

# The Effect of Institutional Pressure on the Level of BPK Auditor Reliance: A Study of Government Audit Institutions in Indonesia

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## ABSTRACT

Supreme Audit Agency (BPK) and Government Internal Supervisory Apparatus (APIP), as government audit institutions, have an essential role in realizing the accountability of state financial management. Both are expected to establish good coordination because it can benefit both the audit institution and the government organization being audited. This study examines the effect of institutional pressure, namely coercive pressure, normative pressure and mimetic pressure, on the level of BPK auditor reliability. In addition, this study also aims to examine the impact of BPK auditor reliability on audit quality. The research was conducted at government audit institutions considering that reliability is a form of coordination in conducting government financial report audits. The survey method was carried out to collect data from 264 audit team leaders tasked with examining the government's 2020 financial reports. SEM PLS analysis was used with the help of the WarpPLS Version 8 software. Unlike previous studies, this study found that mimetic pressure does not affect the level of auditor reliability. BPK is the only external government audit institution so no other audit institutions can be used as a benchmark in auditing government financial reports. The study also concluded that BPK auditors' reliance on APIP could improve audit quality. This research provides input for the government regarding strategies to improve coordination and cooperation between BPK as the government's external auditor and APIP as the government's internal auditor.

**Keywords:** institutional pressure; coercive pressure; normative pressure; mimetic pressure; auditor reliability; audit quality; government financial reports; coordination and cooperation

**For citation:** Usman R., Masdar R., Masruddin. The effect of institutional pressure on the level of BPK auditor reliance: A study of government audit institutions in Indonesia. *Finance: Theory and Practice*. 2024;28(6):109-121. DOI: 10.26794/2587-5671-2024-28-6-109-121

## INTRODUCTION

Government audit institutions in Indonesia consist of the Supreme Audit Agency (BPK) as the government's external auditor and the Government Internal Supervisory Apparatus (APIP) as the government's internal auditor. The BPK is tasked with examining the management and accountability of state finances carried out by government institutions. Meanwhile, APIP is tasked with fostering and supervising the running of government. The two audit institutions have strategic roles in realizing accountability in managing state finances and presenting credible financial information [1]. Due to the essential roles of these two institutions, BPK and APIP are expected to establish intense coordination in carrying out their functions because coordination between the two can provide several benefits for both institutions [2] and the institution being audited [3]. Ho & Hutchinson [4] stated that coordination between external and internal auditors could increase efficiency and impact audit quality.

One form of coordination that can be carried out between BPK and APIP is the utilization of certain aspects of each other's work [5]. BPK can take advantage of APIP's work to reduce its audit workload, and conversely, APIP can gain insight from the extensive experience and knowledge possessed by BPK auditors. However, BPK is currently experiencing limited auditor resources [6]. With limited auditor resources, BPK auditors must apply an audit efficiency strategy to overcome these limitations by utilizing the results of APIP's work in conducting audits of government financial reports.

The importance of using the results of the internal auditor's work by external auditors in auditing financial statements has attracted the interest of researchers to examine various aspects that can affect the level of utilization. Previous researchers have tested various variables that affect the level of utilization of the work of internal auditors by external auditors, for example, the quality of governance [7, 8], internal auditor resources

[9], allocation budget [10], audit risk [11], audit fees [12], and internal auditor quality attributes [13].

Of the various aspects that have been studied, no research has examined the institutional pressure variable as a variable that can affect the external auditor's level of reliance on internal auditors. However, this study views that in the context of public sector audits in Indonesia, institutional pressure can play a role as a variable affecting the level of reliability of BPK auditors. Therefore, this study aims to examine the influence of institutional pressure factors from the point of view of institutional theory because this theory is seen as able to provide an understanding of the interaction of different elements of governance [14].

In addition to examining the institutional pressure factor as a variable that affects the level of BPK auditor reliability, this study also aims to test whether the level of BPK auditor reliability affects audit quality. It was done with the consideration that the findings of previous researchers showed contradictory results. For example, the internal audit function contributes to improving the quality of financial statement audits [15], while different results are shown, who conclude that the reliability of the internal audit function can lead to reduced findings that affect quality audits [16]. In addition, Morril also discovered that because it could have a detrimental effect on audit quality, external auditors can only use the work of internal auditors in part [17].

