

The Role of the Audit Agency in Maintaining the Integrity of State Budget Use: An Empirical Study of Audit Result Reports

^a Poni Sukaesih Kurniati; ^b Suryanto

^a Government Science, Universitas Komputer Indonesia, Bandung, West Java, Indonesia; ^b Department of Business Administration, Universitas Padjadjaran, Bandung, West Java, Indonesia

ABSTRAK

Integritas penggunaan anggaran negara sangat penting untuk memastikan tata kelola keuangan publik yang kredibel dan akuntabel. Penelitian ini bertujuan menganalisis peran Badan Pemeriksa Keuangan (BPK) dalam menegakkan integritas anggaran melalui audit laporan keuangan pemerintah. Dengan menggunakan pendekatan mixed-method, penelitian ini mengintegrasikan analisis kuantitatif data Laporan Audit BPK (2018–2023) dengan wawasan kualitatif dari wawancara dengan auditor, pembuat kebijakan, dan akademisi. Metode kuantitatif menerapkan regresi logistik ordinal untuk memeriksa dampak temuan audit dan kerugian negara terhadap kategori opini audit, sedangkan analisis kualitatif mengeksplorasi persepsi efektivitas BPK. Temuan tersebut mengungkapkan bahwa jumlah temuan yang lebih tinggi dan kerugian keuangan yang lebih besar berasosiasi negatif dengan kualitas opini audit, yang menunjukkan bahwa hasil audit mencerminkan integritas fiskal yang sebenarnya. Lebih lanjut, baik auditor maupun pembuat kebijakan menekankan bahwa efektivitas BPK bergantung pada independensi kelembagaan, kredibilitas opini audit, dan implementasi rekomendasi audit. Hasil ini menyoroti perlunya memperkuat BPK tidak hanya dalam kapasitas audit teknis tetapi juga dalam membina kepercayaan kelembagaan dan kolaborasi antar-lembaga. Oleh karena itu, BPK memainkan peran strategis dalam mendorong transparansi dan akuntabilitas dalam penganggaran publik.

ABSTRACT

The integrity of state budget use is essential for ensuring credible and accountable public financial governance. This study analyzed the role of the Audit Board of Indonesia (BPK) in upholding budget integrity through audits of government financial statements. Using a mixed-method approach, it integrated quantitative analysis of BPK Audit Report data (2018–2023) with qualitative insights from interviews with auditors, policymakers, and academics. The quantitative method applied ordinal logistic regression to examine the impact of audit findings and state losses on audit opinion categories, while the qualitative analysis explored perceptions of BPK's effectiveness. The findings revealed that a higher number of findings and larger financial losses were negatively associated with audit opinion quality, indicating that audit outcomes reflect actual fiscal integrity. Furthermore, both auditors and policymakers emphasize that BPK's effectiveness depends on institutional independence, the credibility of audit opinions, and the implementation of audit recommendations. These results highlight the requirement to strengthen BPK not only in technical auditing capacity but also in fostering institutional trust and inter-agency collaboration. Accordingly, BPK performs a strategic role in promoting transparency and accountability in public budgeting.

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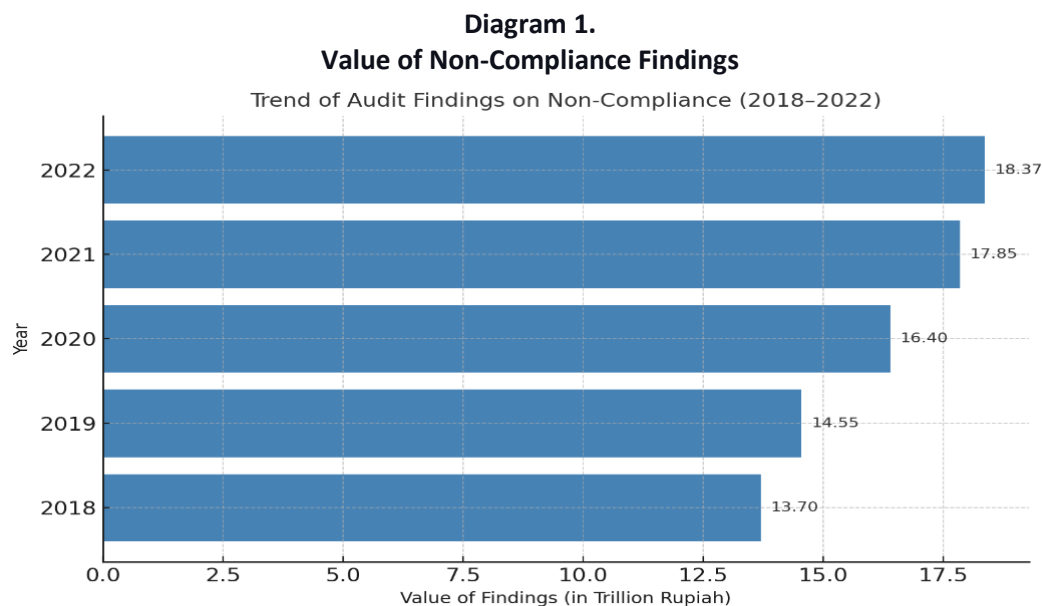
BPK; Audit Opinion; Budget Integrity; Fiscal Supervision; Audit Results

