

## THE ROLE OF SUPREME AUDIT INSTITUTIONS IN ENSURING PUBLIC SECTOR ACCOUNTABILITY

Dito Aditia Darma Nst<sup>1</sup>, Sundari Apriliyani<sup>2</sup>, Sabar Jaya Mendrofa<sup>3</sup>

Universitas Pembangunan Panca Budi

[ditoaditia@dosen.pancabudi.ac.id](mailto:ditoaditia@dosen.pancabudi.ac.id), [sundarisilitonga@gmail.com](mailto:sundarisilitonga@gmail.com), [mendrofasj81@gmail.com](mailto:mendrofasj81@gmail.com)

## Abstract

*The role of Supreme Audit Institutions (SAIs) is critical in ensuring accountability in the public sector. This article explores how SAIs contribute to enhancing transparency, effectiveness, and efficiency in public financial management, and how audit results function as tools for public oversight. Using literature review and comparative analysis of audit practices across countries, the study highlights the importance of independence, institutional capacity, and auditor integrity as key factors in SAI effectiveness. Findings indicate that strong SAIs can mitigate budget misuse, strengthen public trust, and promote public sector governance reforms. The article recommends strengthening legal frameworks and enhancing collaboration between SAIs and parliaments to optimize oversight functions.*

**Keywords:** *Supreme Audit Institutions, public accountability, public sector, financial audit, governance*

## Abstrak

Peran Lembaga Audit Tertinggi (Supreme Audit Institutions/SAI) sangat krusial dalam menjamin akuntabilitas sektor publik. Artikel ini membahas kontribusi SAI dalam meningkatkan transparansi, efektivitas, dan efisiensi pengelolaan keuangan negara, serta bagaimana hasil audit digunakan sebagai alat kontrol publik. Melalui kajian literatur dan analisis komparatif terhadap praktik audit di berbagai negara, penelitian ini menyoroti bagaimana independensi, kapasitas institusional, dan integritas auditor publik menjadi faktor utama keberhasilan SAI. Temuan menunjukkan bahwa SAI yang kuat mampu mengurangi risiko penyalahgunaan anggaran, memperkuat kepercayaan publik, dan mendorong reformasi tata kelola sektor publik. Artikel ini merekomendasikan penguatan kerangka hukum dan peningkatan kolaborasi antara SAI dan parlemen untuk optimalisasi fungsi pengawasan.

**Kata Kunci:** Lembaga Audit Tertinggi, akuntabilitas publik, sektor publik, audit keuangan, tata kelola

## Article history

Received: Mei 2025

Reviewed: Mei 2025

Published: Mei 2025

Plagiarism checker no 80

Doi : prefix doi : [10.8734/musytari.v1i2.365](https://doi.org/10.8734/musytari.v1i2.365)

Copyright : author

Publish by : musytari



This work is licensed under a [creative commons attribution-noncommercial 4.0 international license](https://creativecommons.org/licenses/by-nc/4.0/)

## 1. Introduction

In modern democratic societies, public accountability stands as a cornerstone of effective governance and institutional legitimacy. Citizens expect not only transparency and integrity but also the responsible stewardship of public resources by their elected representatives and government institutions (Geimmlikhuijsen, 2012). As the functions of

government evolve to encompass broader roles in economic development, public service delivery, disaster response, infrastructure expansion, and social protection, the complexity and scope of public sector operations have grown exponentially. This expansion increases the risk of inefficiencies, mismanagement, and even corruption, thereby intensifying the demand for robust oversight mechanisms that ensure public funds are utilized effectively, lawfully, and in alignment with the intended policy goals. In this context, Supreme Audit Institutions (SAIs) emerge as critical guardians of accountability, entrusted with the mandate to audit, evaluate, and report on the use of public resources (Van rooyen, 2016).

