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Analysis of the Relationship between State Budget Realization and Findings of Weaknesses in Public Sector Audits

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Abstract

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This study examines the relationship between the realization level of the State Revenue and Expenditure Budget and the number of weaknesses identified in the Audit Reports issued by the Audit Board of the Republic of Indonesia. Using a quantitative correlational approach, the research relies on secondary data obtained from BPK audit reports to analyze the relationship between budget realization (X) and audit weakness findings (Y). The results of the Pearson correlation test indicate a positive relationship with a correlation coefficient of $r = 0.450$; however, the relationship is not statistically significant ($p = 0.447$). These findings suggest that the level of State Revenue and Expenditure Budget realization does not have a significant association with the number of audit findings related to weaknesses in public sector management. Other factors, such as the effectiveness of internal control systems, governance quality, and human resource competence, are likely to play a more substantial role in influencing audit outcomes. The limited sample size covering only five years ($N = 5$) also reduces the statistical power of the analysis. Consequently, budget realization cannot be used as a direct indicator of internal control quality, and further research with broader variables and longer observation periods is recommended.

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1. Introduction

Government budget management is one of the main pillars in realizing accountable public sector governance. The realization of the State Budget reflects the extent to which programs and activities can be carried out effectively while demonstrating the capacity of institutions in managing state resources. Any deviation in the implementation of the budget has the potential to cause weaknesses, especially weaknesses in internal control and non-compliance with laws and regulations. These findings are important indicators to assess the quality of governance, considering that public accountability can only be achieved if the government is able to ensure that the budgeting process is carried out transparently and in accordance with public sector audit standards.

Various previous studies have emphasized the role of internal control systems and budgeting practices in preventing the emergence of weaknesses and potential deviations. Research by Tjandrakirana et al. (2019) shows that weaknesses in internal control are closely related to the characteristics of local governments and the effectiveness of follow-up on audit results. The findings confirm that governance factors play an important role in determining the quality of reporting and audit results. On the other hand, the study by Mardiasmo (2021) emphasizes that weak planning and budgeting have the potential to increase the risk of fraud if the internal control system does not run optimally. The relevance between aspects of budgeting, internal control, and the quality of audit results is also seen in the study of Rahmawati et al. (2022) which states that the budgeting process needs to be supported by a strong internal supervision mechanism so that budget discipline can be maintained.

Although previous research has discussed the relationship between internal controls, budgeting practices, and audit weakness risk, studies on the direct relationship between the level of state budget realization and the number of weakness findings are still relatively limited. Most research focuses on institutional factors or government characteristics, not on quantitative budget performance indicators such as budget realization. In fact, the amount of budget realization reflects the intensity of fiscal activities that can affect the chances of errors, inefficiencies, or procedural weaknesses (Iskandar, 2021). Thus, it is important to examine whether the level of realization of the State Budget has a systematic relationship with the auditor's findings of weaknesses in the context of public sector audits.

This study aims to analyze the relationship between the realization of the State Budget and the findings of weaknesses in the audit of auditors. This analysis is expected to contribute to the public sector audit literature, especially in explaining whether the performance of budget implementation correlates with the quality of internal control and government compliance. In addition, this research is expected to provide practical benefits for government agencies in improving the effectiveness of budget planning, implementation, and supervision.

2. Literature Review

2.1. Internal Controls and Weakness Findings

Internal control is an important component in ensuring the effectiveness of government financial management. A robust internal control system helps organizations minimize the risk of errors, ensure regulatory compliance, and improve the reliability of financial statements (Hamed, 2023). In the context of public sector audits, weaknesses in internal controls are often one of the dominant types of findings. The findings of these weaknesses can be in the form of procedural inconsistencies, lack of separation of functions, or weak supervision of budget implementation.

According to Triono and Subowo (2020), weaknesses in internal control have a significant relationship with government characteristics and the quality of follow-up on audit recommendations. This study confirms the importance of internal governance in preventing the emergence of repeated weaknesses. Furthermore, Kuntadi (2023) stated that the effectiveness of internal control greatly determines the ability of public organizations to detect and prevent deviant practices, especially in the planning and budgeting phases. Thus, the findings of weaknesses that emerged in the audit can be understood as a reflection of the ineffectiveness of the internal control system implemented by the government work unit.

H1: There is a relationship between the realization of the state budget and the findings of weaknesses.

2.2. Budget Realization and Implementation Performance

Budget realization is an indicator that reflects the performance of the implementation of government programs and activities. An optimal level of budget realization indicates the organization's ability to effectively channel resources to achieve the goals that have been set. However, very low or very high budget realization can indicate problems in planning, implementation, or internal oversight mechanisms.

According to Jauhari et al. (2021), the process of preparing a quality budget must be followed by an adequate internal control system so that budget discipline can be maintained during its implementation. When budget implementation is not according to plan, the risk of administrative errors or procedural weaknesses increases so that it can have an impact on the quality of program performance. In addition, research by Shofwah and Handayani (2019) emphasizes that budget realization is one of the important parameters in assessing the effectiveness of government agencies, where significant deviations between plans and realization often reflect weak planning accuracy or implementation control. Thus, budget realization is not only a measure of fiscal output, but also an indicator of the quality of governance and institutional efficiency in utilizing public resources.