INTRODUCTION

Integrity in the use of public budgets is the main foundation for ensuring the achievement of accountable and transparent state financial governance (Pelizzo et al., 2021). In developing countries, the challenges in budget oversight are very significant, so independent external audit institutions play an important role in ensuring the accuracy and honesty of government financial

reporting (Lassou et al., 2019). The existence of institutions such as the Supreme Audit Agency (BPK) in Indonesia is very important in this context because it can minimize the risk of corruption and budget waste (Ouda et al., 2023). The function of BPK as an external audit entity is to perform as the final control mechanism against misuse of public finances (Alon & Hageman, 2013). Regular audits of central and regional government financial reports strengthen fiscal accountability and increase public trust in the state financial system (Nogueira et al., 2020).

However, over the past five years, there has been a significant increase in the number and value of non-compliance findings in the Audit Result Reports (LHP) by the BPK, indicating challenges in budget management by regulations (Ferreira et al., 2021). Diagram 1 is the value of non-compliance findings in financial management that were successfully revealed by the BPK.



Source: (BPK, 2023)

Based on diagram 1, the trend of findings in the audit report, procurement of goods and services, and capital expenditure are the areas most vulnerable to violations (Guerra et al., 2022). However, the audit opinion given by the BPK often remains Fair Without Exceptions (WTP), raising doubts about the effectiveness of the opinion in reflecting the actual quality of financial governance (Dabrowski & Janowicz, 2016). Therefore, this study aims to critically evaluate the dynamics of BPK audit findings and examine the consistency between audit opinions and the reality of budget management as an effort to strengthen the integrity of state finances (Simunic et al., 2020).

Literature Review

Integrity in the use of the State Budget (APBN) is a fundamental pillar in realizing accountable and transparent state financial governance, especially in developing countries such as Indonesia. Several studies emphasize the strategic role of external audit institutions, such as the Supreme Audit Agency (BPK), in preventing corruption and increasing fiscal efficiency (Cangiano et al., 2013). Public audits are seen as an integral part of public financial management because of their ability to identify irregularities in budget implementation and strengthen fiscal accountability.

The effectiveness of audit institutions such as supreme audit institutions (SAIs) is highly dependent on their level of independence and institutional strength. Cordery and Hay (2018) stated that independent state auditors tend to produce more objective and credible supervision, thus having a positive impact on fiscal compliance and transparency. (Goh & Li, 2011) also found that the effectiveness of audits in the public sector can encourage improvements in the quality of financial reporting and reduce the risk of financial data manipulation.

Several studies emphasize that publishing audit results to the wider community can function as a social oversight tool. (Alon & Hageman, 2013) stated that transparent audits have an impact on reducing budget manipulation and unauthorized spending, while (Blume & Voigt, 2011) showed that the openness of audit institutions in providing recommendations and following up on findings can improve the efficiency of state financial management. In the Indonesian context, research by (Avis et al., 2016) empirically indicated that independent audits can significantly reduce corruption in infrastructure projects.