## LITERATURE REVIEW

### Agency Theory

This study uses agency theory to explain the behavior of external auditors as parties involved in the relationship between principal and agent. In agency relationships, problems arise because of differences in interests between principals and agents and information asymmetry [18]. As a result, management tends to prioritize their interests in the operational activities of the entity, which leads to the use of assets for personal gain, neglect of their duties as agents, or may appear diligent but misdirected, resulting in agency costs [19].

Agency relationships do not only occur in business entities but also in public sector organizations. The pioneers of agency theory, namely Jensen & Meckling, explained that agency problems occur in all types of organizations, all forms of cooperative efforts, and at

every management level, including in public sector organizations [20]. In public organizations, agency relationships do not only occur personally between principals and agents [21]. These relationships are more complex because they occur at several levels of relationships.

In the context of auditor reliance behavior, external auditors can take advantage of the work of internal auditors with a motive to maximize their utility, namely to minimize the effort that must be made to make their work easier, not for the principal's interest. Argento et al. are concerned about the risk that agents (external auditors who decide whether or not to rely on the work of internal auditors) do not always act in the best interests of principals, thereby creating a risk to audit quality [22].

### Institutional Theory

The institutional theory states that social actors face external pressure to conform through shared conceptions of desirable and appropriate behavior to secure resources and gain social support by observing organizational legitimacy [23, 24]. Social actors consider efficiency, productivity, and rationality of social behavior and social legitimacy [23, 25]. This theory also examines the influence of institutions on human behavior through rules and norms built by institutions [26].

The use of the results of APIP's work by BPK auditors can be studied using the perspective of institutional theory because this theory provides insight into the influence of the institutional environment, in the form of rules, norms, and culture on organizational actions [24]. Organizations consider various institutional pressures in interpreting what actions are legitimate for them in making decisions [27]. Organizations conform to social expectations and norms to maintain their legitimacy. Institutional legitimacy is a shared conception of desirable and appropriate action that is carried out under accepted regulatory pressures, professional norms, and beliefs [23]. Scott [28] describes these pressures as the three pillars of institutions, namely the pillars of regulative, normative, and cognitive-cultural, while DiMaggio & Powell [23] identify this institutional mechanism as institutionalized isomorphism.

DiMaggio and Powell explain that three types of power shape institutional behavior: first, pressure to comply with rules and regulations issued by individuals

or organizations, which is called coercive pressure [23]. Second, the pressure of uncertainty creates the need for self-adjustment to goals by imitating procedures used by other organizations, which is called mimetic pressure. Third, the pressure to conform to the rules and norms issued by professional bodies, namely normative pressure.

In the context of coercive pressure, although various regulations and laws and regulations are clearly presented, then monitored and enforced [29], these regulations and regulations are still subject to various interpretations and levels of implementation which give rise to various variations [30]. These variations in interpretation and implementation lead to uncertainties, contradictions, and pressures for actors. Inconsistency in law enforcement or implementation can cause uncertainty and create pressure for the auditor. For example, there is an opportunity for litigation risk that can become pressure for the auditor.

Normative pressure arises from the existence of moral and social obligations and binding expectations regarding “what is the right thing to do” [31]. For example, in the context of an audit, the public expects that the auditor can detect all material misstatements, including fraud therefore the auditor must maximize efforts to ensure this audit objective is achieved and obtain the expected level of audit quality. Maximizing audit efforts by auditors can increase costs which are often not covered by audit fees. Thus the existence of public expectations regarding audit objectives and quality can ultimately create pressure for auditors.

Mimetic pressure arises from the incompatibility of actions, shared understandings and social constructions [31]. This pressure arises from the difference between routine behavior, automatic behavior, and behavior that is resistant to change in conditions where “no one can imagine an alternative”. This pressure can stem from incompatibilities related to “how things are done.”

### Hypothesis Development

This study aims to examine institutional pressure consisting of coercive pressure, normative pressure, and mimetic pressure on the level of reliability of BPK auditors against APIP in carrying out audits of government institution financial statements. In addition, this study also aims to test whether the level

of dependence of BPK auditors on APIP affects audit quality (Fig. 1).

In the context of carrying out financial statement audits, BPK auditors experience coercive pressure to comply with applicable laws and regulations. After all, BPK is a government institution that is very strongly influenced by regulations. For example, regarding the utilization of APIP's work by BPK, there are regulations that stipulate that BPK auditors can utilize APIP's work to avoid duplication of work. This regulation is a signal of the existence of coercive pressure that regulates the behavior of BPK auditors.

