# THE INFLUENCE OF GOVERNMENT MANAGEMENT ON THE QUALITY OF THE SUPREME AUDIT INSTITUTION AND ITS IMPLICATIONS ON THE LEVEL OF CORRUPTION (Cross-Country Study)

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***Abstract***

This study aims to determine the effect of government management on the quality of the SAI and its implications for the level of corruption. This study uses a quantitative method with a causal associative approach. This study took a sample of 67 UN countries in 2021 and 2023. This study uses secondary data obtained from the Global Survey Institute. The analysis method used is PLS. The results of the study show that the Social Development Pillar has a significant negative effect on the Quality of the SAI; The Economic Development Pillar has a positive but insignificant effect on the quality of the SAI; The Environmental Development Pillar has a negative but insignificant effect on the quality of the SAI; The Legal Development and Governance Pillar has a significant positive effect on the SAI; The Quality of the SAI has a negative and significant effect on the Level of Corruption; The Social Development Pillar is mediated by the Quality of the SAI, has a significant positive effect on the Level of Corruption;; The Environmental Development Pillar is mediated by the Quality of the SAI, has a positive but insignificant effect on the Level of Corruption; The Economic and Environmental Development & Governance Pillars mediated by the Quality of the SAI have a negative but insignificant effect on the Level of Corruption.

***Keywords: Government Management, Supreme Audit Institution, Corruption Level, Sustainable Development Goals, United Nations.***

## INTRODUCTION

Corruption is a serious global problem and a significant obstacle to economic, political, social and environmental development. As a form of abuse of power for personal gain, corruption can destroy public trust in government, worsen social inequality, hinder economic growth, damage public governance and hamper environmental policies and regulations. In this context, preventing and eradicating corruption is a top priority for many countries to achieve sustainable development. Every country in the world has many problems from various aspects including environmental, social, economic, legal, and others. One of the problems we often hear is corruption.

Corruption is a very big problem because it can disrupt the growth and development of the country, and requires serious handling to overcome or minimize its existence (Setiawan and Jesaja, 2022). Currently, demands for transparency and accountability are being intensively carried out because every citizen has equal rights in voicing justice. In the scope of Southeast Asian countries, Singapore recorded the highest corruption perception index score, while

Myanmar had the lowest score in 2022. Based on the goodstats article, data released by the Transparency International organization in 2022 where the average corruption score in various parts of the world was at 43 out of 100 and in Southeast Asian countries only Singapore and Malaysia reached that average. There are also factors that influence corruption including public budget, political stability, and urban population (Hariyani et al., 2016).

With the high level of corruption, especially in Indonesia, it is influenced by many factors, one of which is the level of supervision. Supervision in government can be carried out internally and externally. Supervision of government in the internal scope is carried out by the Inspectorate while supervision of government in the external scope is carried out by the Audit Board. One of the countries with a high corruption perception index is Singapore. Singapore adheres to a parliamentary democratic system of government where the president is the head of state and the prime minister is the head of government. In the Singapore government, one of the keys to the success of bureaucratic reform is zero tolerance for corruption (Seno, 2022). Another thing is the supervisory function in Singapore where Singapore has one anti-corruption institution, namely the CPIB or Corrupt Practices Investigation Bureau, where this institution is an independent institution and separate from the police.

Corruption is one of the major problems faced by many countries in the world. As a form of abuse of power for personal gain, corruption has wide-ranging negative impacts, including weakening economic growth, undermining public trust in government, exacerbating social inequality, and hampering effective public governance. Therefore, preventing and eradicating corruption is a top priority in various global policies, especially in the context of achieving sustainable development (Sustainable Development Goals/SDGs).

In various studies, the level of corruption in a country is often associated with the effectiveness of the state financial supervisory institution, such as the Supreme Audit Institution (SAI). SAI plays a role in ensuring that public financial management is carried out transparently, accountably, and in accordance with the principles of good governance. However, the quality of SAI itself can be influenced by various factors, including the government system, economic policies, compliance with the law, and social and environmental conditions.

In this study, factors related to SAI quality are grouped into four main pillars, namely:

1. Pillar of Social Development, which includes poverty levels and community welfare. High poverty is often associated with weak supervision and high risk of corruption in the distribution of social budgets.
2. Pillar of Economic Development, measured using indicators such as Gross Domestic Product (GDP) and Gross National Income (GNI). Countries with strong economies generally have greater capacity to finance and strengthen oversight institutions.

3. Environmental Development Pillar, which reflects how environmental policies can affect the effectiveness of governance. For example, weak regulations related to carbon emissions and exploitation of natural resources often open up loopholes for corrupt practices.
4. Pillars of Law and Governance, which reflect the supremacy of law in a country. Countries with strong legal systems tend to have more effective oversight mechanisms in suppressing corruption rates.

In some cases, countries with a low corruption perception index, such as Singapore and Denmark, have a strong financial oversight system, strict legal regulations, and transparency in managing the state budget. In contrast, countries with a high corruption index tend to face problems in the oversight system and law enforcement. In Indonesia, for example, although the Supreme Audit Agency (BPK) as the SAI has played a role in conducting state financial audits, various corruption cases still often occur due to weak enforcement of audit results and low transparency.

This study aims to analyze the relationship between these development pillars and the quality of SAI, and how the quality of SAI has implications for the level of corruption in various countries. Different from previous studies that focused more on aspects of general government management, this study emphasizes the role of supervision as a variable that determines the effectiveness of governance. By using a cross-country approach, this study is expected to provide a more comprehensive picture of the factors that influence the effectiveness of SAI in efforts to eradicate corruption.

Through this research, it is expected to obtain findings that can be used as a basis for recommendations for the government and policy makers in improving the effectiveness of the state financial supervision system, as well as in designing more effective policy strategies in mitigating corruption. Thus, the results of this study not only contribute to the development of theory in the field of governance and public sector accounting, but also have practical implications that can support efforts to achieve the SDGs, especially **in the aspects of transparency, accountability, and the rule of law.**

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### Good Governance Theory

The theory of Good Governance refers to good governance in managing economic and social resources to achieve sustainable development. Mardiasmo (2009), Good Governance is the implementation of solid and responsible management with the principles of democracy, market efficiency, and budget discipline to create a stable legal and political framework. In relation to this study, Good Governance is the main foundation in analyzing the quality of the

Supreme Audit Institution (SAI). Good governance will support transparency and accountability in the public audit system, which can ultimately reduce the level of corruption.