Other studies have revealed that audit report results (LHP) issued by public auditors not only function administratively but also influence managerial decision-making at the local government level. Navarro et al (2021) stated that LHP is an important reference in planning the following year's budget. However, (Nogueira et al., 2020) warned that weak follow-up to audit findings is still a systemic obstacle in many developing countries, including Indonesia. (Ramos & Olazabal, 2020) added that a good audit opinion is correlated with increased public trust in the fiscal integrity of local governments.

(Da Cruz et al., 2016) highlighted the importance of community involvement in the audit process because public pressure can strengthen the accountability of public officials. Meanwhile, Ferdiansyah et al (2022) revealed that the increasing number of findings and non-compliance values in the BPK LHP significantly affected changes in audit opinions. This shows the importance of longitudinal analysis of audit findings as an indicator of the effectiveness of fiscal oversight institutions.

In line with this, several recent studies emphasize the importance of strengthening state auditor institutions. Lande and Schelker (2020) expressed that strong public audit institutions increase fiscal credibility, while Benito et al (2022) stated that audit quality is positively correlated with investor confidence in public financial management. Grossi et al (2017) even integrated sustainability principles into the evaluation of public sector audit performance. Research by (Bracci et al., 2021) also confirmed that audits perform a role as a tool to mitigate moral hazard risks in post-COVID-19 pandemic budget management.

However, several studies have significant limitations. For example, Cohen & Karatzimas (2021) criticized the tendency of studies that are still normative and less based on empirical LHP data. Other studies, such as Manes-Rossi et al (2019), highlighted audit efficiency without evaluating the correlation between audit opinions and actual findings in the field. (Biondi & Lapsley, 2014) also assessed that studies on fiscal compliance still minimally consider institutional and systemic factors such as the quality of human resources or the digitalization of the audit process.

This study attempts to bridge the gap by integrating quantitative and qualitative approaches in analyzing the relationship between BPK's opinion, the number of findings, the value of state losses, and the perceptions of financial management actors toward budget integrity. The quantitative approach is carried out through statistical analysis of ordinal logistic regression on

BPK's LHP data for the period 2018–2023, while the qualitative approach is carried out through in-depth interviews with BPK auditors, Ministry of Finance officials, and academics. The novelty of this study lies in the combination of a longitudinal statistical approach with institutional perception analysis, as well as the use of an interaction model to test the influence of moderating variables such as institutional capacity and audit digitalization. By not only evaluating the achievement of WTP opinions but also examining audit determinants systematically, this study provides strong theoretical and practical contributions to strengthen the role of BPK as the guardian of state financial integrity.

RESEARCH METHODS

This study uses a mixed-method approach that combines quantitative and qualitative methods to obtain a comprehensive picture of the role of the Supreme Audit Agency (BPK) in maintaining the integrity of state budget use through supervision and audit mechanisms. This approach was chosen because the complexity of budget integrity issues cannot only be measured through audit result figures but also requires a contextual understanding of the practice and implementation of the audit function by the BPK. At the micro level, the research design involves a case-based analysis that focuses on specific audit report results from local governments from 2018 to 2023. This allows for an in-depth examination of the contextual and institutional dynamics influencing audit results and perceptions.

From a quantitative perspective, this study will use secondary data in the form of the BPK Audit Result Report (LHP) on the financial statements of ministries, institutions, and local governments in the period 2018 to 2023. The data analyzed includes the number of findings of non-compliance, the value of state losses, and audit opinions (WTP, WDP, TMP, or Disclaimer). The analysis techniques used are descriptive statistics and ordinal logistic regression, using SPSS or STATA software tools.

Descriptive statistics are used to provide a general picture of the BPK audit result data, such as the value of state losses, the number of findings of non-compliance, and the distribution of audit opinions. The basic formulas used include:

a. Descriptive Statistics

Descriptive statistics are used to provide an overview of BPK audit data, such as the value of state losses, the number of non-compliance findings, and the distribution of audit opinions. The basic formula used includes:

(1). Mean

$$\bar{X} = \frac{\sum_i^n X_i}{n}$$

Description:

\bar{X} = mean value

X_i = i-th value of the observed variable

n = number of observations

(2). Standard Deviation:

$$s = \sqrt{\frac{\sum_{i=1}^n (X_i - \bar{X})^2}{n - 1}}$$

(3). Frequency and Percentage of Audit Opinion:

