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Measurement of Audit Opinion in Supervisory Apparatus Capability and Maturity of the Government Internal Control System

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ABSTRACT
This study aims to measure audit opinion based on the capability of the government's internal control apparatus and the maturity of the government's internal control system. The test used SEM-PLS with data obtained from 34 provinces in Indonesia during the period 2018 to 2022, with a total of 1,295 data observations. This study used a quantitative approach with an explanatory research type. Data was collected through secondary documentation via official reports on APIP capability evaluations, SPIP maturity, and audit opinions published by BPKP and BPK for all local governments in Indonesia. Data collection techniques were carried out through documentation from the official websites of the relevant institutions. The data analysis technique used in this study was Partial Least Squares Structural Equation Modelling (PLS-SEM) with the help of SmartPLS software. Tests were conducted on the outer model, inner model, and significance tests through resampling (bootstrapping) to determine the relationship between variables. The study found that specifically capability had a basis in consideration of giving an audit opinion that falls into the 'weak' category. However, the maturity of the government's internal control system had a linear basis that was classified as 'moderate'. Thus, it is important to pay attention to the apparatus in improving the quality and capability in reducing the risk of possible irregularities and ensuring that the implementation of governance principles leads to good governance. These findings support the development of the quality of governance in government financial audit.

INTRODUCTION

Presidential Regulation No. 12 of 2019 emphasises the importance of auditing local government financial reports for effective regional financial management (Permatasari et al., 2021; Widiantari & Yuliantari, 2023). The audit results are presented in an Audit Report (LHP) containing the opinion of the National Audit Agency (BPK). The BPK's audit opinion is the result of an assessment of the

fairness of the financial statements based on various important aspects examined during the audit process. This audit opinion is one of the indicators of the success of government financial management accountability, including local governments. Therefore, to achieve good governance, the government must ensure financial accountability and transparency (Anggriani et al., 2025; Aqsha et al., 2025).

According to Asaolu et al. (2016), the concept of good governance within the framework of government describes how the government interacts with the state, characterised by (1) fundamental rights, (2) transparency and effectiveness, (3) government accountability, and (4) the advancement of the rule of law. One measure of financial accountability quality is the auditor's opinion issued by the State Audit Agency (BPK) on government financial reports. However, in practice, some local governments have not yet achieved an Unqualified Opinion (WTP), which is the highest rating in the issuance of opinions. According to the BPK's 2022 audit results, out of the 542 Local Government Financial Reports (LKPD) evaluated that year, 46 LKPDs or 9% did not receive an Unqualified Opinion (Harimurti & Iskak, 2023).

The BPK noted that there were 7,661 major issues identified in the management of state finances, comprising 12,855 weaknesses in the Internal Control System (SPIP) and 7,227 cases of non-compliance. Therefore, the BPK provided recommendations on these findings for organisational improvements in the future. On the other side, the level of opinion obtained on LKPD shows an increase in the last five years (2018-2022), namely an increase of 9% from 82% in 2018 to 91% in 2022. This shows that local governments continue to make improvements in order to increase financial accountability (Cahyana & Suprasto, 2023; Paranoan et al., 2022; Sugiharti & Hariani, 2021).

Based on Presidential Instruction No. 9 of 2014, improving the quality of state/regional financial accountability is achieved through effective, efficient, transparent, and accountable financial management by intensifying and improving the effectiveness of the APIP's role. To improve the APIP's role, it must have a good level of capability so that it can improve the performance of the local government. Enhancing the capabilities of the Internal Government Apparatus is an effort to strengthen and improve the institutional structure, management, business processes, and human resources (HR) of the Internal Government Apparatus (APIP) so that it can perform its roles and functions effectively.

One of the functions of APIP in the implementation of regional financial management is to conduct periodic audits of regional apparatus in the current year so that any irregularities can be identified and prevented, and to audit financial reports (Putri et al., 2022; Wahyuandari et al., 2022). The results of the audit must be followed up by the apparatus before the financial report is submitted to the National Audit Agency. The BPK Audit Team will utilise the results of the audits conducted by APIP so that it will minimise findings/errors by the National Audit Agency team and will influence the opinion given on the financial statements.