Several researchers have found the effect of mimetic pressure on auditory behavior. Chiang confirmed that auditors respond to isomorphic pressures that affect them through agreement or compromise strategies [32]. Other researchers, Chiang & Northcott also found that coercive pressure in the form of negative publicity from the media, and the “fear factor” of government intervention played a role as a driver of change in auditing practices [33]. Utami found that internal audit practices are influenced by coercive pressure in both formal and informal forms [34]. Pressure in its proper form comes from regulations issued by the OJK, the Ministry of BUMN, BPK, BPKP and IDX. Meanwhile, pressure in an informal form comes from the Internal Audit Association (IIA), COSO, and the community. Based on this, this study assumes that pressure originating from government regulations and applicable auditing standards can affect the level of utilization of APIP work results by BPK examiners on APIP work results:

#### **H1. Coercive pressure positively affects the level of utilization of APIP work results by BPK examiners.**

Normative pressure is a form of pressure that comes from the profession to be “the same”. For example, professional organizations define their profession cognitively and provide legitimacy and autonomy for their profession [26] Normative pressures limit behavior through value systems, expectations, and roles. For example, with normative isomorphism, auditors will conform to the norms to maintain their legitimacy by convincing their constituents [35].

In its position as a government audit institution, BPK has played an active role in various audit communities such as the International Organization of Supreme Audit Institutions (INTOSAI), Asian Organization of Supreme Audit Institutions (ASOSAI)

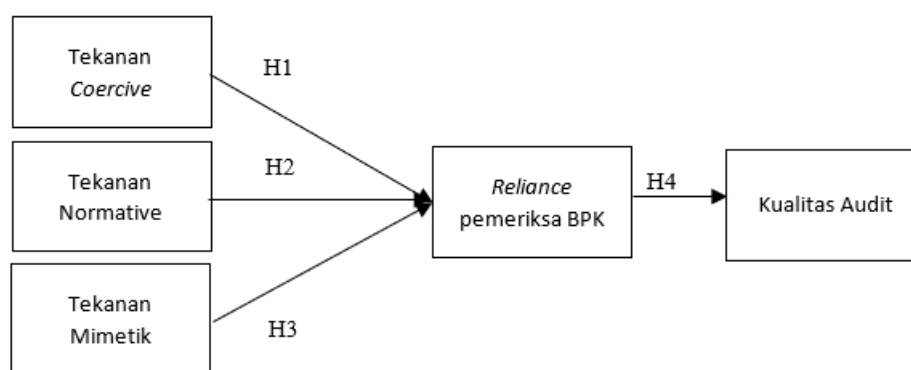


Fig. 1. Research Model

Source: Compiled by the authors.

and ASEAN Supreme Audit Institutions (ASEANSAI). BPK's active participation in these various bodies is expected to encourage the exchange of knowledge and experience in order to increase the professionalism and independence of BPK auditors. In addition, auditor associations at various levels mentioned above can act as institutions that influence the behavior of their members, including in the practice of cooperation and reliance between the two government audit functions. King et al. concluded that participation in government-supported bodies, standards bodies, and professional associations might provide events so that the involvement of government auditors in audit associations can affect the level of utilization of APIP work results by BPK examiners [36].

Previous research has shown that normative pressure influences audit practice by emphasizing professionalism and training education systems for auditors and increasing competency through continuing professional education [34]. In addition, Chiang found that auditors also feel normative pressure influencing their attitudes and practices and directing them towards compliance with professional standards. Therefore, we put forward hypothesis 2 as follows:

**H2. Normative pressure positively affects the reliability of BPK examiners on the results of APIP work in conducting audits of government institutions.**

Mimetic pressure is a mechanism of isomorphism that occurs when an organization imitates the actions of other organizations that are structurally equivalent and occupy the same position in the same industry [23]. Adherents of the institutional theory argue that to deal with uncertainty, organizations imitate the structures

and processes of other organizations, especially those with the same characteristics as themselves [37].

Interactions that exist between fellow auditors within the same professional organization, for example, the International Organization of Supreme Audit Institutions (INTOSAI) or the Indonesian Association of Accountants (IAI), provide preference for BPK auditors to imitate successful practices implemented by other fellow auditors in the association. The auditors who join the same association have almost the same features, for example, in terms of vision and mission, goals, the organization being audited, and sources of funding. Therefore, the behavior and practices of members who are considered to be of high quality and victorious will become appropriate references for fellow members when faced with conditions of uncertainty regarding appropriate practices.