SAIs are designed to function as independent entities, positioned outside of the executive branch to minimize conflicts of interest and to maintain objectivity in evaluating government performance. Their primary function is to conduct financial, compliance, and performance audits, assessing whether public spending aligns with legal mandates, achieves value for money, and produces the intended social or economic outcomes. SAIs not only provide technical evaluations but also play an essential role in informing parliaments, citizens, and civil society about the effectiveness of government operations. In doing so, they reinforce democratic accountability, deter malfeasance, and contribute to evidence-based policymaking. While institutional structures vary—from courts of audit to parliamentary audit offices—the shared mission remains consistent: enhancing the credibility, integrity, and transparency of public administration.

The significance of SAIs in governance has been widely recognized by international bodies, including the International Organization of Supreme Audit Institutions (INTOSAI), which has developed a framework of principles emphasizing the need for institutional independence, professionalism, transparency, and operational efficiency. These principles provide a global benchmark for SAI performance and have been adopted by countries seeking to modernize their public sector audit institutions (Saliene, 2024). However, adherence to these principles in practice often varies due to contextual factors, such as political interference, inadequate legal frameworks, lack of skilled personnel, or limited technological infrastructure. In many developing nations, SAIs struggle with constrained mandates and underfunding, which reduce their capacity to provide comprehensive audits or to follow up on recommendations effectively.

Furthermore, the impact of audit findings is often contingent upon the political will and institutional mechanisms available for enforcement. Even the most rigorous audit reports can be rendered ineffective if there is no legal obligation or political incentive for the

executive or legislature to act upon them. In this regard, the role of parliaments, civil society, and the media becomes crucial in translating audit findings into reforms, sanctions, or improvements in governance. Moreover, in some cases, SAIs face reputational risks or political pushback when their reports expose sensitive issues, further underscoring the importance of legal protection and operational safeguards for auditors.

The relevance of SAIs has grown even more pressing in light of global challenges such as fiscal instability, rising inequality, climate change, and rapid technological advancement. The adoption of the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) has further expanded the expectations placed upon governments to deliver transparent, accountable, and inclusive development. SAIs are increasingly called upon to audit the effectiveness of public programs aimed at achieving the SDGs, ensuring that resources allocated for poverty alleviation, education, healthcare, and environmental protection are used effectively and reach the intended beneficiaries. As fiscal pressures mount and citizens demand greater accountability, SAIs must evolve to keep pace with these expectations by embracing innovation, strengthening institutional capacity, and building collaborative networks across sectors and borders.

This paper seeks to explore the multifaceted role of Supreme Audit Institutions in ensuring public sector accountability. It examines not only the legal and theoretical foundations of SAIs but also analyzes their practical operations through comparative case studies, particularly focusing on countries with similar political and administrative systems to Indonesia. The study highlights enabling factors that influence SAI performance, such as independence, capacity, and stakeholder engagement, while also identifying common obstacles, including politicization, resource limitations, and enforcement gaps (Montero & Le blanc, 2019). In doing so, it offers a set of strategic policy recommendations to strengthen SAIs as instruments of accountability, transparency, and good governance.

The paper argues that reinforcing the effectiveness of SAIs is not merely a bureaucratic or technical necessity, but a core component of democratic consolidation and sustainable development. Empowered, well-resourced, and politically supported SAIs can serve as institutional anchors for public trust, fiscal discipline, and the responsible management of national wealth. Their contributions help establish a culture of accountability that transcends administrations and contributes to long-term development goals, making them indispensable actors in the governance architecture of democratic states.

## 2. Methodology

This study adopts a Systematic Literature Review (SLR) approach to investigate the role of Supreme Audit Institutions (SAIs) in ensuring accountability within the public sector. The SLR method is employed to identify key concepts, practices, and empirical findings related to how SAIs contribute to transparency, integrity, and oversight in public financial management. The review begins by identifying foundational definitions and principles surrounding public sector accountability and the institutional roles and mandates of SAIs. Subsequently, the study focuses on the mechanisms through which SAIs influence accountability outcomes, including audit processes, reporting frameworks, and interactions with legislative and executive bodies.

The analysis also considers contextual factors that affect the effectiveness of SAIs, such as institutional independence, resource capacity, legal frameworks, and the political environment. Literature searches will be conducted using various academic databases (e.g., Scopus, JSTOR, ProQuest, and Google Scholar) with relevant keywords such as "Supreme Audit Institutions," "public sector accountability," "government audit," "transparency," and "public financial management." Studies that meet the inclusion criteria will be selected and synthesized to provide a comprehensive understanding of the strategic role played by SAIs in enhancing public accountability.