The LKPD opinion is not only based on the capabilities of APIP but also on the Government Internal Control System (SPIP), which influences the opinion given by BPK (Mukhlis et al., 2021). The same research conducted by (Boufounou et al., 2024; Wahyuandari et al., 2022) states that inadequate internal control systems and low levels of compliance in regional financial management are the causes of failure to obtain an unqualified opinion.

To demonstrate that internal control can have a significant impact on obtaining an opinion, the assessors of internal control implementation use a measurement tool called SPIP maturity, which is a measure of an organisation's maturity in implementing internal control. The purpose of the maturity assessment is to evaluate how mature an organisation is in achieving SPIP objectives, namely through effective and efficient activities, reliable financial reporting, safeguarding state assets, and compliance with laws and regulations (Stowell et al., 2020). The assessment criteria are determined by the

Financial and Development Supervisory Agency (BPKP) and are used to assess the level of implementation or maturity of SPIP in an agency (Diana et al., 2023; Mukhlis et al., 2021).

Previous research conducted by Wulandari and Bandi (2015) examined how APIP capability variables impact BPK opinions and found that APIP capability does not significantly impact BPK opinions. However, research conducted by Pratiwi et al. (2020) found that the average APIP capability was still at level 1 (initial), thus not providing a significant positive impact on BPK opinions. Additionally, research conducted by Ageng and Usman (2023) stated that the maturity level of SPIP and APIP capabilities positively influences financial statement opinions.

Although various studies have been conducted to examine the relationship between APIP capabilities and SPIP maturity on audit opinions, there remains a gap in the literature regarding the combined influence of both on audit opinions. Most previous studies have focused on separate analyses of APIP and SPIP, while the integrative relationship between the two is often overlooked. The combination of SPIP maturity and APIP capability on audit opinions has rarely been studied holistically. Therefore, this study aims to fill this gap by integrating the two main factors influencing audit opinions, APIP capability and SPIP maturity, into a more comprehensive research model.

Through a more holistic approach, this study aims to provide new insights into how these two factors interact and influence audit opinions involving local government research subjects over five years, from 2018 to 2022. By integrating these two factors into a single research framework, we can gain a better understanding of how the management of internal oversight and control systems can improve government governance. This study will also provide recommendations to improve APIP capabilities and strengthen SPIP implementation, with the aim of improving regional financial governance so as to produce better audit opinions, such as Unqualified Opinions (WTP).

This research is important to enrich the literature on government internal oversight and control systems, particularly in the Indonesian context. In addition, the findings of this research can be utilised by policymakers to formulate more effective strategies to strengthen internal control and improve the oversight capacity of government agencies, thereby supporting the improvement of the quality of government financial governance in the future.

Agency Theory

Agency theory explains the cooperative relationship between those who receive authority (clients) and those who receive authority to perform tasks (agents) (Jensen & Meckling, 1976). In this context, a contract is established where the principal grants the agent authority to manage resources on behalf of the principal. However, information asymmetry between the two parties often leads to conflicts of interest. The principal cannot always directly monitor the agent's performance, increasing the potential for deviation (Panda & Leepsa, 2017).

In the context of public institutions, local governments act as clients who delegate authority to the government (agents) to effectively, efficiently, and transparently carry out state functions. Oversight systems such as SPIP and APIP are important mechanisms for reducing the risk of deviation and ensuring excellent government implementation (Bendickson et al., 2016). This theory is relevant to your research in explaining how SPIP maturity and APIP capabilities influence audit opinions.

Audit Opinion

According to the definition in Article 1(11) of Law No. 15 of 2004 on the examination, management, and accountability of state finances, an audit opinion is an expert examiner's statement regarding the fairness of the financial information contained in government financial statements. The BPK presents audit opinions in accordance with Law No. 15 of 2004, dividing them into four categories: (1) Unqualified Opinion (WTP), (2) Qualified Opinion, (3) Adverse Opinion, (4) Disclaimer of Opinion.

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This audit opinion aims to provide an objective assessment of the quality of government financial statements and ensure that the financial information presented is accurate and reliable.

The results of the audit serve as an indicator of the success of government financial management accountability, including at the local government level. To achieve good governance, the government must ensure financial accountability and transparency.

Internal Government Supervisory Agency (APIP)
APIP is a government agency established by the Ministry of Finance and Development Supervision (BPKP), the general state transmission agency, with the task of conducting internal supervision within local governments from within the government inspection/internal supervision of other Government Legal Entities in accordance with laws and regulations. APIP is the internal auditor for government agencies. According to Ansar et al. (2023), an internal auditor is an employee of an organisation/company who conducts audits for the benefit of the organisation.

