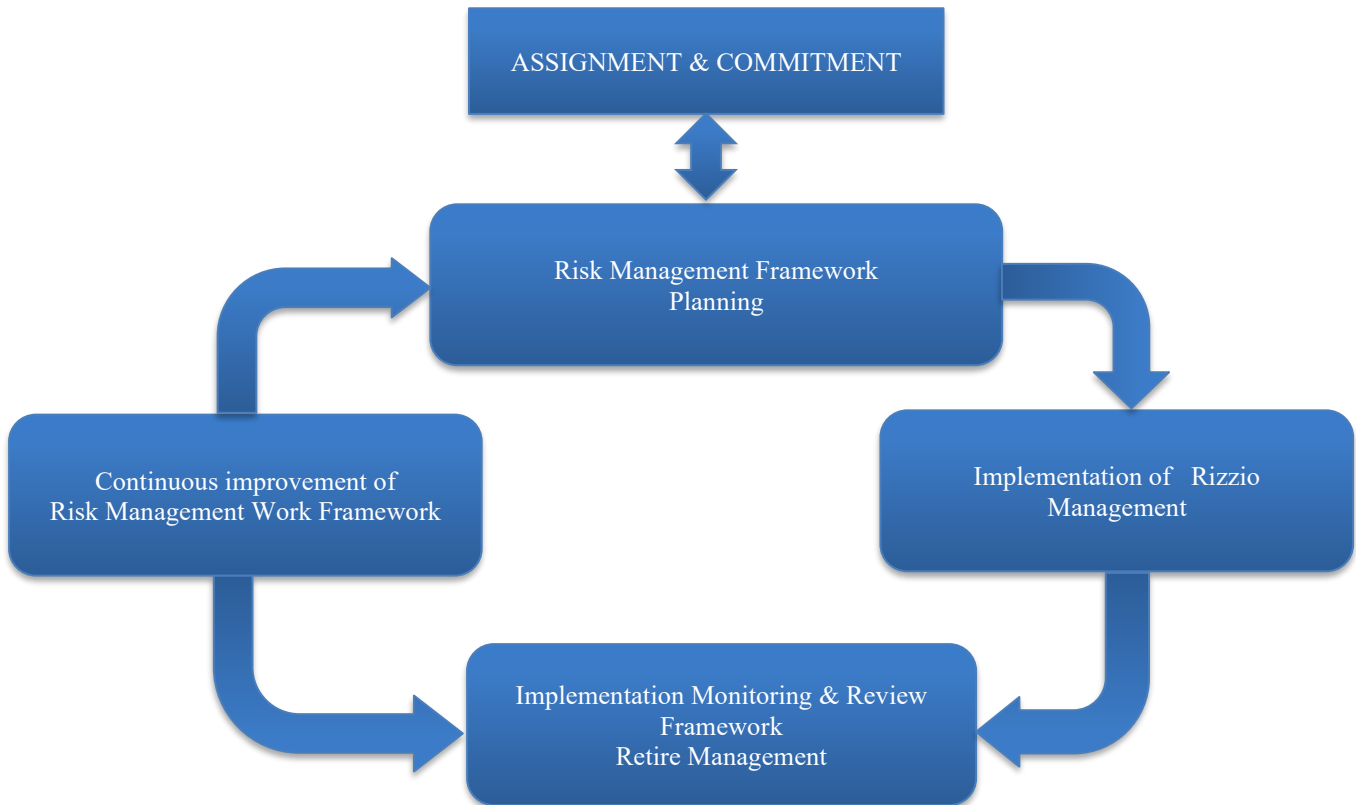


Fig. 1 Risk management framework scheme

3.1.1. Risk Identification

After knowing the business process for providing routine overhaul services, the next step is to identify risks for that business process. Risk identification is needed to find out what risks will have an impact on the process of achieving targets. The risk identification step is the initial and most important stage in the risk management process because, at this stage it is hoped that the relevant fields can capture the potential risks that exist as a whole in each business process. Apart from that, this stage is also difficult because the relevant parties must be able to capture potential risks that may occur and often occur in each business process in the field of procurement planners and implementers. Identified risk events have a positive or unidirectional relationship with other risk events, which means that if the risk occurs, it will increase the possibility of other risk events occurring.