The inclusion criteria for the selected literature are as follows

- 1) Topical Relevance: Articles must be directly related to the role of SAIs in public sector accountability and their impact on governance.
- 2) Empirical Evidence: Articles must present empirical data, case studies, or field research to support their analysis or findings.
- 3) Geographical Context: Preference will be given to literature that includes discussions relevant to the Indonesian context or comparable developing countries.
- 4) Language: Articles can be written in either English or Indonesian.
- 5) Publication Period: Only studies published within the last ten years will be included to ensure relevance to current developments and trends in public sector auditing.

## 3. Results and Discussion

Independence is universally recognized in the literature as the cornerstone of an effective SAI. Without functional autonomy from the executive branch, SAIs risk being compromised in their ability to audit government finances objectively. Studies from countries such as Indonesia, South Africa, and the Philippines emphasize that constitutional

or statutory guarantees of independence are not sufficient unless they are accompanied by practical protections such as secure budgetary allocations, the power to set audit agendas independently, and protection from political retaliation.

For example, the Indonesian Audit Board (Badan Pemeriksa Keuangan - BPK) has legal independence, but several scholars argue that its effectiveness fluctuates depending on the political climate and the extent to which parliament acts on its findings (Atmaja et al., 2023). Comparative studies from Scandinavian countries, in contrast, show that when SAls have robust autonomy and clear legal mandates, their reports result in high levels of compliance, even leading to the resignation of officials implicated in misuse of public funds.

The technical capacity of SAls including human resources, audit tools, and access to real-time financial data strongly influences the depth and reliability of their evaluations (Bras et al., 2024). Effective SAls are those equipped not only with qualified auditors but also with modern auditing technologies and methodologies that allow for comprehensive financial, compliance, and performance audits.

A review of audit practices in OECD countries shows that SAls with access to digital financial management systems can conduct near real-time audits and identify discrepancies or inefficiencies much earlier than traditional models. In Indonesia, efforts have been made to digitize aspects of the public finance system (e.g., SPAN), which has improved the responsiveness of BPK audits. However, challenges remain in remote regions, where limited digital infrastructure and weak local governance undermine audit coverage and quality.

Furthermore, SAls that have expanded their scope beyond financial audits to include performance and environmental audits provide a more holistic picture of governmental effectiveness. For instance, the Netherlands Court of Audit has published influential reports on climate financing and policy implementation effectiveness, demonstrating that SAls can contribute significantly to broader policy discussions beyond mere compliance.

Even the most accurate audit findings may yield little impact if there is insufficient political will to enforce them. Literature from Latin America, Southeast Asia, and Sub-Saharan Africa often highlights a persistent gap between audit reports and tangible corrective action. In many countries, legislative committees tasked with reviewing audit reports lack the expertise or independence to hold the executive accountable (Hundal, 2013). In contrast, systems like the UK's Public Accounts Committee (PAC) or Canada's Office of the Auditor General are cited as models where audit findings regularly trigger parliamentary debates, media scrutiny, and follow-up investigations.

The Indonesian context reflects both opportunities and challenges in this area. While the BPK reports are made public and regularly submitted to the DPR (House of Representatives), the level of enforcement varies by case and region (Hudaya, 2014). A study by the Indonesia Corruption Watch (ICW) revealed that while some audit findings led to administrative sanctions, others were ignored due to political alliances or lack of investigative follow-up. The establishment of inter-agency collaborations, such as between BPK, the Corruption Eradication Commission (KPK), and the Attorney General's Office, has shown promise but remains inconsistent.

Despite their potential, SAIs in many developing countries face systemic challenges that limit their performance. These include inadequate funding, insufficient training, poor inter-agency coordination, and, crucially, a political environment that resists transparency. Many articles point to the “audit gap” in countries where the volume of financial transactions and public programs far exceeds the capacity of SAIs to audit comprehensively.