The Consortium of Internal Audit Professional Organisations in the Internal Audit Professional Standards (SPAI, 2004) stated that internal audit is an activity that provides assurance and consultation independently and objectively. Its purpose is to add value and improve organisational operations. Through a systematic and structured approach, internal audit plays a role in helping organisations achieve their objectives by evaluating and improving the effectiveness of risk management, controls, and governance processes.

According to Widyaningsih (2016), the functions of internal auditors cover several important aspects, including: examining and assessing the quality of controls over financial accounting and other operations, investigating the extent to which implementers follow established policies, plans, and procedures, and ensuring that company assets are accounted for and protected from various forms of loss. Internal auditors are also tasked with checking the accuracy of the company's books and other data, as well as assessing the performance of officials or implementers in carrying out their responsibilities.

As a government internal auditor, APIP, which previously only functioned as a supervisor of government compliance, is now expected to make a more significant contribution, namely, providing advice on the management of organisational resources. Thus, APIP can assist leaders in making more informed decisions. Additionally, the role of APIP is now expected to evolve as a catalyst related to quality assurance. The provision of quality assurance services aims to ensure that government activities produce outputs that meet the needs of their users. In playing its role as a catalyst, APIP acts as a facilitator and agent of change. The impact of this role is long-term because the focus of the catalyst is the long-term value of government administration, especially in relation to government goals and objectives that must satisfy consumers, in this case, the public.

APIP Capabilities
In accordance with Government Regulation No. 60 of 2008 concerning the Government Internal Control System, one of the key elements in building an effective internal control system is strengthening the role of APIP (Government Internal Supervisory Apparatus). Within the framework of the Internal Audit Capability Model (IACM) designed by The Institute of Internal Auditors (IIA) in 2009, the role of APIP is reflected in its capability level. APIP capability encompasses the ability to perform oversight functions, which consist of three interrelated elements: capacity, authority, and human resource competence. These three elements must be possessed by APIP to effectively fulfil its role.

The Financial and Development Supervisory Agency (BPKP) acts as the supervisor of APIP in Indonesia and assesses the capabilities of inspectorates in ministries, agencies, and local governments. The APIP governance evaluation process is conducted using a questionnaire specifically designed for

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APIP to fill out by selecting one of the following answers: yes, partially, or no. Each APIP is only allowed to answer one form that represents the overall view of the APIP work unit. This form can be accessed through a special application developed by BPKP.

There are five levels of APIP capability: (1) initial, (2) infrastructure, (3) integrated, (4) managed, and (5) optimising. The levels indicate that the closer the APIP is to level 5, the better its capabilities. At each level, there are six mapped elements: APIP Roles and Services, Human Resource Management, Professional Practices, Accountability and Performance Management, Organisational Culture and Relationships, and Governance Structure.

Government Internal Control System (SPIP)

The Internal Control System in Government Regulation No. 60 of 2008 is an integral process in the actions and activities carried out continuously by leaders and all employees aimed at providing adequate assurance regarding the achievement of organisational goals. This is achieved through various effective and efficient activities, balanced with success in financial reporting, securing state assets, and compliance with laws and regulations. Meanwhile, the Government Internal Control System (SPIP) is an internal control system implemented comprehensively within the central and local government environments. SPIP consists of five elements and 25 (twenty-five) sub-elements, namely: (1) The control environment covers several important aspects, including: Enforcement of high integrity and ethics; Commitment to competency development; Leadership that creates a conducive atmosphere; Organizational structure that meets needs; Delegation of authority and responsibility; Sound policies on human resource development; Effective role of APIP; Good working relationships. (2) Risk assessment, including: Risk identification and Risk analysis. (3) Control activities, including: Review of government agency performance; Human resource development; Control of information system management; Physical control of assets; Establishment & review of performance indicators & measures; Separation of functions; Authorization of Transactions and Significant Events; Accurate and Timely Recording; Restriction of Access to Resources - Accountability for Resources; Documentation of Internal Control Systems. (4) Information and communication, including: Communication Tools and Information Systems. (5) Monitoring of Internal Controls, including: Continuous Monitoring, and Separate Evaluation and Follow-up.