**Legitimacy Theory**

Legitimacy theory is based on the concept that organizations, including companies and public institutions, must gain recognition from society in order to operate effectively. According to Ghozali and Chariri (2007), legitimacy theory is based on a social contract between organizations and society, where organizations obtain resources and social licenses to operate. In the context of this study, legitimacy theory is relevant because public organizations, including the Supreme Audit Institution (SAI), must maintain their legitimacy in the eyes of society by demonstrating transparency, accountability, and compliance with legal regulations.

**Sustainability Development Goals**

Sustainable Development Goals (SDGs) are a series of global goals set by the United Nations (UN) to create sustainable development economically, socially, and environmentally. The SDGs have 17 main goals, which are divided into four pillars of development, namely:

1. Social Development Pillar - Focuses on people's welfare, including poverty alleviation, improving education, and health.
2. Economic Development Pillar - Aims to create inclusive economic growth, decent work, and sustainable industrial innovation.
3. Environmental Development Pillar - Prioritizes environmental conservation, renewable energy, and climate change mitigation.
4. Legal and Governance Pillar - Emphasizes the rule of law, transparency, and strong institutions to support sustainable development

**The Influence of the Pillars of Social Development on the Quality of SAI**

Social development has a strong influence in improving the quality of the Supreme Audit Institution (SAI), by creating a more educated, participatory, and transparent society. Social development strengthens the role of SAI in maintaining accountability and transparency in the use of public funds. In addition, social development that reduces economic disparities and improves governance also contributes to increasing the effectiveness of state audit institutions. The pillars of Social Development in the SDGs include five goals including no poverty, zero hunger, Good Health and Well-being, Quality education, and gender equality. research conducted by Setyono (2021) that SAI has a significant contribution to the implementation of SDGs by conducting audits, cooperation and collaboration with other parties, and improving human resources in SDGs audits.

In this study, the pillar of Social Development is represented by the Poverty Level because the Poverty Level reflects the social welfare of a country. By knowing the population living below the poverty line, the Government and stakeholders can assess the effectiveness of Development policies. Social quality that includes various aspects, one of which is the Poverty Level, has an influence on the quality of SAI because with a high poverty level, the awareness of transparency and accountability of the Community towards the importance of credible and independent financial reports is low. In addition, a high poverty level allows for limited availability of competent auditors in detecting errors or fraud.

**H1.a: There is a positive influence of the Social Development Pillar which has a positive influence on the quality of the Supreme Audit Institution**

**The Influence of the Pillars of Economic Development on the Supreme Audit Institution**

Sustainable economic development according to SDGs requires an increase in the quality of SAI, especially in terms of transparency, effectiveness of resource use, and the ability to conduct comprehensive audits. However, research by Dwiputrianti (2015) stated that Indonesian government audits have not fully addressed issues related to public accountability and transparency in this reform era. Sustainable economic development is one of the important pillars in the Sustainable Development Goals (SDGs), which focus on inclusive economic growth, job creation, and improving the quality of life of the community. In the SDGs economic development pillar, there are five goals, namely affordable and clean energy; descend work and economic growth; industry, innovation and infrastructure; sustainable cities and communities; partnership for the goals.

In this study, the pillar of Economic Development is proxied by Gross National Income (GNI) or Gross National Income Per Capita of a country. Gross National Income (GNI) measures economic activities carried out by residents and companies in a country wherever the activity takes place. GNI is GDP plus income earned by residents from abroad minus income earned by residents of other countries abroad in a country. GNI per Capita can reflect the average income of residents in a country which can be used to measure welfare and economic development. Countries with high GNI per capita generally have a strong transparency and accountability system because they have sufficient resources to recruit quality auditors. Therefore, the pillar of Economic Development can have a major impact on the quality of SAI where with high GNI, they tend to have better SAI so that it helps improve the transparency and accountability of a country which contributes to economic growth and improving the welfare of society.

**H1.b: There is a positive influence of the Pillars of Economic Development on the quality of the Supreme Audit Institution.**

**The Influence of Environmental Development Pillars on the Quality of Supreme Audit Institutions**

Environmental issues and sustainable development have become the main concern of supreme audit institutions (SAI) or audit institutions in the world. Sustainable environmental development encourages SAIs to improve quality in various aspects, from environmental audit capacity to the methodology used to assess the impact of government policies. The increasing complexity of environmental issues in development requires SAIs to be more adaptive, skilled, and able to maintain accountability and transparency in efforts to maintain environmental sustainability.

The quality of SAI is determined by its ability to ensure that environmental development policies and programs are transparent, accountable, and in accordance with the principles of sustainability. By strengthening the capacity and expanding the role of SAI in overseeing environmental development, This is in accordance with what was conveyed by the chairman of BPK in 2018 in a meeting with INTOSAI which discussed environmental issues in the implementation of SDGs, which discussed the environment.

One of the environmental issues that is of concern to every country is carbon emissions, where the amount of carbon emissions produced by a country is closely related to the complexity and focus of the audit conducted by the SAI, this is in line with research conducted by Oshika and Saka (2014) that Disclosure of carbon management has a positive relationship with equity market value. Countries with high carbon emissions require more comprehensive audits, especially related to environmental policies and emission reductions. Audit quality is influenced by the SAI's ability to assess policy effectiveness, monitor compliance with regulations, and ensure efficient use of public funds in efforts to reduce carbon emissions. With the adoption of international standards and good supervision, SAIs can improve their audit quality in facing challenges related to carbon emissions and climate change. Carbon emissions contribute to climate change and increased environmental risks, which affect the long-term operations and stability of entities. Auditors need to assess these risks comprehensively, especially for sectors with high emissions, such as energy, transportation, and manufacturing. A less comprehensive risk assessment process can reduce audit quality.

Carbon emissions have a direct impact on achieving the Sustainable Development Goals (SDGs) related to climate. Many companies and governments have emission reduction targets related to the SDGs, and SAIs need to monitor progress in achieving these targets. The lack of

auditor involvement in monitoring these targets can affect audit quality. Thus, environmental challenges in the era of Sustainable Development affect the quality of SAIs. With good environmental quality, it will affect the quality of SAIs but with a time gap because there is policy implementation, audit procedures, data collection that takes time in the process. Environmental development has a major influence on the quality of SAIs, especially in terms of increasing capacity to conduct more complex and specific environmental audits. Good environmental quality will affect audit quality

**H1.c: There is a positive influence of the Environmental Development Pillar on the quality of the Supreme Audit Institution.**

**The Influence of the Pillars of Legal Development and Governance on the Quality of the Supreme Audit Institution**

Legal development and good governance have a significant impact on the quality of SAIs. Regulations that support transparency, independence, access to information, and prevention of corruption strengthen the ability of SAIs to carry out their functions effectively. With a clear legal framework and good governance, SAIs can more easily ensure accountability in the management of public resources, which ultimately improves the credibility and quality of the audits they produce. Legal development and governance have a direct impact on the quality of Supreme Audit Institutions (SAIs) in carrying out their functions as state financial supervisory institutions. Legal development and good governance provide a strong foundation for improving the quality of SAIs.