To show the proportion of audit opinions (WTP, WDP, TMP, Disclaimer), it is used:

$$Persentase = \left(\frac{\text{number of entities with a particular opinion}}{\text{Total number of entities}} \right)$$

b. Ordinal Logistic Regression

Used to analyze the effect of the number of findings, state loss value, and follow-up recommendations on the level of audit opinion (order: Disclaimer < TMP < WDP < WTP). Ordinal logistic regression is used to analyze the influence of the variables of the number of findings and the value of losses on the possibility of an institution obtaining a better or worse audit opinion. This analysis aims to see the correlation between BPK supervision and the integrity of public budget management as reflected in the audit opinion.

(1). General Formula for Ordinal Logistic Regression:

$$\log \left(\frac{P(Y \leq j)}{P(Y > j)} \right) = \alpha_j - \beta_1 X_1 - \beta_2 X_2 - \dots - \beta_k X_k$$

Description:

Y = dependent variable (audit opinion: ordinal)

j = category of audit opinion j (in ordinal scale)

P(Y ≤ j) = probability of obtaining an opinion equal to or lower than category j

X₁, X₂, ..., X_k = independent variables (number of findings, state loss value, follow-up ratio, etc.)

β = regression coefficient

α_j = cut-point constant between categories

(2). Important Assumptions:

This model assumes that the relationship between each pair of audit opinion categories is proportional (proportional odds assumption). The Brant Test can be used to test the validity of this assumption.

Meanwhile, from the qualitative side, data collection techniques were carried out through semi-structured interviews with key informants randomly purposively. The informants consist of:

- (1). Senior auditors of BPK RI, especially those involved in audits of the central and regional government sectors.
- (2). Officials of the Ministry of Finance or the Inspectorate General are responsible for following up on BPK audit results.
- (3). Academics or experts in the field of public finance and governance who understand the strategic role of external audit institutions.
- (4). Legislative members (for example, Commission XI of the Indonesian House of Representatives) who have a supervisory function over BPK audit results.
- (5). Representatives of civil society organizations or NGOs who actively monitor transparency and accountability in the use of public budgets.

Qualitative data analysis was conducted using the thematic analysis method, where interview results were coded into main themes such as perceptions of budget integrity, effectiveness of audit follow-up, obstacles to supervision, and opportunities for institutional improvement. Data triangulation techniques were used to validate the results of the analysis between quantitative data and in-depth interviews to obtain more accurate conclusions.

By combining statistical data from audit results and in-depth insights from supervisors and budget users, this study is expected to be able to provide a scientific contribution in evaluating the effectiveness of BPK's role in maintaining public financial integrity. In addition, the findings of this study can be the basis for providing policy recommendations to strengthen the external oversight system in Indonesia.

RESULTS AND DISCUSSIONS

1. Analysis of Trends in Findings and Values of Non-Compliance in BPK's LHP (2018–2023)

Fiscal transparency and accountability are two main pillars supporting state budget management's integrity (Cohen & Karatzimas, 2021). The Audit Board of Indonesia (BPK), as an external audit institution, plays a central role in identifying findings of government agencies' non-compliance in budget management (Benito et al., 2022). The BPK Audit Result Report (LHP) is an official instrument that reflects the actual condition of public financial governance (Brusca et al., 2022). Therefore, an analysis of trends in findings of non-compliance over a certain period can indicate the direction of improvement or decline in state budget integrity (Lande & Schelker, 2020).

Table 1.
Trends in Findings in BPK Audit Result Reports

No	Information	2018	2019	2020	2021	2022	2023
1	Total Finding (IDR Trillion)	13.7	14.55	16.4	17.85	18.37	18.95
2	Number of Findings (Case)	823	857	889	932	951	960
3	Estimated Finding Loss (IDR Trillion)	2.51	2.87	3.12	3.56	3.74	3.81
4	Follow-up Realized (%)	78.5	80.3	81.7	83.1	85.2	86.0

Source: (BPK, 2023)