Furthermore, the lack of independence in the appointment and removal of top audit officials can subject SAIs to political influence. In extreme cases, SAIs may be used as tools to legitimize government narratives or to selectively target political opponents. The need for global benchmarking and peer learning is evident. Organizations like INTOSAI and the ASEANSAI have facilitated knowledge exchanges and capacity-building, which have shown measurable impact when supported by domestic reforms.

Building upon the challenges and insights discussed previously, the development of a comprehensive framework is necessary to enhance the effectiveness of Supreme Audit Institutions (SAIs) in promoting public sector accountability. This framework includes several interrelated strategies that address institutional, operational, and societal dimensions of audit functions. Firstly, legal empowerment must be pursued through the strengthening of constitutional and legislative mandates that guarantee SAIs' operational independence, secure access to all necessary financial data, and safeguard them from political interference or retaliation (Domingo & O'Neil, 2014). Without such legal guarantees, SAIs may struggle to act impartially or enforce accountability. Secondly, capacity development is essential, particularly in equipping SAIs with adequate resources, skilled personnel, and modern audit technologies. As government programs grow more complex, auditors must be capable of conducting not only financial audits but also performance and environmental audits using data-driven methods.

Third, stakeholder engagement is a key factor in ensuring that audit outcomes are not only documented but acted upon. Active collaboration with parliaments, civil society

organizations, and the media can amplify the visibility of audit findings and build public pressure for reform. Fourth, the implementation of performance monitoring systems—such as regular follow-ups, third-party assessments, or parliamentary scorecards—can help measure the responsiveness of audited entities and sustain accountability over time. Lastly, fostering transparency and innovation through open data initiatives, user-friendly audit summaries, and digital platforms can increase public accessibility to audit information and encourage citizen participation in monitoring government performance. When combined, these five pillars create a holistic approach that not only strengthens the technical capabilities of SAIs but also reinforces their legitimacy and influence in the broader governance ecosystem.

In the Indonesian context, the role of the BPK remains vital in maintaining fiscal discipline and checking potential misuse of state funds (Dwiputrianti, 2011). The increasing complexity of decentralization, the rise in social assistance programs, and infrastructure investments demand greater scrutiny and more adaptive auditing strategies. BPK's collaboration with regional audit boards (BPKP and Bawasda) must be strengthened to ensure consistency and coverage across the archipelago.

Moreover, integrating performance audits into routine oversight—particularly for flagship development programs such as “Dana Desa” (Village Funds)—can help identify not just corruption but also inefficiencies and policy mismatches. Indonesia can benefit from further formalizing citizen audits at the local level and expanding the public's role in monitoring the impact of government expenditure. In line with global best practices, Indonesia should also consider enhancing the mandate of parliamentary audit committees, providing them with technical support to act on audit findings effectively. A more structured feedback loop between audit institutions and the legislative branch will increase the likelihood of meaningful accountability outcomes.

The role of Supreme Audit Institutions (SAIs) in promoting public sector accountability is increasingly multifaceted, especially with the growing expectation for SAIs to support the achievement of Sustainable Development Goals (SDGs). As global development agendas prioritize poverty reduction, climate action, and institutional integrity, SAIs are uniquely positioned to assess whether public expenditures align with these goals. In Indonesia, the Badan Pemeriksa Keuangan (BPK) has begun to integrate performance audits targeting environmental and poverty alleviation programs. However, challenges remain, such as harmonizing traditional audits with SDG-related evaluations, which often require cross-sectoral coordination and specialized expertise.

Another emerging challenge for SAls is the rise of digital governance and e-procurement systems, which introduce new risks like cybersecurity threats and data integrity issues. In response, SAls must adapt their audit frameworks to include IT audits, cybersecurity assessments, and evaluations of digital services. Indonesia's adoption of the SPAN system represents a significant step in this direction, yet greater access to digital data systems and specialized audit tools is necessary to effectively monitor these new systems.

International cooperation plays a critical role in enhancing the capacity of SAls, enabling them to stay aligned with global standards and best practices. Platforms such as INTOSAI and ASEANSAl offer important avenues for technical training and cross-country benchmarking. Indonesia's BPK actively participates in these networks, contributing to regional audit coherence and mutual learning. However, to fully benefit from international collaboration, it is essential that domestic reforms and political will are in place to implement lessons learned and ensure sustained engagement.