From the point of view of agency theory, the behavior and actions of external auditors as agents cannot be observed and evaluated directly by the principal. Principals need more information about the behavior and actions of auditors, so principals use the practices of other groups of auditors who are considered successful as benchmarks and references for assessing and evaluating the practices of their agency auditors. For this reason, principals will positively evaluate auditors who carry out practices similar to other groups of auditors who are considered successful and negatively assess auditors who are deemed not to implement these norms [38]. Thus the external auditor will imitate the audit quality of colleagues in the association to meet preferences and increase their credibility in the eyes of the principal.

Several previous studies have found that mimetic isomorphism affects auditing practices, both internal and external auditors. Freitas & Guimaraes found

Table 1

**Data from the 2021 Government Financial Report Examination Team**

No.	Work unit	Examination Scope	Number of Examination Teams
1	Auditor	Ministries and Institutions (K/L)	87
2	Representative office	Provincial government	34
3	Representative office	City Government	93
4	Representative office	District government	415
Total Number of Examination Teams			629

Source: Compiled by the authors.

that a mimetic isomorphism mechanism influences auditing practice [39]. Chiang and Northcott found that mimetic, coercive and normative pressures are essential in developing financial statement auditing practices [33]. The results of Utami's research concluded that mimetic isomorphism puts pressure on auditors through various comparative studies conducted [34]. Based on this, this study proposes a third hypothesis as follows:

**H3. Mimetic pressure positively affects the level of utilization of APIP work by BPK auditors.**

Coordination between BPK and APIP auditors is expected to reduce duplication of audit work, resulting in inefficiencies in audit implementation. The results of Oussii & Boulila's research concluded that the reliability of external auditors affects audit delay, which is an indicator of audit quality [40]. Argento et al. also concluded that the use of the work results of the internal audit function by external auditors has a significant effect on improving audit quality [22]. Research by Pizzini et al. found that audit delay decreased along with the quality of the internal audit function [15]. Audit delay is also four days shorter when the internal audit function contributes to the external audit. Abbott et al. also proved that the involvement of internal audit staff hurts audit delay, which has implications for increasing audit quality [41]. Based on the results of previous studies, this study proposes the following hypothesis:

**H4. The use of the results of APIP's work by the BPK Examination Team has a positive effect on the efficiency of conducting audits of government entity financial statements.**

## METHOD

### Sample Selection

The population of this study is the BPK audit team that conducts audits of the government's financial reports. From each inspection team, a team member was selected who has the role of team leader or technical controller with the consideration that both of them have authority in making decisions related to the level of utilization of APIP work results. *Table 1* presents data related to the total population of 629 audit teams that have examined the financial statements of government entities for 2021.

Data collection by distributing questionnaires was carried out in the form of an online questionnaire supplemented with a cover letter explaining survey details, contact information, and instructions for completing the survey. Respondents were also informed that all information provided would be kept confidential. Of the total target population of 629, the respondents who participated in this study were 264 people or as much as 41.98%, which are detailed in *Table 2*.

### Variable Measurement

This study uses exogenous and endogenous variables. Exogenous variables are coercive pressure, normative pressure, and mimetic pressure, while endogenous variables are auditor reliability and audit quality. The coercive pressure variable was adapted from an instrument developed by Kim & Stanton using three indicators: rules, laws and sanctions [42]. The normative pressure variable is measured using three indicators: education, professional standards, and

Table 2

## Respondent Demographic Profiles

Variable	Category	Frequency	Percentage, %
Gender	Man	167	63
	Woman	97	37
Age	25 to 35 Years	15	6
	35 to 45 Years	153	58
	45 to 50 Years	82	31
	Over 50 Years	14	5
Educational Background	S 1/DIV	209	79
	S 2	55	21
Years of service	5 to 10 Years	5	1.8
	10 to 15 Years	66	25
	Over 15 Years	193	73.2
Role in the Team	Team Leader	209	81
	Technical Controller	55	19

Source: Compiled by the authors.

networks between organizations [42]. The instrument for measuring mimetic pressure was adapted from the instrument developed by Teo et al. [43]. The instrument for measuring the level of reliability was adapted from research by Usman et al. by dividing the level of utilization of the results of APIP's work into four levels, namely no reliability, little reliability, moderate reliability, and high reliability [13]. Finally, audit quality is measured using one indicator: audit delay, referring to Pizzini, Lin, & Ziegenfuss [15].