Independence, transparency, accountability, access to information, and good law enforcement are elements that support each other to ensure that the SAI can carry out its duties effectively. This is in line with research conducted by Santoso et al. (2021) that auditors adjust their procedures and practices to meet regulatory requirements while maintaining audit efficiency and effectiveness with a strong legal framework and good governance. Good law and governance can provide a higher quality SAI or audit, which is more transparent, and contributes to more efficient and accountable state financial management in accordance with applicable legal provisions.

**H1.d: There is a positive influence of the Pillars of Legal Development and Governance on the quality of the Supreme Audit Institution.**

**The Influence of Supreme Audit Institution Quality on Corruption Levels**

Government financial supervision is closely related to the level of corruption because strong and effective financial supervision can directly reduce the opportunities for corruption

within the government. Financial supervision such as audits, budget reporting, internal controls function to detect and prevent misuse of public funds. With strong, transparent and accountable supervision, misuse of public funds will be reduced. Financial supervision within the highest government scope is the Supreme Audit Institution or SAI. SAI plays an important role in maintaining transparency and accountability in the use of public funds, as well as ensuring that government policies are implemented in accordance with the rules. However, when the level of corruption is high, the function and effectiveness of SAI can be affected. Therefore, Strengthening the State Financial Audit System is to increase the effectiveness and efficiency of state financial supervision and eradicate corruption (Fikri, 2020).

The quality of a good SAI has a very large impact on the level of corruption in a country. SAI in Indonesia, namely BPK, is believed to have integrity in fighting corruption and ensuring transparency of public funds, financial accountability and strengthening democratic institutions, (Prabhawa and Rasojo, 2021). The accounting system in this case the Supreme Audit Institution which is of high quality creates a transparent, accountable and strictly supervised environment, thus narrowing the room for corruption. Conversely, a weak accounting system opens up greater opportunities for corruption due to weak control, documentation and supervision.

**H2: There is a positive influence of the Quality of the Supreme Audit Institution on the Level of Corruption.**

**The Influence of the Pillars of Social Development is Mediated by the Quality of SAI on the Level of Corruption**

The Social Development Pillar in the Sustainable Development Goals (SDGs) plays an important role in efforts to reduce corruption. SDGs target sustainable development holistically, including poverty reduction, increasing access to education, health, gender equality, and social resilience. Reducing poverty can narrow the space for corrupt practices. In societies with high levels of poverty, people are often more vulnerable to abuse of power, bribery, and other illegal acts. By reducing poverty, dependence on corruption for access to public services is reduced, this is in line with research conducted by Bayar et al. (2017) showing that there is a one-way causal relationship between poverty and corruption, a one-way causality from income inequality to poverty. In other words, poverty is the main cause of corruption, and income inequality is the main cause of poverty.

**H3.a: There is a positive influence of the Social Development Pillar on the Level of Corruption mediated by the Supreme Audit Institution.**

**The Influence of the Pillars of Economic Development Mediated by the Quality of SAI on the Level of Corruption**

The pillar of economic development in the Sustainable Development Goals (SDGs) focuses on creating inclusive, sustainable, and equitable economic growth. This pillar has a significant impact on reducing the level of corruption. Febriani et al. (2022) stated that corruption and economic growth have a significant effect on income inequality. Economic development has a close relationship with the level of corruption in a country. This relationship can be two-way, namely strong economic development can reduce the level of corruption, while high corruption can hinder economic growth.

High and rising corruption increases income inequality and poverty by reducing economic growth, the progressiveness of tax systems, the level and effectiveness of social spending, and human resource formation, International Monetary Fund (1998). Economic development and the level of corruption interact in a complex way. Strong economic development can reduce corruption by increasing transparency, accountability, and social welfare. On the other hand, high corruption can hinder economic growth by creating inefficiencies, damaging investor confidence, and distorting resource allocation. Therefore, to achieve sustainable economic development, it is important for countries to strengthen governance, eradicate corruption, and build strong institutions.

**H3.b: There is a positive influence of the Pillars of Economic Development on the Level of Corruption mediated by the Supreme Audit Institution.**

**The Influence of Environmental Development Pillars Mediated by SAI Quality on Corruption Levels**

Sustainable environmental development has great potential to reduce corruption, especially in sectors related to natural resource management and green investment. More transparent development, more active community participation, and better law enforcement against environmental violations will contribute to reducing corruption in many countries, especially in sectors vulnerable to illegal exploitation.

The influence of the environmental development pillar on the level of corruption does not have a direct effect but has a relationship and interconnectedness. This is in line with the research of Ekhbari and Nejati (2019) that there is a relationship between carbon emissions and corruption where reducing corruption in developing countries can reduce carbon emissions. Based on research from Rahman and Alam (2022) it also states that if corruption increases by 1%, carbon emissions will also increase by 0.19%. So there is a relationship between environmental development, especially carbon emissions, and the level of corruption.

The environmental development pillar is proxied by the amount of carbon emissions of a country. In terms of suppressing the greenhouse effect caused by carbon emissions, there are

regulations regarding carbon taxes. Countries with high levels of carbon emissions often have regulations that are not implemented effectively. Lack of transparency in supervision creates loopholes for corrupt practices by committing violations. Therefore, low environmental quality can be a trigger for high levels of corruption in environmental supervision.

**H3.c: There is a positive influence of the Environmental Development Pillar on the level of corruption mediated by the Supreme Audit Institution.**

**The Influence of the Pillars of Legal Development and Governance is Mediated by the Quality of SAI on the Level of Corruption**

The development of law and governance is closely related to the implementation of the rule of law. One of the biggest problems facing law enforcement is corruption, which erodes public trust in legal institutions and weakens the power of the law. When law enforcers tasked with enforcing the law engage in corrupt activities, it will lead to social injustice. Weaknesses often target vulnerable groups, including indigenous peoples, the poor, and minority groups. Some indications of weak law enforcement in Indonesia include rampant corruption, injustice in access to the courts, and weak protection for vulnerable groups. These problems, if left unchecked, will further exacerbate social and economic instability (Setiawan, 2020). So when the rule of law is weak, there is a great risk that corruption will be rampant, due to uncertainty in law enforcement and low accountability of public officials.