3.1.2. Identify the Causes of Risk

The causes of risk are also important factors that must be identified because these items will trigger previously identified risk events. Several risk causes can trigger one risk event. The more factors that cause risk, the higher the possibility of a risk event occurring. If the risk factors have been identified, it is hoped that the formulation of risk mitigation can be more targeted in minimizing the probability of the risk occurring while reducing the impact of the risk. Identification of the causes of this risk is also carried out by interviewing the Senior Resplan Supervisor and Senior Procurement Supervisor, the same as was done in the previous stage.

3.1.3. Risk Assessment

Risk assessment is a systematic process of evaluating identified risks to determine their potential impact and likelihood of occurrence.

This involves:

Risk prioritization: Ranking risks based on their severity and probability.

Consequence analysis: Assessing the potential negative outcomes of each risk, including financial, operational, and reputational impacts.

Likelihood estimation: Assessing the probability of each risk occurring, considering factors such as historical data, industry trends, and expert opinions.

Risk assessment methods to be employed include:

Qualitative analysis: Utilizing expert judgment and experience to evaluate risks based on subjective criteria.

Quantitative analysis: Employing numerical data and statistical methods to estimate risk probabilities and impacts.

Risk matrix: Creating a visual tool to prioritize risks based on their severity and likelihood.

3.1.4. Determination of Risk Occurrence

The existence of risk events and causes of risks include the following:

- Errors in setting prices and price information are not available, both in historical data and in the market.
- Requests for service work are sudden, so it takes time to create the supporting documents.
- Delay in signing the contract. The management authorized to sign the contract is not present / is late in signing.
- The quality-of-service work does not match what was contracted. Calculation error in making area estimates. Addition of work area outside the contract. Some areas are not included in the scope of work but suddenly need to be worked on immediately. Government policies affect material prices.
- Suppliers are delayed in sending complete and correct payment invoice documents. Billing requirements documents are incomplete. Delay in producing verified payment documents. Corporate network system breakdown.

3.2. Planned Mitigation Actions

It can be seen in the table that the planned mitigation actions are given a scale of 9, so it can be concluded that mitigation actions have a strong correlation with the causes of risk. After determining the correlation, the level of effectiveness of each mitigation action will then be calculated. The aim of calculating the level of effectiveness is to measure how much the actions taken by the company will affect, reducing the opportunity for risk causes to occur.

This mitigation action can help create effective communication so that it is hoped that the completion of routine overhaul service work can run optimally, starting from the procurement process to the payment process. The second mitigation action is TM7 (implementing an umbrella contract system for routine overhaul service work). An umbrella contract is a type of unit price contract that is binding for a certain period of time in accordance with the provisions at the beginning of the auction. With the implementation of an umbrella contract, the supplier who wins the auction will have their unit price tied so that whatever area of service work is carried out, they will have a fixed price for the duration of the umbrella contract.

Implementing these two risk mitigations can help companies achieve on-time targets in the routine overhaul service procurement process. As in the risk identification stage, in general, the risks that exist throughout the routine overhaul service procurement process have the impact of hampering the achievement of on-time targets for overhaul implementation. By implementing TM9 and TM7 in the routine service procurement process, the risks related to on-time targets can be minimized so that overhaul activities run

well or even faster than the set target time. This will also have a positive impact on achieving on-time targets in the company's Performance Contract. Mitigation actions can be taken by making a letter requesting price information from the supplier. Look for historical data from other units and monitor prices periodically. Create a list of suppliers carrying out service work who have good competency assessments. Tightening the criteria for experience in similar work as a condition for registering bidders. Implement an umbrella contract system for routine service work. Monitoring the same service work based on history to find out the estimated area that is usually worked on. Several mitigation actions have been taken to overcome the risks that exist within the scope of public works in Enrekang Regency.

4. Conclusion

Risks that have the highest impact value after considering their relationship with other risks include delays in producing supporting documents for the procurement process (RE4), the performance of suppliers who register for tenders, not in accordance with user needs (RE6), invalid requirements documents submitted by suppliers (RE9). Errors in carrying out administrative, technical and price evaluations (RE10), No bidders passed the selection (RE11), Auction failure occurred (RE12), and Quality of service work was not in accordance with what was agreed (RE17). Has a significant impact on company targets and can cause deviations from performance achievement targets. This mitigation action can be carried out to reduce the chance of risk occurring, which could have an impact on the routine overhaul service procurement process, especially in achieving targets on time.

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