### Data Analysis

Data analysis uses Partial Least Square-Structural Equation Modeling with the help of WarpPLS 8.0 Software. This study uses WarPLS software version 8.0 to test the hypothesis because it has several advantages, namely: 1) can test complex relationships simultaneously; 2) can handle all types of measurement scales; 3) is designed to solve problems such as small sample sizes, incomplete data normally distributed in a multivariate manner, there are missing values and multicollinearity problems between exogenous variables [44].

### Evaluation of Measurements and Structural Models

Measurements were evaluated using composite reliability parameters, Cronbach alpha and AVE values. The recommended composite reliability and Cronbach alpha values are  $>0.7$ , while the AVE values are  $>0.5$ . For validity assessed based on convergent validity and discriminant validity. Convergent validity is related to the principle where the construct has a high correlation or has a relationship with the manifest variable [45].

## RESULTS AND DISCUSSION

The results of the construct reliability test and convergent validity are presented in Table 3.

Based on the data in Table 3, composite reliability and Cronbach alpha have met the reliability criteria, namely  $>0.7$  and AVE  $>0.5$  [46]. Convergent validity also meets the criteria, namely the loading range of indicators for the construct  $>0.5$  which indicates that all indicators are valid in measuring the construct. Furthermore, the discriminant validity test is carried out to ensure that each concept of each latent variable is different from

Table 3

**Convergent Reliability and Validity Test Results**

Variable	Number of Items	Composite Reliability	Cronbach Alpha	AVE	Loading Range
Coercive pressure	4	0.957	0.941	0.921	0.902–0.943
Normative Pressure	5	0.943	0.924	0.877	0.841–0.923
Mimetic pressure	5	0.929	0.903	0.852	0.693–0.910
Reliance Auditors	1	1.000	1.000	1.000	1.000
Efficiency Audit Quality	1	1.000	1.000	1.000	1.000

Source: Compiled by the authors.

Table 4

**Construct Discriminant Validity**

Variable	Coercive pressure	Normative Pressure	Mimetic pressure	Reliance Auditors	Quality audits
Coercive pressure	(0.921)	0.137	0.177	0.396	0.112
Normative Pressure	0.137	(0.877)	0.662	0.395	0.057
Mimetic pressure	0.177	0.662	(0.852)	0.379	0.028
Reliance Auditors	0.396	0.395	0.379	(1.000)	0.336
Quality audits	0.112	0.057	0.028	0.336	(1.000)

Source: Compiled by the authors.

other variables. The Fornell-Lacker criterion approach compares average variance extracted (AVE) roots with correlations between latent/construct variables [44]. Based on the Fornell-Lacker criteria approach, the model has good discriminant validity if the AVE root value of each exogenous construct exceeds the correlation between that construct and other constructs. *Table 4* shows that the AVE roots of all constructs (diagonal values) consistently exceed the correlation between constructs, which means that all indicators in the reflective construct have met the required discriminant validity criteria.

After evaluating the measurements, the next stage of the SEM-PLS analysis is evaluating the structural model by looking at the goodness of fit value. The goodness of fit value is presented in *Table 5*, which shows that all criteria consist of average path coefficient (APC), average R-Square (ARS), Average adjusted R-Square (AARS), average block VIF (AVIF), Average full collinearity VIF

(AFVIF) and Tenenhaus GoF have met the criteria [47]. So that the analysis of the causal relationship can be continued.

**Hypothesis Testing Results**

The results of model testing using WarpPLS version 8.0 software are presented in *Fig. 2*, which shows the standardized path coefficient, p-value and R-Squared coefficient of determination.

The results of testing the research model show that of the four hypotheses proposed, one hypothesis is not supported statistically, namely the third hypothesis. A summary of the results of hypothesis testing is presented in *Table 6*.