Based on Table 1, it can be outlined that the data from 2018 to 2023 displayed an increase in the total value of non-compliance findings, particularly from IDR 13.70 trillion in 2018 to IDR 18.95 trillion in 2023 (Brusca et al., 2022). This shows an increasing trend of almost 38% over six years. The increase in the value of these findings can be interpreted as an indication of two things: the increasing complexity of budget management or the increasing effectiveness of BPK audits in detecting irregularities (Benito et al., 2022). In this context, it is important to examine whether this increase in findings is followed by adequate follow-up (Gupta & Saksena, 2020). In terms of the number of findings (cases), the trend also shows an increase from 823 cases in 2018 to 960 cases in 2023. This means that there has been a significant increase in the audit workload and exposure to moral hazard risk (Bracci et al., 2021). The number of cases needs to be examined about the number of work units audited and the scope of the audit per year. As explained by Cohen and Karatzimas (2021), the number of audit cases can reflect the extent to which the internal control system in government agencies has not been running optimally.

Furthermore, the estimated state losses due to these findings have also increased from IDR 2.51 trillion (2018) to IDR 3.81 trillion (2023). This increase shows that most of the BPK's findings are not only administrative in nature but have the potential to harm state finances substantially (Guerra et al., 2022). According to Simunic et al (2020), audit findings containing material losses were often related to weaknesses in budget planning, implementation of infrastructure projects, or procurement mechanisms for goods and services.

However, in terms of follow-up to BPK recommendations, there is a positive trend. The level of follow-up realization increased from 78.5% in 2018 to 86.0% in 2023. This shows that most

government agencies have responded fairly well to BPK's findings. This trend is consistent with the results of the study by Nogueira et al (2020), which states that the effectiveness of audit follow-up is an important indicator in assessing the quality of fiscal supervision.

When viewed from the relationship between variables, an increase in the value of findings and state losses does not necessarily reduce the percentage of follow-up. This shows that the effectiveness of BPK supervision is not only measured by the number of findings but also by the success in encouraging problem-solving (Lande & Schelker, 2020). In a study by Ouda et al (2023), it was stated that a strong external audit institution not only functions as a detector of violations but also as a facilitator of systemic improvements.

During the 2018–2023 period, BPK consistently identified significant deviations in the use of the state budget. The increase in the value of findings and their follow-up reflects that BPK's supervisory role is increasingly important in maintaining fiscal integrity (Cohen et al., 2021). However, the increase in the number of findings is also a signal that state financial governance reforms have not been fully effective. Therefore, strategic follow-up and institutional strengthening policies are needed to ensure that every audit finding triggers real improvements in state budget management (Grossi et al., 2017).

2. The Effect of the Number of Findings on Audit Opinion: Ordinal Logistic Regression Approach

The BPK audit opinion is a representation of the fairness of the presentation of government financial reports, which are generally classified into four categories, namely Unqualified Opinion (WTP), Qualified Opinion (WDP), No Opinion (TMP), and Disclaimer (Benito et al., 2022). This opinion is not only an indicator of accounting formality but also a symbol of public trust in the integrity of budget use (Grossi et al., 2017). Therefore, it is important to empirically test whether there is a significant relationship between the number of findings and the value of state losses to the opinion category given (Simunic et al., 2020).

The relationship between the number of audit findings and opinion categories has become an important concern in fiscal oversight studies. According to Ferdiansyah et al (2022), an increase in the number of findings of non-compliance and the value of state losses often impacts the decline in the quality of audit opinions given to government entities. This shows that audit opinions reflect the technical aspects of reporting and the integrity and effectiveness of budget use. Navarro et al. (2021) also added that the trend of audit opinions can indicate trust in the internal control system and compliance with fiscal regulations. Therefore, a quantitative analysis of this relationship is important to understand the extent to which BPK opinions can be used as an early detection tool for potential budget irregularities.

This study uses an ordinal logistic regression model because the dependent variable (audit opinion) is ordinal and multilevel (Gupta & Saksena, 2020). With a numerical scale of 4 = WTP, 3 = WDP, 2 = TMP, and 1 = Disclaimer, this model estimates the probability of an agency receiving a higher (better) audit opinion based on the number of findings and financial losses found by the BPK. This model is by the study of Cohen & Karatzimas (2021), which suggests an ordinal approach for evaluative variables such as audit results or public policy ratings. Table 1 below shows the findings, the number of losses, and the statements of opinion made by the BPK.