Public trust is another key factor in SAl effectiveness, as transparency, citizen outreach, and audit literacy are vital for turning audit findings into actionable knowledge. While Indonesia's BPK publishes audit reports and engages with the media, there is room for improvement in making these reports more accessible to the public. Collaborations with civil society organizations could help bridge this gap, particularly in underserved areas where audit literacy remains low.

The internal governance of SAls is crucial to their effectiveness. Maintaining institutional credibility requires adherence to internal ethics, accountability, and transparency standards (Kamara, 2023). In Indonesia, the BPK has made strides in enhancing internal transparency and ethics, but further strengthening of its internal processes and culture will be essential for reinforcing its role as a trusted guardian of public resources. Ultimately, for SAls to fulfill their potential in enhancing public sector accountability, they must be empowered with the necessary legal, institutional, and operational tools while fostering robust partnerships both domestically and internationally.

#### 4. Conclusions

Supreme Audit Institutions (SAls) play a critical role in promoting public sector accountability by ensuring transparency, efficiency, and integrity in financial management. The effectiveness of SAls largely depends on their institutional independence, technical capacity, and the existence of robust enforcement mechanisms. The literature and case studies reveal that while many SAls, including

Indonesia's BPK, possess formal legal mandates, practical challenges such as political interference, resource limitations, and weak parliamentary oversight can hinder their impact. Strengthening inter-agency collaboration, investing in auditor competencies, expanding audit scope to include performance audits, and improving follow-up mechanisms are essential to enhancing audit effectiveness. Furthermore, public engagement and stronger parliamentary audit committees can bridge the gap between audit findings and real policy action. Ultimately, empowering SAls is fundamental to building democratic governance, deterring corruption, and ensuring that public resources are managed in the public's best interest.

## REFERENCES

- Atmaja, A. E., Erliyana, A., Simatupang, D. P. N., & Oppusunggu, Y. U. (2023). Supreme Audit Institution Recommendations and the Legal System: The Case of Indonesia. *Accounting, Economics, and Law: A Convivium*, (0).
- Brás, J. C., Pereira, R. F., Fonseca, M., Ribeiro, R., & Bianchi, I. S. (2024). Advances in auditing and business continuity: A study in financial companies. *Journal of Open Innovation: Technology, Market, and Complexity*, 10(2), 100304.
- Domingo, P., & O'Neil, T. (2014). The politics of legal empowerment. *Legal mobilisation*.
- Dwiputrianti, S. (2011). Role of the Indonesian supreme audit institution (BPK) in financial transparency and performance accountability. In *Innaugural International Workshop for Young Scholars in Public Policy and Administration Research in Xiamen, China* (pp. 15-16).
- Grimmelikhuijsen, S. (2012). Linking transparency, knowledge and citizen trust in government: An experiment. *International Review of Administrative Sciences*, 78(1), 50-73.
- Hudaya, M. (2014). *Understanding the practice of accountability reporting: a case of Indonesian local government* (Doctoral dissertation, University of Wollongong).
- Hundal, S. (2013). Independence, expertise and experience of audit committees: Some aspects of Indian corporate sector. *American International Journal of Social Science*, (5).
- Kamara, A. K. (2023). The study on effectiveness of internal audit on the performance of the public sector in Sierra Leone: a case study of the National Social Security Insurance Trust. *Open Access Library Journal*, 10(8), 1-30.
- Montero, A. G., & Le Blanc, D. (2019). The role of external audits in enhancing transparency

and accountability for the Sustainable Development Goals.

Šalienė, A. (2024). Advancing a holistic framework for classifying SAI performance audit impact factors: integrated scientific assumptions. *Buhalterinės apskaitos teorija ir praktika.*, 29, 1-26.

Van Rooyen, S. A. (2016). *The legal framework for environmental auditing in the public sector in South Africa* (Doctoral dissertation, North-West University (South Africa), Potchefstroom Campus).