**H3.d: Terdapat pengaruh Pilar Pembangunan Hukum dan Tata Kelola berpengaruh positif terhadap Tingkat Korupsi dimediasi oleh Supreme Audit Institution**

## RESEARCH METHOD

This study uses a quantitative method with a causal associative approach. This study took a sample of 67 UN countries in 2021 and 2023. This study uses secondary data obtained from the Global Survey Institute. The analysis method used is Partial Least Square. The sampling criteria are as follows:

1. Countries that are members of the UN in 2021 and 2023
2. Countries that have SAI index scores and corruption index scores in 2021 and 2023
3. Countries that are included in various international surveys in 2021 and 2023

Table 1
Variable Operationalization

| Variabel | Indicator | Measurement | Scala |
|---|---|---|---|
| Independent Variable: Government Management (X) | Pillars of Social Development<br>• Poverty Level of a country<br><br>Pillars of Economic Development<br>• GNI Per Capita | • Multidimensional Poverty Index<br>• Multidimensional Poverty Index | Ratio<br><br>Ratio |

| Variabel | Indicator | Measurement | Scala |
|---|---|---|---|
| | Environmental Development Pillars<br>• Carbon Emission Level of a Country | • Carbon dioxide emissions from energy<br>• Adherence to the rule of law | Ratio |
| | Pillars of Legal Development and Governance<br>• WJP Rule of Law Index | | Ratio |
| Dependent Variable: Corruption Level (Y) | | Corruption index score 0 – 100, the higher the score, the cleaner it is from corruption. | Ratio |
| Intervening Variable: Quality of Supreme Audit Institution (Z) | | SAI index score 0 – 100, The higher the score obtained, the higher the quality of SAI. | Ratio |

Quantitative descriptive data analysis techniques were used in this study. Statistical analysis is used to describe, summarize, and analyze data. Data that can be measured or calculated using numbers is called quantitative descriptive analysis (Aziza, 2023). Descriptive statistics are statistics used to analyze data by describing or depicting data that has been collected without intending to make conclusions that apply to the public or generalization (Sugiyono, 2019). In this study, the data analysis technique used SmartPLS4.

There are two models in PLS SEM:

1. The measurement model or outer model shows how the indicator represents the latent variable to be measured. The outer model shows that there is a relationship between the latent variable and its indicator variable directly. The general model of the outer model of the reflective indicator model is as follows (Chin, 1998). The outer model in this study consists of a validity test and a reliability test. The validity test is done by looking at the loading factor and Ave value, while the reliability test is done by looking at Cronbach's Alpha and Composite reliability.
2. The structural model or inner model shows the strength of the estimate between constructs. The Inner Model describes the relationship between latent variables based on substantive theory. Where the relationship describes the relationship between the independent variable and the dependent variable which is then analyzed using path analysis (Path Analysis) (Riefky & Hamidah., 2019). The Inner model test in this study consists of R Square, and Path Coefficients (direct and indirect effects).

## RESULT AND ANALYSIS

**Descriptive Analysis**

Descriptive statistics are used to provide an overview of an object being studied. Data is presented in the form of data rotation such as mean, median, minimal scale, maximal scale, and standard deviation. Research data processing is carried out using SmartPLS4

**Table 2**

**Descriptive Statistics Results of Variables**

| Indicator | N | Mean | Median | Scale Min | Scale Max | SD |
|---|---|---|---|---|---|---|
| X1 | 134 | 0,158 | 0,111 | 0,001 | 0,601 | 0,144 |
| X2 | 134 | 8969,78 | 8250 | 1100 | 25210 | 6170,881 |
| X3 | 134 | 370733,627 | 33151 | 1236 | 15943987 | 1775083,701 |
| X4 | 134 | 0,471 | 0,480 | 0,310 | 0,680 | 0,074 |
| Z | 134 | 60,96 | 61 | 6 | 100 | 20,775 |
| Y | 134 | 34,25 | 34 | 39 | 174 | 33,117 |

From table 2 there are 134 valid data consisting of variable X1, namely the Pillar of Social Development has a minimum value of 0.001 and a maximum value of 0.601 which comes from the global poverty index data. The mean value is 0.158 and the standard deviation value is 0.144 which means that the pillar of Social Development does not have a large data gap or small data distribution.

In variable X2, namely the pillar of Economic Development, it has a minimum value of 1100 and a maximum value of 25210 which is the amount of GNI income per capita in various countries. The average value or mean is 8969.78 and the standard deviation is 6170.881 where the mean value is greater than the standard deviation which means that the mean value represents the entire data well because it has a homogeneous data distribution or the level of data deviation from the average is low.

For variable X3 or the pillar of Environmental Development, it has a minimum value of 1236 and a maximum value of 15943987 which comes from the amount of carbon emissions per year in a country. The average value or mean is 370733.627 and the standard deviation is 1775083.701 where the value of the standard deviation is greater than the average value or mean so it can be concluded that the mean value in variable X3 does not represent the entire data well because it has a varied data distribution or the level of data deviation from the mean is high.

In variable X4 or the pillar of Legal and Governance Development has the lowest value of 0.310 and the highest value of 0.680 which comes from the WJP rule index. The mean value is 0.47060 and the standard deviation is 0.074 which means the average value is higher than the standard deviation value so it can be concluded that variable X4 has a low level of data deviation so that there is no significant data gap.

In variable Z or SAI Quality has a minimum value of 6 and a maximum value of 100 which comes from the global SAI quality index. The average value is 60.96 and the standard deviation is 20,775 which means the mean value is greater than the standard deviation which means that the data distribution is small or there is no significant gap

For variable Y or SAI quality has a minimum value of 39 and a maximum value of 174 which comes from the global corruption index. The average value is 110,806 and the standard deviation value is 33,117, which means that the Y variable has a low level of data deviation so that there is no significant data gap.

**Evaluation of Measurement Models (Outer Model)**

**Validity Test**

In general, a high outer loading value indicates that the indicator has a strong contribution in representing the latent variable. Evaluation of the reflective measurement model consists of loading factor ≥ 0.70 and average variance extracted (AVE ≥ 0.50) evaluation of the formative measurement model can be seen from the significance of the outer weight and the absence of multicollinearity between measurement items seen from the outer VIF < 5. Reliability test by looking at the Cronbach's Alpha and Composite Reliability values ≥ 0.70

**Table 3**

**Outer Loading**

| Indicator | X1 | X2 | X3 | X4 | Z | Y |
|---|---|---|---|---|---|---|
| X1 | 1,000 | | | | | |
| X2 | | 1,000 | | | | |
| X3 | | | 1,000 | | | |
| X4 | | | | 1,000 | | |
| Z | | | | | 1,000 | |
| Y | | | | | | 1,000 |

Based on the results in table 3 above using Smart Pls, it can be seen that the loading factor indicator ≥ 0.70, this shows that each indicator has a strong correlation with the latent construct being measured so that it can be concluded that the measurement model has met convergent validity.