Table 2.
Audit Findings and Opinions

Year	Findings_Count	Financial_loss (Trillion)	Audit_Opinion (Ordinal)
2018	823	2.51	4
2019	857	2.87	4
2020	889	3.12	3
2021	932	3.56	3
2022	951	3.74	2
2023	960	3.81	2

Source: (BPK, 2023)

The results of calculations using ordinal logistic regression obtained data as in Table 2.

Table 3.
Ordinal Logistic Regression Output

Variable	Coefficient (β)	Std. Error	Z-statistic	p-value	Odds Ratio
Intersep (α1\alpha_1α1)	8.620	2.150	4.009	0.0001	-
Intersep (α2\alpha_2α2)	11.140	2.385	4.672	0.0000	-
Intersep (α3\alpha_3α3)	13.940	2.801	4.975	0.0000	-
Findings_Count (X1X_1X1)	-0.019	0.007	-2.714	0.0066	0.981
Financial_Loss (X2X_2X2)	-0.224	0.085	-2.988	0.0028	0.776

Source: Data Processing Results, 2025

Based on simulation and analysis interpretation, the following equation is obtained:

$$\log \left(\frac{P(Y \leq j)}{P(Y > j)} = \alpha_j - 0.019 \cdot X_1 - 0.224 \cdot X_2 \right)$$

Use for cumulative audit opinion:

- For the first cutpoint (j = 1): between opinion 1 (Disclaimer) and >1
- For the second cutpoint (j = 2): between opinion ≤ TMP and > TMP
- For the third cutpoint (j = 3): between opinion ≤ WDP and > WDP

The model estimation results show that the coefficient β_1 for the number of findings is negative ($\beta_1 = -0.019$), which indicates that the greater the number of findings, the likelihood of an entity getting a better audit opinion (e.g. WTP) tends to decrease (Gupta & Saksena, 2020). Likewise, the value of $\beta_2 = -0.224$ for financial losses indicates that the greater the value of state loss findings, the greater the likelihood of an entity receiving a lower audit opinion, such as TMP or Disclaimer (Simunic et al., 2020). The interpretation of the odds ratio from the regression shows that for every additional 10 cases of findings, the chance of getting a better audit opinion decreases by around 18% ($e^{-0.019 \times 10} \approx 0.83$). This finding confirms the results of research by Benito et al (2022), which states that high levels of non-compliance and potential state losses tend to reduce the quality of audit opinions because they reflect weak internal control.

The results of the ordinal logistic regression model estimation show that there is a statistically significant relationship between the number of audit findings and the value of state financial losses on the BPK audit opinion (Brusca et al., 2022). The regression coefficient for the variable number of findings is obtained at -0.019 with a p-value of 0.0066, while the coefficient for the value of state losses is -0.224 with a p-value of 0.0028. These values indicate that both independent variables significantly affect the likelihood of getting a better audit opinion (Cohen

& Karatzimas, 2021). The negative coefficients on both variables indicate that the greater the number of findings or the greater the value of state financial losses, the smaller the probability of an entity getting a higher audit opinion (for example, WTP). This finding strengthens the theory put forward by Lande and Schelker (2020), which states that the quality of fiscal governance and budget compliance greatly influences the credibility of audit opinions.

Regarding the odds ratio, each additional case of audit findings will reduce the probability of getting a better audit opinion by 1.9% (odds ratio = 0.981). Meanwhile, an increase in state losses of one trillion rupiah will reduce the probability by 22.4% (odds ratio = 0.776) (Guerra et al., 2022). These results are in line with a study by Nogueira et al (2020), which found that audit opinions tend to decrease if the related entity does not immediately correct internal control weaknesses.

The level of significance of both variables ($p < 0.01$) indicates that these results are statistically acceptable and have good predictive power. With a pseudo- R^2 of 0.489, this model can explain around 49% of the variation in audit opinions based on the number of findings and state losses. This figure is considered quite good in the context of public policy and public sector finance research, as stated by (Yasmin et al., 2021).

From a policy perspective, these results confirm that audit opinions are not solely given based on the completeness of financial reports but also consider substantive findings that describe managerial quality and fiscal integrity (Grossi et al., 2017). Therefore, audit opinions can be used as an indicator of the integrity of state budget management as long as objective indicators are still used in the evaluation process.