H0: There is no relationship between the realization of the state budget and the findings of weaknesses.

3. The Relationship Between Budget Realization and Audit Findings

The relationship between budget realization and audit findings has been a concern in public sector studies, although there has been no direct study examining the relationship between the two. Theoretically, the level of fiscal activity indicated by budget realization could affect the likelihood of weakness findings. The higher the rate of budget realization, the greater the volume of transactions and operational activities that must be controlled, so the chance of errors or non-compliance can also increase (Fahlevi et al., 2022). Conversely, low-budget realization can also indicate suboptimal planning, weak implementation, or lack of supervision, which can ultimately lead to various audit findings.

The study of Mardiasmo (2021) shows that the quality of budgeting has an influence on the risk of weaknesses, especially if the planning and supervision process does not run according to the principles of internal control. This is in line with the view that budget realization can be used as an important variable to read performance as well as potential problems in budget implementation. Although there has not been much research that specifically links budget realization to the number of weakness findings, this research gap provides room for empirical studies to examine whether this relationship actually occurs in the context of public sector audits.

Thus, the study of the relationship between budget realization and weakness findings is important to enrich the literature on budget management and public sector auditing, as well as provide an empirical basis for improving government financial governance. Based on the theoretical description and the results of previous research, this study formulated the following two hypotheses:

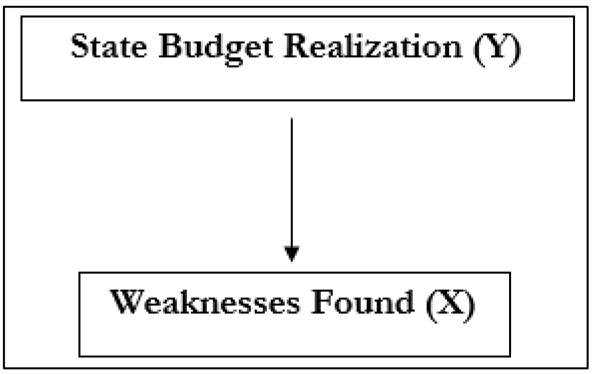

Figure.1 Conceptual Framework

Figure 1 illustrates the correlation between two variables, namely State Budget Realization (Y) and Weakness Findings (X). The direction of the double-sided arrow indicates that the relationship being tested is reciprocal, meaning that an increase in one variable can be related to a change in the other, without indicating the direct direction of cause and effect. In the context of this study, the correlation in question aims to find out whether the level of government budget realization has a relationship with the number of weakness findings identified by the auditor in the audit report.

3. Methods

This study employs a quantitative approach to analyze the relationship between the realization of the State Budget and the number of weaknesses identified in audit findings. The quantitative method is selected because the research focuses on measuring numerical data, examining relationships between variables, and applying statistical analysis to generate objective and measurable results. The study adopts a correlational research design, which aims to determine whether a linear relationship exists between the level of State Budget realization as the independent variable (X) and the number of weakness findings as the dependent variable (Y). This research does not seek to establish causality, but rather to assess the strength and direction of the relationship between the two variables.

The data used in this study consist of secondary data obtained from the Audit Results Reports (LHP) of the Audit Board of the Republic of Indonesia (BPK RI), which are publicly available through official BPK publications. These reports provide information on the realization of the State Budget and the number of weaknesses identified in government work units during the observation period. The use of secondary data is justified by the high credibility of BPK RI audit reports, which serve as authoritative documents for evaluating government financial governance. Data collection is conducted through a review of public BPK documents, including summaries of audit results, overview reports, and central government financial statements that contain the required variables.

Data analysis is carried out in several stages. First, validity testing is conducted to ensure that the indicators used accurately measure the research variables. In the context of secondary data, validity is assessed based on the compatibility between budget realization figures and weakness findings with their operational definitions. The validity test is performed using Pearson correlation between each indicator and the total variable score, with indicators considered valid if the significance value is below 0.05. Second, reliability testing is conducted to ensure data consistency using Cronbach's Alpha, where a value of 0.70 or higher indicates reliable data.

After the data are confirmed to be valid and reliable, Pearson correlation analysis is applied to determine the direction and strength of the relationship between State Budget realization and weakness findings. The correlation coefficient (r) is used to interpret whether the relationship is weak, moderate, or strong, as well as positive or negative, using a significance level of 0.05. The State Budget realization variable is measured based on percentage or nominal realization figures reported in the LHP, while weakness findings are measured by the number of internal control and regulatory compliance issues identified in the audit reports. The study population includes all government work units listed in the LHP during the observation period, with the sample selected purposively based on data completeness.