**Table 4**

**Average Variable Extracted (AVE) Value**

| Variabel | AVE |
|---|---|
| X1 | 1,000 |
| X2 | 1,000 |
| X3 | 1,000 |
| X4 | 1,000 |
| Z | 1,000 |
| Y | 1,000 |

In table 4 above is the Average Variance Extracted (AVE) value that meets the minimum criteria ≥ 0.50, which means that more than 50% of the variance of the indicators can be explained by the measured latent variables. This further strengthens the validity of the model, because the latent variables are able to capture most of the information provided by the indicators.

**Reliability Test**

Reliability testing using Cronbach's Alpha and Composite Reliability values. Cronbach's Alpha is used to measure internal reliability based on the correlation between indicators in a construct. A good Cronbach's Alpha value is usually above 0,70, although in exploratory research a value of 0,60 – 0,70 is still acceptable. Composite Reliability is considered more accurate in the PLS approach because it does not assume equality of contribution between indicators. A good Composite Reliability value is also expected to be above 0,70

**Table 5**

**Cronbach's Alpha and Compostie Reability Value**

| Variabel | Cronbach's Alpha | Composite Reliability |
|---|---|---|
| X1 | 1,000 | 1,000 |
| X2 | 1,000 | 1,000 |
| X3 | 1,000 | 1,000 |
| X4 | 1,000 | 1,000 |
| Z | 1,000 | 1,000 |
| Y | 1,000 | 1,000 |

Based on the table above, each variable has a Cronbach's Alpha value > 0,6 and a composite reliability value > 0,7, so the variables in the study have a high level of reliability.

**Multikolinearitas Test (VIF)**

Multicollinearity test is conducted to determine whether there is a high linear relationship between independent variables in the structural model. One of the indicators used to detect multicollinearity is the Variance Inflation Factor (VIF). Hair et al. (2014), a good VIF value should be below 5.

**Table 6**

**Inner VIF Value**

| Variabel | VIF |
|---|---|
| X1 | 1,000 |
| X2 | 1,000 |
| X3 | 1,000 |
| X4 | 1,000 |
| Z | 1,000 |
| Y | 1,000 |

Based on the results in Table 6, all variables, namely the Social Pillar (X1), Economic Pillar (X2), Environmental Pillar (X3), Legal and Governance Pillar (X4), SAI Quality (Z), and Corruption Level (Y) have a VIF value of 1,000. Thus, the model is worthy of being continued at the stage of analyzing the relationship between variables because the basic assumption of multicollinearity has been met.

**Inner Model Testing**

**Coefficient of Determination Test (R-Square)**

R-Square value is used to measure the level of success of the model in explaining the dependent variable. R-Square shows the proportion of variance from the dependent variable that can be explained by the independent variables in the structural model.

**Table 7**

**R-square Value**

| | R-Square | Adjusted R-Square |
|---|---|---|
| Corruption Level (Y) | 0,520 | 0,450 |
| SAI Quality (Z) | 0,186 | 0,180 |

Based on the table above, the R-Square value for the Corruption Level (Y) variable is 0.520, which means that the independent variables in the model are able to explain 52.0% of the variation in the Corruption Level. Meanwhile, the Adjusted R-Square value of 0.450 indicates a value that has been adjusted for the number of predictor variables, but still reflects a model contribution that is close to moderate to the variable. Meanwhile, the SAI Quality variable (Z) has an R-Square value of 0.186, which indicates that the model can explain 18.6% of the variation in SAI Quality. The relatively close Adjusted R-Square value (0.180) indicates the consistency of the model. Thus, this model is still relatively weak because 82.0% of the variation is influenced by other factors not included in the research model.

**Direct Effect Hypothesis Testing**

Hypothesis testing is conducted to determine the direct influence between variables in the research model. In this analysis, the path coefficient value, T-statistic value, and P-value are used to see the significance of the relationship between constructs. The influence is considered significant if the P value < 0.05

**Table 8**

**Path Coefficient Value**

| | Original Sample | Mean | SD | T Statistic | P Value |
|---|---|---|---|---|---|
| Social Pillar > SAI Quality | -0,319 | -0,316 | 0,103 | 3,085 | 0,002 |
| Economic Pillar > SAI Quality | 0,047 | 0,048 | 0,132 | 0,353 | 0,724 |
| Environmental Pillar > SAI Quality | -0,052 | -0,040 | 0,054 | 0,961 | 0,336 |
| Legal and Governance Pillar > SAI Quality | 0,181 | 0,181 | 0,082 | 2,197 | 0,028 |
| SAI Quality > Corruption Level SAI | -0,236 | -0,235 | 0,080 | 2,969 | 0,003 |

**Indirect Testing**

Indirect effect testing is conducted to determine whether there is a mediating influence of the SAI Quality variable (Z) in the relationship between the Development Pillars (X1, X2, X3 and X4) to the Corruption Level (Y). This test is important to see the role of mediating variables in strengthening or weakening the relationship between constructs.

**Table 9**

**Indirect Effect Value**

| | Original Sample | Mean | SD | T Statistic | P Value |
|---|---|---|---|---|---|
| Social Pillar > SAI Quality | -0,319 | -0,316 | 0,103 | 3,085 | 0,002 |
| Economic Pillar > SAI Quality | 0,047 | 0,048 | 0,132 | 0,353 | 0,724 |
| Environmental Pillar > SAI Quality | -0,052 | -0,040 | 0,054 | 0,961 | 0,336 |
| Legal and Governance Pillar > SAI Quality | 0,181 | 0,181 | 0,082 | 2,197 | 0,028 |
| SAI Quality > Corruption Level SAI | -0,236 | -0,235 | 0,080 | 2,969 | 0,003 |

**Discussion**

**The Influence of the Pillars of Social Development on the Quality of the Supreme Audit Institution**

The results of the study show that the Pillar of Social Development (X1) as measured by the poverty rate, has a significant negative effect on the Quality of the Supreme Audit Institution (Z). This means that the higher the poverty rate of a country, the lower the quality of the country's financial audit institution. This finding is consistent with the theory of institutions and governance which emphasizes the importance of healthy social conditions in supporting the performance of public institutions. Theoretically, high poverty rates indicate a weak social structure which ultimately impacts the quality of state institutions.