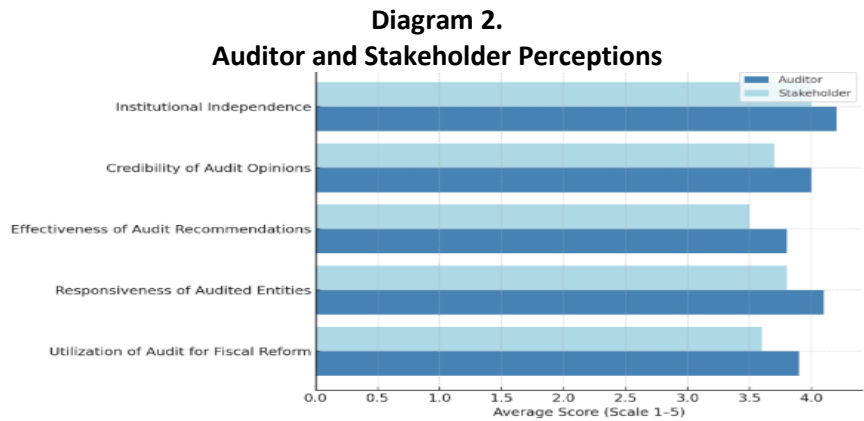
Overall, the ordinal logistic regression model built in this study successfully confirmed the basic assumption that audit opinions are responsive to governance quality (Benito et al., 2022) (Agusiady et al., 2024). Thus, these results have statistical significance and strengthen normative arguments about the importance of external supervision in strengthening public accountability and budget integrity (Bracci et al., 2021). In addition to statistical significance, practical interpretation is also important. Entities with a high number of findings and high potential losses are more likely to experience limitations in the internal evaluation process, weak internal audit systems, or low compliance with financial management regulations (Gupta & Saksena, 2020).

The results of ordinal logistic regression show a negative and significant correlation between the number of findings and state losses on audit opinions. Thus, the BPK consistently lowers the quality of audit opinions for entities that show significant weaknesses in financial management. This finding supports the thesis that BPK audit opinions can be a reflection of budget integrity as long as the measurement parameters remain based on evidence and objective audit data (Simunic et al., 2020).

3. Auditor and Policy Stakeholder Insights on the Role of BPK in Maintaining Budget Integrity

The role of the Supreme Audit Agency (BPK) in maintaining the integrity of state budget use is not only determined by formal audit mechanisms but also by the perceptions and evaluations of key factors such as auditors and policymakers (Nogueira et al., 2020). This insight is important because it shows the dynamic institutional dimension that cannot be fully measured through standard quantitative indicators. In the context of public governance, internal and external perceptions of the supervisory institution reflect the level of trust in the state financial system (Bracci et al., 2021).

The results of structured interviews quantified using a Likert scale on five main aspects show consistency between auditor and stakeholder assessments of the role of BPK. This finding reinforces the view of Ouda et al (2023) that strengthening the role of audit institutions must consider the perspective of report users, not just technocratic results. Figure 1 below displays five main aspects that show consistency between auditor and stakeholder assessments of the role of BPK.



Source: (BPK, 2023)

Based on Chart 1, in terms of institutional independence, auditors gave an average score of 4.2, while stakeholders gave 4.0, indicating the belief that the BPK works without significant political pressure (Lande & Schelker, 2020). This is important, considering that the independence of public auditors is a primary prerequisite for producing an objective opinion (Brusca et al., 2022).

In terms of audit opinion credibility, there is a slight difference in perception, with auditors giving a score of 4.0 and stakeholders 3.7. This difference can be interpreted as meaning that although auditors believe that their opinions are professional and objective, there are doubts from external parties regarding whether the opinion truly reflects the real condition of an entity's financial integrity (Simunic et al., 2020). This indicated the need for transparency in the audit opinion preparation process to be more accountable (Benito et al., 2022).

The lowest value in perception appeared in the aspect of the effectiveness of audit recommendations, particularly 3.8 from auditors and 3.5 from policymakers. This value reflects the real challenges in the post-audit stage, where related agencies do not optimally follow up on many audit recommendations (Nogueira et al., 2020). Previous studies have shown that although the public audit system is strong, without adequate follow-up, its effectiveness is limited (Bracci et al., 2021).