The implementation of these five elements is integrated and forms an integral part of the accountability of all government agency activities. The control process is an integral part of the actions and activities carried out continuously by management and all employees. Therefore, the main foundation of control lies in the human resources (HR) within the organisation, which creates a conducive control environment to achieve the goals and objectives of government agencies. The implementation of effective control environment elements will create a comfortable atmosphere, thereby fostering a sense of concern and active participation among all employees.

To build a comfortable environment within the organisation, it is important to have conducive leadership that always makes decisions based on risk assessment data. This good leadership brings with it a responsibility for leaders to conduct risk assessments within their agencies. Risk assessment begins with evaluating the suitability of the objectives of the activities carried out with the targets to be achieved, as well as ensuring alignment with the strategic objectives set by the government. After that, government agencies conduct risk identification and analysis. Based on the results of this assessment, response measures to risks can be taken, and appropriate control activities can be developed.

The entire process of implementing the elements of the Government Internal Control System (SPIP) must be reported, communicated, and monitored continuously to ensure consistent improvement. Government Regulation No. 60 of 2008 on SPIP is a step taken by the government to fulfil the provisions of Article 58 of Law No. 1 of 2004 on State Treasury, which requires the enforcement of an

internal control system within the government as a whole in order to improve performance, transparency, and accountability.

SPIP Maturity

Maturity, in the context of an organisation, refers to maximum and optimal development (Komite Standar Akuntansi Pemerintahan, 2010; Oprea et al., 2022). The purpose of the maturity concept is to guide organisations toward the most effective state in achieving their established goals (Christensen et al., 2015). According to the IIA, the maturity model describes a series of process stages that are believed to create better outputs and outcomes. Organisations with low maturity levels typically face a smaller chance of achieving their goals, while those with higher maturity levels tend to have a greater chance of success.

In the context of the Government Internal Control System (SPIP), the maturity level describes the extent to which the system is mature or complete in achieving internal control objectives, in accordance with Government Regulation No. 60 of 2008 on SPIP. The government is required to implement SPIP comprehensively, from introducing concepts and guidelines to measuring success through methodologies that can assess the role of SPIP in supporting accountability in the management of state finances, as stipulated in Government Regulation No. 60 of 2008, Article 47(2)(b) and Article 59(1) and (2).

Measuring the maturity level of SPIP implementation is expected to provide adequate assurance regarding the system's ability to improve performance, transparency, and accountability in state financial management within the government. This maturity framework is formed by basic characteristics that reflect the maturity of structured and sustainable SPIP implementation.

The maturity levels in the implementation of SPIP consist of six levels, namely: “Nonexistent,” “Preliminary,” “Developing,” “Defined,” “Managed and Measurable,” and “Optimum.” Each of these levels corresponds to levels 0 to 5. Each level has unique characteristics that indicate the role or capabilities of SPIP implementation in supporting the achievement of government agency objectives.

Hypothesis Development

Based on the formulation, research objectives, and relevant theoretical studies within the conceptual framework, including previous research findings, the hypothesis was developed with the following explanation:

APIP Capability on Audit Opinions

According to Minister of PAN-RB Regulation No. 220 of 2008, the Government Internal Supervisory Apparatus (APIP) is a government institution that has the task of carrying out internal supervisory functions. At the local government level, APIP is represented by the Regional Inspectorate. To measure how effective APIP is in carrying out these supervisory tasks, the APIP Capability parameter is used.

In BPKP Head Regulation No. 8 of 2021, one of the components assessed in APIP capability is oversight activities. These activities include the roles and services provided by APIP to stakeholders. Generally, these roles and services are divided into two categories: assurance and consulting. Assurance activities include audits, reviews, evaluations, and monitoring, while consulting activities include providing advice and other services required by stakeholders, such as technical guidance, assistance, and socialisation. If APIP has a high level of capability, its ability to provide roles and services to stakeholders will also increase.

One of the important roles of APIP in improving the quality of local government financial reports is regulated in the Minister of Home Affairs Regulation No. 4 of 2018. This regulation requires APIP to review Regional Financial Reports (LKPD) before they are submitted to the National Audit Agency

(BPK). The purpose of this review is to ensure the reliability of the information presented and to ensure that LKPDs are prepared based on an adequate Internal Control System (SPI) and in accordance with Government Accounting Standards (SAP). The review process is conducted by the Provincial Inspectorate for Provincial LKPD, the City Inspectorate for City LKPD, and the Regency Inspectorate for Regency LKPD. The higher the quality of the review conducted by APIP, the better the quality of the financial statements produced, thereby supporting the accountability of local government administration.

