

ABSTRACT

Agency theory explains the principal (public) relationship which is the decision-maker and empowers the agent (government) to perform all activities on behalf of the principal. However, the agent is more interested in maximizing his or her well-being than the principal objective, it can lead to conflict or agency problems. The audit result of the Badan Pemeriksa Keuangan Republik Indonesia is believed to have an effect on the alleged corruption crime.

The purpose of this research is analyze and provide empirical evidence on how the influence of audit opinions, audit findings, and follow-up audit results simultaneously or partially. The sample in this research is 13 provincial government in Indonesia by using technique of collecting sample that is purposive sampling. This research uses secondary data with multiple linear regression analysis.

Based on the results of data processing, the average of audit opinion obtained the local governments is unqualified audit opinion with explanatory paragraph. The audit findings obtained for each province fluctuate each year while for audit rectification results show percentage of settlement up to 95%. The level of corruption in the provincial government on an average increase every year (2012-2015) that is 0.15 cases for 10,000 inhabitants per province.

Based on this research indicate that partially audit findings has negative effect on corruption level at provincial government. While the variables of audit opinion and audit follow-up do not partially affect the level of corruption in the provincial government. Then simultaneously audit opinion variables, audit findings, and follow-up audit results affect the level of corruption in the provincial government.

Keywords : Audit Opinion, Audit Finding, Audit Rectification, Corruption Level