*Table 6* shows that of the three forms of institutional pressure tested in this study, namely coercive pressure and normative pressure, they have a positive and significant effect on the level of auditor reliability. Coercive pressure is positively related to the level of BPK

Table 5

## Model fit and Quality Indices

Model fit and Quality Indices	Value	Sign	Rule of Thumb	Conclusion
Average path coefficient (APC)	0.281	$P < 0.001$	$P\text{-value} < 0.05$	Fulfill
Average R-squared (ARS)	0.236	$P < 0.001$	$P\text{-value} < 0.05$	Fulfill
Average adjusted R-Squared (AARS)	0.231	$P < 0.001$	$P\text{-value} < 0.05$	Fulfill
Average block VIF (AVIF)	1.700		$\leq 5$	Fulfill
Average full colinearity VIF (AFVIF)	1.527		$\leq 5$	Fulfill
Tenenhaus GoF	0.453		small $> 0.1$ medium $\geq 0.25$ large $\geq 0.36$	Fulfill

Source: Compiled by the authors.

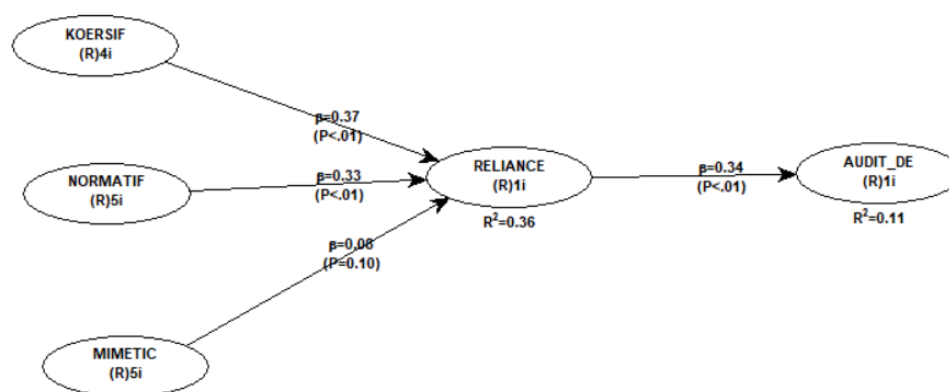


Fig. 2. PLS Model Test Results

Source: Compiled by the authors.

auditor reliability, where at every one standard deviation an increase in coercive pressure causes an increase in the level of BPK auditor reliability by 0.374 ( $p < 0.001$ ). This finding is in line with the results of research by Chiang and Chiang & Northcott who found that coercive pressure influences the actions and practices of external auditors [32, 33]. This finding also aligns with other studies which conclude that coercive pressure in formal and informal forms influences the implementation of audit decisions [34].

Second, normative pressure also affects the level of BPK auditor reliability, where one standard deviation increases normative pressure causing a 0.332 increase in the level of BPK auditor reliability ( $p < 0.001$ ). The results of this study are in line with King et al. conclusion that

participation in the agency supported by the government, standards bodies, and professional associations may provide events, so that the involvement of BPK auditors in audit associations can affect the level of reliability of BPK auditors [36].

Third, mimetic pressure was found to not affect the BPK examiners' reliability level, with a significance value of  $p = 0.095$  greater than 0.05. The findings of this study are different from the results of studies which found that there is a mimetic isomorphism mechanism that influences audit practice [32, 33, 39].

Furthermore, this study also found a positive effect on the level of reliability of BPK auditors on audit quality. Table 6 shows that in every one standard deviation the BPK auditor's reliability causes an increase of 0.337

Table 6

## Summary of Hypothesis Testing Results

Hypothesis	Parameter ( $\beta$ )	P-value	Conclusion
Coercive pressure → Auditor Reliance	0.374	<0.001	Supported
Normative pressure → Auditor Reliance	0.332	<0.001	Supported
Mimetic pressure → Auditor Reliance	0.080	0.095	Not supported
Auditor Reliance → Audit Quality	0.337	<0.001	Supported

Source: Compiled by the authors.

audit quality ( $p < 0.001$ ). These results indicate that the higher the level of reliability of the BPK examiners, the better the quality of the audit. This finding is in line with Argento et al. [22] and Pizzini et al. [15], but differs from the findings of Abbott et al. [41].