Research conducted by Hilal et al. (2024) investigated the influence of APIP capabilities on financial statement opinions, and similar findings were also revealed by Wulandari and Bandi (2015). Both studies show that APIP capabilities have a significant positive influence on financial statement opinions. Based on the explanation of the theory and previous studies, the hypothesis linking APIP capabilities with audit opinions can be formulated as follows:
H1: APIP capabilities have a significant positive influence on audit opinions

SPIP Maturity on Audit Opinions
According to Government Regulation No. 60 of 2008, one of the functions of the Government Internal Control System (SPIP) is to support organisations in achieving reliable financial reporting. (Sari et al., 2021) Explain that internal control systems aim to check the accuracy and reliability of data. Additionally, Salma (2022) stated that adequate internal control plays an important role in preventing fraud and ensuring accuracy in financial reporting.

In a study conducted by Mukhlis et al. (2021), there was an examination of the influence of SPIP maturity on financial statement opinions. The results of this study indicate that SPIP maturity has a positive and significant influence on financial statement opinions. A similar study was also conducted by Ageng & Usman (2023), who used SPIP as one of the independent variables to test its influence on financial statement quality. The conclusion of this study also confirmed that SPIP has a positive effect on the quality of financial statements. Based on the explanation of the theoretical concepts and previous similar studies, the hypothesis linking SPIP maturity with audit opinions can be formulated as follows:
H2: SPIP maturity has a significant positive effect on audit opinions

METHOD

Population
According to Sugiyono (2017), the population includes all elements that are the area for generalisation. Elements in the population are all subjects to be measured and become units in this study. Population is a generalisation area consisting of objects or subjects that affect certain qualities and characteristics that have been determined by researchers to be studied, and conclusions drawn. In this study, the population included all local governments in Indonesia, including both provincial and district/city local governments, with a total of 542, consisting of 34 provincial local governments and 508 district/city local governments. This study used a quantitative approach with an explanatory research type. Data was collected through secondary documentation via official reports on APIP capability evaluations, SPIP maturity, and audit opinions published by BPKP and BPK for all local governments in Indonesia. Data collection techniques were carried out through documentation from the official websites of the relevant institutions. The data analysis technique used in this study was Partial Least Squares Structural Equation Modelling (PLS-SEM) with the help of SmartPLS software. Tests were conducted on the outer model, inner model, and significance tests through resampling (bootstrapping) to determine the relationship between variables.

Sample
The sample is part of the number and characteristics of the population (Sugiyono, 2016). Determination of the sample in this study was carried out using a purposive sampling technique.

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Sugiyono (2016) stated that purposive sampling is a way to select samples based on certain considerations. The criteria for determining the sample in this study were as follows:

1. Provincial and Regency/City Governments throughout Indonesia in 2018-2022.
2. Provincial and Regency/City Governments in Indonesia that have been evaluated for APIP Capability in 2018-2022 by the Financial and Development Supervisory Agency.
3. Provincial and Regency/City Governments in Indonesia that have been assessed for SPIP Maturity in 2018-2022 by the Financial and Development Supervisory Agency.
4. Provincial and Regency/City Governments in Indonesia that have been assessed for Audit Opinion in 2018-2022 by the Supreme Audit Agency (BPK).

Based on the sample determination criteria described above, the results of the research sample selection were presented in Table 1.

Tabel 1
Sample Criteria

Sample Criteria	Total
Provincial/district/city local governments	542
Local governments that are not assessed Audit Opinion 2018-2022	(247)
Research Sample	295
Number of Observation Years	5
Total sample during observation years	**1295**

Variable Operationalisation

Variable operationalisation is a description of the problem that has been described to distinguish between independent variables and dependent variables. The independent variable is symbolised by X. The independent variable consisted of APIP capability, which is symbolised as X1 and SPIP maturity, which is symbolised as X2. The dependent variable was the Audit Opinion, which is symbolised by Y. The Variable Operational Matrix of this study can be seen in Table 2.