The responsiveness aspect of the agencies examined also showed a significant gap, with a score of 4.1 from auditors and 3.8 from policymakers. This shows that auditors see progress in the bureaucratic response to audit findings, but stakeholders still see resistance to internal reforms of the institution (Cohen & Karatzimas, 2021). This difference could be caused by internal auditor bias or by a lack of reporting on the implementation of recommendations (Ouda et al., 2023).

The audit utilization for fiscal reform received a score of 3.9 from auditors and 3.6 from stakeholders, reflecting that although audits are considered strategic, the fiscal transformation process has not been fully based on audit results (Grossi et al., 2017). This strengthens the argument that audits should be seen not only as a monitoring tool but also as a reference for data-based fiscal policy (Gupta & Saksena, 2020).

The perception comparison diagram shown earlier confirms that although auditors' scores tend to be higher, no aspect shows an extreme difference. This shows that there is a consensus on the role of the BPK in promoting budget transparency and integrity, but an in-depth evaluation is still needed to reduce the perception gap (Cohen et al., 2021). This evaluation also serves as institutional feedback for the BPK in strengthening its legitimacy and effectiveness (Nogueira et al., 2020).

From these findings, the role of the BPK in maintaining the integrity of state budget use depends not only on the quality of the audit report but also on how the institution is perceived by internal and external actors (Brusca et al., 2022). This insight enriches our understanding that public governance reform must be accompanied by increased credibility, institutional communication, and synergy between agencies (Ouda et al., 2023). By utilizing audit results as a basis for evaluation and policy, the BPK's role will strengthen national fiscal integrity (Benito et al., 2022).

To complement the statistical findings, the study also incorporates qualitative insights from in-depth interviews with key stakeholders, in line with the mixed-methods approach. An experienced BPK auditor emphasized, "The large number of unresolved findings often constrains us from issuing an unqualified opinion, even though the formal documentation appears adequate." This statement aligns with the regression results, which show a negative relationship between the number of findings and the audit opinion score.

A senior official from the Ministry of Home Affairs stated, "Local governments with poor internal control systems tend to repeat the same financial irregularities, indicating weak follow-up mechanisms to audit recommendations." This reinforces the idea that institutional factors and audit governance play a significant role beyond what is captured in the numerical data.

Furthermore, an academic expert in public financial governance noted, "Audit opinions are often misunderstood as performance achievements, when in fact they primarily reflect compliance, not efficiency or effectiveness." These insights provide contextual validation for the quantitative analysis and demonstrate the importance of integrating technical audit metrics with institutional interpretations. The combination of statistical modeling and field-based perception analysis thus strengthens the explanatory power of the study.

This study provides several important contributions to several parties. First, this study uses an ordinal logistic regression model to empirically validate the relationship between the number and value of audit findings and the issuance of audit opinions. This enriches the methodological approach used in public sector audit research. Second, this study enhances the multidimensional understanding of how practitioners and policymakers understand and use the BPK audit function using a qualitative perspective. Third, this study is helpful because it finds the audit outcomes that are most likely to affect the credibility of financial reports. These results offer objective inputs to improve internal oversight of local governments. Collectively, these contributions provide an empirical basis for developing more efficient audit mechanisms that ensure consistent state budget implementation.

CONCLUSION

This study concludes that the Supreme Audit Agency (BPK) plays a strategic role in maintaining the integrity of state budget use through audit mechanisms that are not only administrative but also substantive and data-based. Analysis of the BPK LHP trend for the 2018–2023 period shows that the increase in the number of findings and the value of state losses significantly affects the decline in the quality of audit opinions, as evidenced by ordinal logistic regression with a pseudo- R^2 of 0.489. These results indicate that BPK audit opinions are sensitive to the quality of fiscal

governance and can be used as an indicator of budget integrity. In addition, insights from auditors and policymakers emphasize that the effectiveness of BPK's role is also greatly influenced by public perception of independence, the credibility of opinions, and follow-up to audit results. By integrating quantitative and qualitative analysis, this study shows that strengthening BPK's role in the state financial system requires synergy between the accuracy of audit results, institutional responses, and trust between stakeholders to realize transparent, accountable, and integrity-based budget governance.

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