Countries with high poverty rates tend to face various structural challenges, ranging from limited public budgets, low public participation, to limited bureaucratic capacity. This condition can lead to weak supervision, limited auditor competence, and low effectiveness of public audits conducted by SAIs. This phenomenon is also seen empirically in many developing countries, where high poverty is directly proportional to the weak effectiveness of state financial audit institutions. Countries with high poverty rates often lack the resources to strengthen SAIs, both in terms of budget, audit technology, professional training, and institutional independence. As a result, the supervisory function of state financial management is not optimal. On the contrary, countries with low poverty rates generally show better SAI quality. This is because a more stable social system allows for more effective budget allocation for institutional strengthening, human resource development, and the implementation of a modern, transparent and accountable audit system.

Thus, the results of this study emphasize that poverty alleviation is not only important in terms of community welfare, but also has a strategic role in creating a strong state institutional system, including in strengthening the quality of the Supreme Audit Institution. The government needs to realize that efforts to reduce poverty levels indirectly also encourage strengthening governance through improving the quality of SAI.

**The Influence of the Pillars of Economic Development on the Quality of Supreme Audit Institutions**

The results of the study indicate that the Pillar of Economic Development (X2) as measured by Gross National Income (GDI) has a positive but insignificant effect on the Quality of the Supreme Audit Institution (SAI) (Z). This means that although in terms of direction the relationship between increasing GNI tends to correlate with increasing SAI quality, the relationship is not statistically strong enough to be declared significant. Theoretically, these results are still in line with the institutional development framework which states that economic growth can create a more conducive environment for strengthening public institutions, including financial audit institutions. In this context, increasing GNI reflects the fiscal capacity and the country's ability to invest in improving the quality of governance, audit systems, and human resources in SAI.

However, the insignificance of this relationship indicates that economic growth is not directly proportional to the improvement in the quality of SAI. This strengthens the understanding that economic growth is only one of the institutional supporting factors, not the main factor. Many countries that are economically developing rapidly have not shown significant improvements in their financial supervision systems, due to weak bureaucratic integrity, minimal political commitment to institutional reform, or the continued intervention in the audit process.

In addition, strengthening the quality of SAIs does not only depend on economic capacity, but also on political commitment, accountability culture, legal support, and community participation. So even though the economy grows, if it is not supported by other governance components, the quality of audit institutions will not necessarily experience significant improvement. This finding confirms that economic growth needs to be synergized with holistic governance reform. Within the framework of sustainable development, the quality of public institutions such as SAIs is an important foundation so that economic growth can truly be managed transparently and accountably.

**The Influence of Environmental Development Pillars on the Quality of Supreme Audit Institutions**

Based on the research results, the Environmental Development Pillar (X3) measured by the amount of carbon emissions shows a negative but insignificant effect on the quality of the Supreme Audit Institution (Z). The direction of this negative relationship indicates that the higher the carbon emissions as an indicator of the low quality of environmental management tends to be followed by a lower quality of audit institutions, although statistically the effect is not strong enough to be declared significant. Conceptually, high carbon emissions reflect weak control over industrial activities and the use of environmentally unfriendly energy. This condition can reflect a lack of accountability and effectiveness in environmental sector supervision, which in the context of public governance can be associated with a weak supervision system in general, including in state audit institutions. However, the insignificant results indicate that the decline in environmental quality has not directly affected the performance of state audit institutions.

This insignificance can be explained by several things, namely that environmental issues have not been fully integrated into the framework of financial audit institutions, especially in developing countries, where the main focus of SAIs is still on financial aspects and administrative compliance and the quality of SAIs is more determined by structural factors such as institutional independence, auditor competence, and internal control systems, which are not always directly related to a country's carbon emission levels. Empirical phenomena also show that countries with high carbon emission levels do not always have weak SAIs, and vice versa. This strengthens the argument that the influence of the environmental pillar on the quality of SAIs tends to be indirect, but rather through other more substantial governance variables.

Thus, although the direction of the relationship of these findings supports the basic assumption that poor environmental quality can be a reflection of weak governance, it is not strong enough to directly explain the quality of SAIs. Therefore, a more integrative policy approach is needed so that SAIs also play a more active role in supporting sustainable environmental management, for example through strengthening environmental auditing mechanisms or monitoring of environmental budgets and policies.

**The Influence of the Pillars of Legal Development and Governance on the Quality of the Supreme Audit Institution**

The results of the study show that the Pillar of Legal Development and Governance (X4) as measured by the country's compliance index to the rule of law, has a positive and significant effect on the quality of the Supreme Audit Institution (Z). This finding emphasizes the importance of the existence of a strong legal system and good governance in supporting the effectiveness of the function of the state financial audit institution. Theoretically, this result is

in line with institutional theory and the principles of good governance, which place the rule of law and compliance with regulations as the main prerequisites for the formation of strong and accountable public institutions.

In a governance environment supported by the rule of law, institutions such as SAIs have more independent and empowered space in carrying out auditing, reporting, and providing recommendations that have an impact on state financial management. The significance of this relationship shows that the higher the level of compliance of a country with the rule of law, the better the quality of its audit institutions. This can happen because an effective legal system protects auditor independence, encourages transparency, and guarantees SAIs' access to information needed in the audit process.

Empirical phenomena in many countries also support this finding. Countries with high levels of legal compliance generally have SAIs that are more professional, free from political pressure, and able to carry out risk-based audits and performance audits effectively. Conversely, in countries with low levels of legal compliance, SAIs often only function administratively without the ability to drive substantial governance improvements.

This finding also emphasizes that strengthening SAI cannot stand alone, but must be accompanied by strengthening the underlying legal and governance pillars. Without the support of a good legal system, the independence and effectiveness of SAI will remain limited, regardless of the technical capacity of the institution. Thus, the results of this study provide important implications that legal reform and increasing compliance with regulations are fundamental strategies in building the quality of strong and trusted state financial supervision institutions.

**The Influence of Supreme Audit Institution Quality on Corruption Levels**

The findings in this study indicate that the Quality of the Supreme Audit Institution (Z) has a negative and significant effect on the level of corruption (Y). This means that the higher the quality of a country's financial audit institution, the lower the level of corruption that occurs. This finding strengthens the position of the SAI as an important element in the corruption control system and supervision of public financial management. The quality of the SAI reflects various institutional aspects such as independence, professional capacity, reporting system, transparency of audit results, and effectiveness of follow-up to audit recommendations.