Tabel 2
Measured Variable

No.	Variable	Dimensions	Indicator	Scale
1.	APIP Capability (X1)	APIP Capability Level (BPKP Regulation No.8 of 2021)	Level 1 (Initial) Level 2 (Structural) Level 3 (Delivered) Level 4 (Instinationalized) Level 5 (Optimum)	Ratio
2.	SPIP Maturity (X2)	SPIP Maturity Level Matu (BPKP Regulation No. 4 2016)	Level 0 (None) Level 1 (Pilot) Level 2 (Developing) Level 3 (Defined) Level 4 (Managed and Measured) Level 5 (Optimum)	Ratio
3.	Audit Opinion (Y)	Audit Opinion Value (BPKP Regulation No.15 of 2004)	Qualified = 1 Qualified Opinion = 0 Unqualified = 0 No Opinion = 0	Categorical

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RESULTS AND DISCUSSION

Results

Outer Model Testing

Outer model testing with formative indicators is assessed based on their substantial content, by comparing how much the relative weights are while considering the significance of the construct indicators themselves. Measurement model assessment can be done by checking the significance of the weights obtained through the resampling process. If the resulting weight value shows a significance of $P < 0.05$, then the indicator is a criterion for indicator reliability. The test results of the data obtained are presented in Table 3.

Tabel 3
Outer Model Results

Variable Laten	Sig. Weight	Criteria	Description
APIP Capability (X1)	< 0.001	$P < 0.05$	Reliable
SPIP Maturity (X2)	< 0.001	$P < 0.05$	Reliable
Audit Opinion (Y)	< 0.001	$P < 0.05$	Reliable

Table 3 shows that the significant value of the weight for each variable has a value of < 0.001. Therefore, it can be concluded that all variables in this study meet the indicator reliability standard. Formative constructs are multiple regression relationships between indicators and constructs, so collinearity issues are very crucial to consider. The commonly used method to test for collinearity is to examine the Variance Inflation Factor (VIF) value and its inverse, namely Tolerance. The acceptable cut-off value for VIF is < 5, and its opposite is tolerance > 0.20 (Latan and Gozali, 2014). The results of the analysis of the data obtained are presented in Table 4.

Tabel 4
Outer Model Results

Variable Laten	VIF	Criteria	Description
APIP Capability (X1)	1.394	VIF < 5	Non Collinearity
SPIP Maturity (X2)	1.394	VIF < 5	Non Collinearity
Audit Opinion (Y)	1.394	VIF < 5	Non Collinearity

In accordance with the data contained in Table 4, it can be seen that each variable has a VIF value < 5. As a result, all variables in this study have met the Collinearity standard.

Inner Model Testing

After completing the evaluation of the outer model, the next test is the inner model. Inner model testing serves to predict the cause-and-effect relationship between latent variables.

Direct Effect Testing

The results of the direct effect estimate between SPIP Maturity and APIP Capability on Audit Opinions can be seen in Fig. 1.

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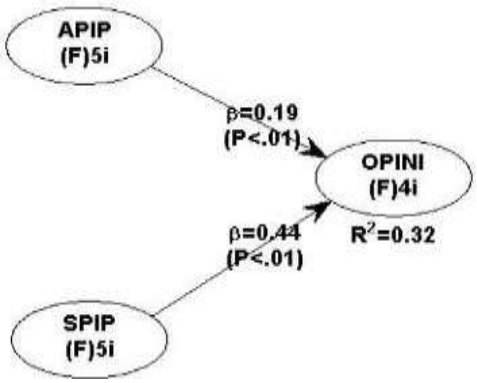

Fig. 1 *Hypothesis Testing*

From the test results in Fig. 1, it can be concluded that the APIP Capability variable (X1) has a positive and significant effect on Audit Opinion (Y) with a path coefficient of 0.189 and a significance of $P < 0.001$. Furthermore, the SPIP Maturity variable (X2) has a positive and significant effect when the direct effect test is carried out on the Audit Opinion (Y) with a path coefficient of 0.445 and a significance of $P < 0.001$. *P*-value coefficients generated can be seen in Table 5.

Tabel 5
Inner Model Results

Variable Dependent	APIP (X1)	SPIP (X2)
Audit Opinion (Y)	0.189	0.445
	$P < 0.001$	$P < 0.001$

The test results that have been carried out to test several other fit model indicators, such as Average Path Coefficient (APC), Average R-Squared (ARS), Average adjusted R-Squared (AARS), Average Block VIF (AVIF) and Average block VIF (AVIF) are presented in Table 6.