### CONCLUSIONS

This study found that coercive pressure has an effect on the level of BPK auditor reliability. These findings prove the occurrence of coercive isomorphism in the implementation of government audits in Indonesia, namely when the BPK as a government audit institution is very dependent on resources and support from the government in carrying out its functions [23]. The institutional theory divides coercive pressure into two types: elevated and informal. Elevated pressure comes from regulations, such as laws, government regulations, standard operating procedures, and legitimized rules and structures. This finding confirms that government sector audits place great emphasis on aspects of compliance with regulations [48]. Informal pressure comes from outside organizations where these institutions are administratively dependent and culturally expected in society. Fowler et al. state that coercive pressure arises from two sources: the first arises from internal authority, and the second is rooted in coercive power, which is spread by formal and informal institutional mechanisms [49].

The results of the study also found that normative pressure affected the level of BPK auditor reliability. This indicates that BPK's involvement in various professional associations can have an impact on the implementation of audits of government financial reports. BPK's involvement in various government auditor associations at various levels, for example, the International Organization of Supreme Audit

Institutions (INTOSAI), Asian Organization of Supreme Audit Institutions (ASOSAI) and ASEAN Supreme Audit Institutions (ASEANSAI) has been proven to influence the behavior of BPK auditors, including in matters of cooperation and reliance between BPK and APIP. Institutions can provide normative pressures such as professional bodies, communities, local networks, affiliates, and certification bodies that support public values [50]. Normative ideas and practices are generally shaped through formal training, education, certification, accreditation and shared networks [49].

Unlike the findings of Freitas & Guimaraes [39]; Chiang [32], Chiang & Northcott [33]; and Utami [34], this study found that mimetic pressure did not affect the level of CPC reliability. This result is also inconsistent with institutional theory, explaining that mimetic pressure occurs "when an organization imitates the actions of other organizations that are structurally equivalent, occupying the same economic network position in the same industry" [23]. To deal with uncertainty, organizations imitate other organizations' structures and processes, especially those with the same characteristics as themselves [37]. In contrast to business sector audits, where many external auditors (Public Accounting Firms) operate and are structurally equivalent, in the context of government audits, BPK is the only external audit institution that carries out the function of auditing government institution financial reports. Because of its existence as a single audit institution, BPK does not have other structurally equivalent organizations that can be used as a reference for benchmarking audit practices. Therefore, mimetic pressure does not affect the level of BPK auditor reliability.

The effect of institutional pressure on the reliability level of BPK auditors then has a positive impact on

audit quality. This is in line with relational coordination theory, which explains the importance of coordination and cooperation in organizations to improve the quality of work results. In an audit work situation with a degree of dependence on other parties, time constraints, and environmental uncertainty, coordination between BPK and APIP will improve the quality of work results through intense communication [51]. Thus, the utilization of the results of APIP's work by BPK auditors in examining financial reports, both physically and in documents, will have an impact on improving the quality of BPK's work.

### RESEARCH IMPLICATIONS AND LIMITATIONS

The study results show that institutional pressure will increase the utilization of APIP work by BPK and the quality of government financial report audits. This will positively impact coordination between the two

because the use of APIP work by BPK auditors is a form of coordination between the two government audit functions. Thus, the findings of this study are expected to provide input for the government to formulate a strategy to improve coordination and cooperation between BPK and APIP, because, with good coordination, it is hoped that the government audit function can play a role in creating good government and clean governance.

This study has limitations; the sample selected is only one element, namely the element of the BPK team leader. Therefore, further research can use a broader sample, for example, by involving all members of the BPK audit team to see if there are differences in perceptions between members of the audit team and their team leaders, because sometimes audit staff is more directly involved in fieldwork and interact directly with APIPS.

### ACKNOWLEDGEMENTS

The author Rudy Usman would like to thank the LPDP Ministry of Finance of the Republic of Indonesia which has supported the author while carrying out his studies at the Doctoral Program in Economics at Diponegoro University. The authors also thank the Supreme Audit Agency of the Republic of Indonesia (BPK RI), which has provided information and permission for the authors to research BPK RI auditors throughout Indonesia.

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**R. Usman** — Initiated and designed the study, contributed to data collection and primary analysis, and drafted the manuscript.

**R. Masdar** — Conducted the literature review, provided significant support in data interpretation, and contributed to revisions and final editing of the manuscript.

**Masruddin** — Supervised the overall research process, contributed to developing the theoretical framework, and provided critical input and feedback for the manuscript refinement.

*Conflicts of Interest Statement: The authors have no conflicts of interest to declare.*

*The article was submitted on 19.05.2023; revised on 19.06.2023 and accepted for publication on 27.06.2023.*

*The authors read and approved the final version of the manuscript.*