When SAI is of high quality, the potential for budget misuse can be reduced through early detection of irregularities, provision of recommendations for improvement, and stronger accountability drivers for government entities. Empirically, various studies have shown that countries with strong and independent SAIs tend to have lower levels of corruption. For

example, Nordic countries such as Sweden, Norway, and Finland have highly professional and independent audit institutions, and consistently rank low on the corruption perception index. Conversely, countries with weak SAIs, either due to political intervention, limited resources, or minimal follow-up on audit findings, often experience higher levels of corruption.

This finding also confirms that strengthening the quality of SAI is not only an administrative agenda, but an integral part of a systemic corruption eradication strategy. Without the existence of a credible and effective audit institution, the public accountability system becomes weak, and the gap for corruption becomes wider. Thus, the results of this study provide an important message that efforts to combat corruption must begin with strengthening the financial audit institution as a guardian of transparency and integrity of state financial management. Improving the quality of SAI not only has implications for state financial efficiency, but also becomes a strategic and sustainable corruption prevention instrument.

**The Influence of the Pillars of Social Development on the Level of Corruption is Mediated by the Quality of the Supreme Audit Institution**

The results of the study indicate that the Social Development Pillar has a positive and significant effect on the level of corruption through the mediation of the Quality of the Supreme Audit Institution (SAI). This finding provides a new understanding that social factors in a country, such as poverty levels, not only have a direct impact on the level of corruption, but also affect the effectiveness of audit institutions, which in turn strengthens the influence on the level of corruption. Theoretically, this relationship can be explained through the institutional mediation approach, where the influence of social conditions on corruption does not run directly, but through institutional channels, namely the quality of the state financial supervision institution (SAI). In this context, the level of poverty as an indicator of the social pillar reflects structural pressures that can affect the country's capacity to build strong and responsive audit institutions.

Weak social pillars often go hand in hand with unequal access to public services, low public literacy, and limited participation in the public accountability process. These conditions can indirectly reduce the quality of supervision by the SAI, because these social challenges limit the effectiveness of audit examinations and follow-up. However, when the SAI has high quality, the institution is able to withstand the negative impact of social conditions on more widespread corruption practices. Significant results also show that the existence of the SAI acts as a control mechanism between social pressure and the final result in the form of corruption levels.

In this case, SAI acts as a buffer institution, which bridges the pressure from social conditions towards financial management that remains accountable. This means that even though a country's social conditions are not ideal, if the quality of SAI is maintained, the risk of increasing corruption can be minimized. Empirical phenomena also show the same thing. In several developing countries, high poverty rates are often a driver of corrupt practices, but countries that have SAIs with good professional and independent standards can be more successful in controlling these impacts than countries with weak SAIs.

Overall, this mediation mechanism explains that the impact of poverty on corruption levels is not only direct, but also occurs through institutional channels, namely through the decline in the quality of SAI. The worse the social conditions of a country, the greater the pressure on public oversight institutions, so that their performance becomes less effective in preventing corruption. Thus, this finding provides an important implication that improving the quality of state audit institutions must be a primary strategy in managing corruption risks that originate from social pressure. Strengthening SAI is not only an institutional need, but also functions as a mitigation instrument against social problems that risk worsening public governance.

**The Influence of the Pillars of Economic Development on the Level of Corruption is Mediated by the Quality of the Supreme Audit Institution**

The results of the study indicate that the Pillar of Economic Development represented by Gross National Income (GNI) has a negative but insignificant indirect effect on the level of corruption through the Quality of the Supreme Audit Institution (SAI). This result is in line with the direction of the theoretical relationship, but shows that the strength of the relationship between variables is not statistically strong enough to provide a meaningful impact empirically. Although the direction of the relationship between GNI and SAI quality is positive, indicating that economic growth can support an increase in the institutional capacity of state audits, this insignificant result indicates that economic growth does not automatically reflect improvements in the quality of public institutions.

This confirms that economic progress alone is not enough to build an effective monitoring and accountability system, if not accompanied by explicit efforts to strengthen audit institutions. The quality of SAI which has been proven to have a significant effect on reducing corruption confirms the important role of supervisory institutions in state governance. However, because the contribution of economic development to the quality of SAI is not significant, the mediating effect of the economic pillar on corruption through SAI is also weak and statistically

insignificant. This phenomenon is common in countries with high economic growth but still facing institutional challenges.

In this context, economic development without strengthening supervisory institutions can create a condition known as the governance gap, namely the gap between economic progress and the integrity of the government system. This has an impact on the low effectiveness of institutions such as SAI in preventing misuse of public resources even though the country's economy continues to grow. Therefore, economic development needs to be synergized with institutional reform so that growth results not only have an impact on macroeconomic indicators, but also on improving governance and reducing corruption levels through effective institutional channels.

**The Influence of Environmental Development Pillars on Corruption Levels is Mediated by the Quality of the Supreme Audit Institution**

The results of the study indicate that the Environmental Development Pillar represented by the amount of a country's carbon emissions has a positive but insignificant indirect effect on the level of corruption through the Quality of the Supreme Audit Institution (SAI). This finding indicates that the quality of the SAI does not significantly mediate the relationship between environmental indicators and the level of corruption. Theoretically, high carbon emissions as an indicator of environmental degradation should be a reflection of weak compliance with environmental regulations and weak supervision of sustainable development policies.

In this context, high carbon emissions are thought to correlate with weak institutions, including the quality of state audit institutions such as SAIs. However, the results of this study indicate that the influence of the environmental pillar on the quality of SAIs is not significant, so that the mediation pathway to corruption through SAIs is also not strongly formed. This finding indicates that environmental issues, although important in the context of sustainable development, have not become the main factor influencing the performance of public audit institutions in various countries. It could be that environmental issues are still not a primary concern in the function of state financial supervision, or have not been fully integrated into the audit system carried out by SAIs. As a result, high carbon emissions do not have a strong direct relationship with the decline in the quality of SAIs, and ultimately do not have a significant impact on the level of corruption through this pathway.

Thus, a more integrative strategy is needed so that environmental issues can become part of the state accountability system, so that it can encourage the role of SAIs in assessing and monitoring sustainable development policies, and ultimately contribute to preventing corruption arising from unaccountable exploitation of natural resources.