Tabel 6
Model Fit Results

Indicator	Value	Limit	Description
Average Path Coefficient (APC)	0.317 $P < 0.001$	$P < 0.05$	Fulfilled
Average R-squared (ARS)	0.323 $P < 0.001$	$P < 0.05$	Fulfilled
Average Adjusted R- squared (AARS)	0.320 $P < 0.001$	$P < 0.05$	Fulfilled
Average Block VIF (AVIF)	1.394	Acceptable IF <= 5, Ideally <= 3.3	Ideally
Average Full Collinearity	1.536	Acceptable IF <= 5, Ideally <= 3.3	Ideally
Tenenhaus GoF	0.484	Small => 0.1 Medium => 0.25 Large => 0.36	Large

Based on Table 6 that APC, ARS, and AARS which are used to measure the average value of the path coefficient, R-squared and adjusted R-squared produce a value of APC = 0.317; ARS-0.323; AARS-0.320 and all of these values are significant at the level < 0.001 The recommended p-value for APC, ARS and AARS as a fit model is 0.05 (< 0.05) (Kock, 2015; Latan and Ghozali, 2016) thus the Goodness of Fit Model criteria in this study have been met.

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These results are also supported by AVIF and AFVIF, which are used as indicators to see whether or not multicollinearity occurs. The resulting value for each AVIF and AFVIF is 1.394 and 1.536; this value is below 5 (< 5). The Gof value of 0.484 indicates that the prediction power of the model is in the large category (0.509 > 0.36). Thus, it can be concluded that this research model has met the criteria, and there is no multicollinearity problem between indicators and between exogenous variables.

Determinant Coefficient

Based on the data processing, Table 7 presents the R-squared, Adjusted R-squared, and Q-squared values.

Tabel 7
R-square Results

Variable	R-squared	Criteria	Adjusted R-squared	Criteria	Q-squared
Audit Opinion	0.323	Moderat	0.320	Moderat	0.324

Table 7 shows that the R-squared value for the Audit Opinion variable is 0.323. This means that in the model proposed in this study, the variation in Audit Opinion can be explained by APIP Capability and SPIP Maturity by 32.3%, while the rest is explained by other variables.

Q-squared

Table 7 also shows the Q-Squared value. The Q-Squared obtained is used to evaluate the predictive validation or relevance of a set of latent variables that are predictors of the criterion variable. From the results of the data analysis listed in the table above, it is found that the level of predictive validity in this research model is good. This is due to the Q-Squared value of Audit Opinion, which reaches 0.324, and this value is higher than zero.

Effect Size for Path Coefficient

In accordance with the data analysis that has been carried out, the effect size value obtained to assess how much influence the predictor variables have on the criteria is shown in Table 8.

Table 8
Effect Size Results

	APIP Capability (X1)	SPIP Maturity (X2)
Audit Opinion (Y)	0.080	0.242
	Poor	Moderate

Based on Table 8, it can be explained how much influence the predictor variables have as follows:

1. The effect of APIP Capability on Audit Opinion is 0.080. These results indicate that the Audit Opinion, which is the object of this study, is influenced by APIP Capability by 8%. The Effect Size influence category of APIP Capability is included in the Poor category.
2. The effect of SPIP Maturity on Audit Opinions is 0.242. These results indicate that the Audit Opinion, which is the object of this study, is influenced by SPIP Maturity by 24.2%. The Effect Size influence category of SPIP Maturity is included in the Medium category.

Hypothesis Testing

The hypothesis serves to describe the relationship between independent and dependent variables. The results of hypothesis testing and the conclusion whether the hypothesis is accepted or rejected are

based on the relationship described and the *P*-value < 0.001, which means it is smaller than the significance value, namely 0.001 < 0.005. These results indicate that the level of APIP Capability and SPIP Maturity has a significant impact on the quality of local government financial reports in provinces, districts, and cities in Indonesia.

APIP Capability has a positive and significant effect on Audit Opinion.
Based on the results of hypothesis testing in Table 5, it can be concluded that the first hypothesis, which states that APIP Capability has a positive and significant effect on the performance accountability system of government agencies, can be accepted with a *P*-value < 0.001, which means it is smaller than the significance value, namely 0.001 < 0.005. These results indicate that the level of APIP Capability has a significant influence on Audit Opinions in provinces, districts and cities in Indonesia. In addition, the regression coefficient value, which reaches 0.189, indicates a positive relationship between the APIP Capability variable and Audit Opinion.

The maturity of the Government Internal Control System has a positive and significant effect on Audit Opinions.
Based on the results of the hypothesis test in Table 5, it can be concluded that the second hypothesis, which states that SPIP maturity has a positive and significant effect on the performance accountability system of government agencies, can be accepted with a *P*-value < 0.001, which means it is smaller than the significance value of 0.001 < 0.005. These results indicate that the level of APIP capability has a significant effect on audit opinions in provinces, districts, and cities in Indonesia. In addition, the regression coefficient value of 0.445 indicates a positive relationship between the SPIP maturity variable and audit opinions.

Discussion
The findings from the first hypothesis test conclude that APIP capability has a positive and significant influence on Audit Opinions. This study indicates that improving APIP capability can contribute to improving the implementation rating of local government Audit Opinions, both at the provincial and district/city levels.

The role of APIP is crucial in the application of Audit Opinions in local governments in order to provide accountability and improve performance that is targeted and results-oriented. In carrying out supervisory tasks, adequate human resource competencies and qualifications are needed so that local government performance can be improved.

This study is supported by research by Ageng & Usman (2023), which confirmed that APIP capabilities have a positive impact on Audit Opinions. Additionally, research by Hilal et al. (2024) stated that APIP capabilities also have a positive impact on financial statement opinions. A study by Wulandari & Bandi (2015) also confirmed that APIP capabilities positively influence financial statement opinions.

The results of testing the second hypothesis in this study conclude that the level of SPIP maturity has a positive and significant impact on Audit Opinions. This shows that the higher the level of SPIP maturity possessed by local governments, the better the regional financial management, as seen from the results of the Audit Opinion examination by the BPK.

Improving the effectiveness of SPIP implementation is expected to encourage local government performance in achieving targets through efficient and effective activities. Measuring the maturity level of SPIP is expected to provide sufficient confidence in the ability of SPIP implementation to improve performance, transparency, and accountability in state financial management, especially in the local government environment. The defined level 3 maturity of SPIP is considered the minimum standard that must be achieved by ministries, institutions, and local governments. If local governments achieve the defined level 3, it means that they have implemented internal control practices well and in

a documented manner.

The findings of this study are also supported by the research of Ageng & Usman (2023), which revealed that SPIP maturity has a positive influence on Audit Opinions. Additionally, Hilal et al. (2024) research showed that SPIP maturity significantly influences Financial Statement Opinions, and Mukhlis et al. (2021) study stated that SPIP also has a positive impact on the quality of Financial Statement Opinions.

CONCLUSIONS

This study showed that APIP Capability and SPIP Maturity level had a significant and positive effect on Audit Opinions in local governments in Indonesia between 2018 and 2022. The increase in APIP Capability played a role in improving audit opinion assessments, while the high level of SPIP Maturity reflects better regional financial management, as seen from the results of the BPK audit opinion.

Specifically, APIP Capability had a positive and significant influence on audit opinions, with a path coefficient value of 0.189 and significance $P < 0.001$. This influence fell into the "Weak" category, contributing 8% to audit opinions. SPIP maturity also had a positive and significant effect on audit opinions, with a path coefficient value of 0.445 and significance $P < 0.001$. This effect fell into the "Moderate" category, contributing 24.2% to audit opinions.

The results of this study were consistent with agency theory, where oversight mechanisms such as SPIP and APIP play a significant role in reducing the risk of potential deviations and ensuring the implementation of good governance principles. These findings were further supported by previous research showing the positive impact of APIP capabilities and SPIP maturity levels on audit opinions or the quality of financial statements.

Future research should investigate other independent variables that may influence audit opinions, such as the quality of human resources in APIP, support from top management, or other external factors related to the government context. It is also important to explore whether there are variables that function as mediators or moderators (which can strengthen or weaken the relationship) that can broaden the understanding of the relationship between APIP capabilities, SPIP maturity levels, and audit opinions, such as the role of regional financial statement quality as a mediator. In addition to quantitative methods, future research could utilise qualitative approaches, such as conducting in-depth interviews with APIP and BPK, or a combination of both methods to gain deeper insights into the challenges and best practices in enhancing APIP capabilities and SPIP maturity.

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