**The Influence of the Pillars of Legal Development and Governance on the Level of Corruption is Mediated by the Quality of the Supreme Audit Institution**

The results of the study indicate that the Pillar of Legal Development and Governance as measured by the country's compliance index to the rule of law, has a negative but insignificant indirect effect on the level of corruption through the Quality of the Supreme Audit Institution (SAI). Theoretically, high legal compliance and quality of governance are expected to encourage the creation of strong public institutions, including state audit institutions. This is reflected in the results of the study which show that the Pillar of Legal Development and Governance has a significant positive effect on the Quality of SAI, which means that the higher the legal compliance index, the higher the quality of a country's audit institutions.

On the other hand, the quality of SAI has a significant negative effect on the level of corruption, indicating that a quality SAI can be an important instrument in preventing and suppressing corrupt practices. However, the mediation results showing a negative but insignificant indirect effect indicate that the impact of legal development on corruption through the SAI channel is not statistically strong enough, although the direction of the relationship is in accordance with the theory. This phenomenon indicates that although strengthening law and governance contributes to improving the quality of audit institutions, the mediation channel through SAI has not become the main mechanism in reducing corruption, or there are other factors that are more dominant in determining the level of corruption directly, regardless of the quality of the audit itself.

In other words, the influence of governance on corruption occurs more through direct channels, such as through the effectiveness of the judicial system, strict regulations, or strong internal oversight, so that the indirect effect through SAI becomes less statistically significant. This finding provides an important implication that efforts to eradicate corruption do not only rely on strengthening audit institutions, but also require a legal system that can work directly in suppressing opportunities for corruption, both through strict law enforcement and improvements in bureaucratic governance as a whole.

## CONCLUSION

Based on the results of the analysis and discussion that have been carried out in this study related to the Influence of Government Management on the Quality of the Supreme Audit Institution and its Implications on the Level of Corruption (Cross-country study), with a sample of 67 countries with a total sample size of 134 for 2 years and using the Partial Least Square path analysis method, this study shows:

1. The Social Development Pillar has a significant negative effect on the Quality of the Supreme Audit Institution, which means that the higher the poverty as an indicator of the social pillar, the quality of the SAI, in this case the highest audit institution in a country, will tend to decline.
2. The pillar of economic development has a positive but not significant effect on the quality of SAI, which shows that although the direction of the relationship is positive, the effect is not strong enough to be declared significant, which means that an increase in a country's economy does not necessarily directly encourage an increase in the quality of a country's audit institutions.
3. The environmental development pillar has a negative but insignificant effect on the quality of SAI, which shows that although the direction of the relationship between the environmental development pillar as measured by the amount of a country's carbon emissions and the quality of SAI is negative, the effect is not significant, which means that the higher the level of environmental damage, it does not always have a direct impact on the quality of a country's audit institution.
4. The pillars of legal and governance development have a positive and significant influence, this finding shows that the stronger the law and governance of a country as measured by the level of compliance, the higher the quality of the audit institution or SAI of a country. This result confirms that the existence of a strong legal system, consistent enforcement of regulations, and transparent and accountable governance are the main foundations for the formation of a quality state audit institution.
5. The quality of the supreme audit institution has a negative and significant effect on the level of corruption. The findings show that the higher the quality of the SAI, the lower the level of corruption in a country. This significant negative effect reflects that the existence of an effective, independent, and professional audit institution has an important role in controlling corrupt practices through monitoring mechanisms, public policy evaluation, and transparency in the management of state finances.
6. The pillar of social development mediated by the quality of SAI has a positive and significant effect on the level of corruption. The direction of this positive relationship indicates that social problems, especially poverty, have a major impact on corrupt practices, even when the quality of public oversight institutions improves. In this context, improving the quality of SAI is not enough to withstand the negative impacts of weak social conditions.

7. The pillar of economic development mediated by the quality of SAI has a negative but insignificant effect on the level of corruption. The direction of this negative relationship indicates that economic growth has the potential to contribute to a decrease in the level of corruption if accompanied by an increase in the quality of state audit institutions.
8. The environmental development pillar mediated by the quality of SAI has a positive but insignificant effect on the level of corruption. The direction of this positive relationship shows that an increase in the amount of carbon emissions, which is an indicator in the environmental pillar, tends to increase the level of corruption when linked to the quality of state audit institutions.
9. The pillar of legal and governance development mediated by the quality of SAI has a negative but insignificant effect on the level of corruption. This means that although the direction of the relationship indicates that improving law and governance has the potential to reduce the level of corruption through strengthening state audit institutions, the effect is not yet statistically strong enough. The insignificance of this relationship indicates that although a strong legal system is able to improve the quality of state audit institutions, the effect is not yet strong enough to produce a real impact on reducing the level of corruption through this mechanism.

Based on the research findings that have been conducted regarding "The Influence of Government Management on the Quality of the Supreme Audit Institution and its Implications for the Level of Corruption (Cross-Country Study)", the author has compiled several suggestions that are expected to provide contributions to policy makers, supervisory institutions, and further researchers.

**For Government and Policy Makers:**

1. The government needs to strengthen the implementation of good governance principles, especially in the aspects of transparency, accountability, and bureaucratic effectiveness. Based on the results of this study, the pillars of law and governance have been proven to have a real influence on the quality of the highest audit institution.
2. Although social, economic and environmental development aspects have not shown a significant influence on the quality of SAI in this study, they still need to be the focus of policy strengthening.
3. Strong commitment from stakeholders is needed to strengthen external oversight institutions. Steps such as improving auditor competence, utilizing digital audit technology,

and providing adequate budget for audit institutions should be the main focus in encouraging the strengthening of the role of SAIs.

**For the Supreme Audit Institution (SAI):**

1. The highest audit institution in each country is advised to expand the scope of its audit function, not only limited to financial aspects but also touching on aspects of sustainable development such as performance audits of social, environmental and economic programs
2. Auditors' technical capacity needs to be enhanced to be able to deal with the complexity of contemporary issues, including climate change risk management, social inequality and fiscal transparency.
3. Collaboration between SAIs across countries needs to be intensified to strengthen knowledge exchange, SDGs-based audit standards, and improve the professionalism of public sector auditors in a global context.

**For Further Researchers:**

1. This study still has limitations on certain indicators and limitations of cross-country data. Therefore, further researchers are advised to use advanced statistical approaches such as Structural Equation Modeling (SEM) or Generalized Structural Equation Modeling (GSEM), which are able to accommodate more complex relationships between variables.
2. Researchers can also consider using additional variables that act as mediators or moderators, such as democracy index, public participation, or fiscal transparency, to obtain a more complete picture of the relationship between variables.
3. Further research can also explore the influence of digital transformation in the public audit system as well as strengthening the role of civil society in overseeing the government accountability process.

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