4. Results

This section presents the results of data analysis conducted to test the relationship between the realization of the State Revenue and Expenditure Budget (APBN) and the number of weakness findings found by the auditor in the audit report. The analysis was carried out using the Pearson correlation test to see the direction and strength of the relationship between the two variables. These results are expected to provide an empirical picture of the extent to which the level of budget implementation is related to the quality of internal control and accountability of government financial management. The following are presented the results of the correlation analysis between the variables of the realization of the State Budget and the findings of the auditor's weaknesses.

Tabel 1. Descriptive Statistics

Descriptive Statistics			
	Red	Hours of deviation	N
	19.40	6.542	5
	89.7340	18.82639	5

Table 1 shows the results of Pearson's correlation analysis showing that the relationship between the finding of weakness (X) and the realization of the State Budget (Y) has a positive direction with a coefficient value $r = 0.450$. This positive correlation value indicates that numerically there is a tendency that the more weaknesses found by auditors, the higher 33the level of state budget realization—or vice versa. The direction of the relationship can be interpreted as that an increase in budget activities or the intensity of government spending has the potential to open up opportunities for weaknesses in internal controls, so that auditors find more findings. However, this relationship is only descriptive and cannot be considered a strong or significant relationship.

Tabel 2. Outpus SPSS Correlations

Correlations			
	Pearson Correlation	1	.450
	Sig. (2-tailed)		.447
	N	5	5
	Pearson Correlation	.450	1
	Sig. (2-tailed)	.447	
	N	5	5

Table 2 shows a significance value of $p = 0.447$ which is far above the limit of $\alpha = 0.05$ indicating that the relationship between the findings of weaknesses and the realization of the State Budget is not statistically significant. This means that there is no strong enough empirical evidence to state that the change in the level of realization of the state budget is actually related to the change in the number of weakness findings. The positive correlation seen is most likely to be a random variation or occur due to other factors outside the research model. Thus, the research hypothesis that states that there is a relationship between the two variables is unacceptable.

The very small sample size ($N = 5$) is also an important factor that affects the strength of statistical testing. In quantitative research, small sample sizes lead to low *statistical power*, so the ability of the analysis to detect actual relationships is very limited. With a limited number of observations, the value of the correlation coefficient becomes unstable and very sensitive to data variations in each entity. This can cause the results obtained not to reflect the conditions of the population more broadly.

The findings of this study are in line with the public sector audit literature which states that the relationship between budget realization and audit findings is generally not linear or direct. Other factors such as the effectiveness of internal control systems, human resource capacity, program complexity, and operational risks often play a more dominant role than just the level of budget expenditure. In other words, entities that have high budget realizations do not necessarily show more findings of weaknesses, as the quality of governance can greatly determine whether or not weaknesses appear in audit reports.

Based on the overall, the results of this study indicate that the positive correlation that emerges between the findings of weaknesses and the realization of the State Budget is not strong enough to be used as a basis for drawing causal conclusions. The relationship is only indicative, weak, and not statistically significant. Therefore, further research with a larger and more comprehensive sampling design is needed to obtain a more accurate, stable, and generalizable picture of the relationship in the population of government entities more broadly.

5. Discussion

The results of the study show that the relationship between the findings of weaknesses and the realization of the State Budget has a positive but not significant direction. These findings illustrate that statistically speaking, the rate of budget realization is not strong enough to explain the variation in the number of weakness findings found by auditors. Thus, the correlations that emerged in this study are more descriptive and cannot be used to make conclusions about the consistent or systematic relationship between the two variables.

Theoretically, several previous studies have stated that the high realization of the budget can increase the complexity of transactions and the volume of activities, so that the chances of administrative errors or non-compliance increase. This condition can contribute to an increase in weakness findings (Tjandrakirana et al., 2019). However, the results of this study do not support this argument empirically.

The insignificance of the relationship found indicates that budget realization is not the dominant factor that influences the number of weakness findings. This is in line with the views of Kuntadi (2023) who emphasize that the emergence of weaknesses in audits is more influenced by the quality of internal control, the competence of the apparatus, and the accuracy of budget implementation than just the amount of budget realization.

These findings also signal that the audit process does not only focus on the high and low levels of budget activity, but rather on compliance with procedures, the effectiveness of internal controls, and the implementation of oversight mechanisms. Therefore, government entities that have high budget realization do not necessarily produce many weaknesses if they have a strong internal control system. On the other hand, low budget realization can still produce weaknesses if there are advantages or shortcomings in the budget management and documentation process.

One factor to consider is the very small sample size of the study (N = 5). With a limited number of observations, statistical analysis has such a low power that it is difficult to detect the actual relationship that may exist. This condition makes the correlation coefficient volatile and unstable, so the results cannot be generalized widely. Rahmawati et al. (2022) research confirms that variations in budget performance between government entities are influenced by many structural and operational variables, so a more accurate relationship analysis requires a larger sample.

When viewed from the perspective of public sector audits, the results of this study reinforce the view that the findings of weaknesses are not only a product of the amount of budget realization, but are a reflection of the overall quality of governance. Factors such as understanding regulations, the effectiveness of internal supervision, consistency in the implementation of SOPs, and the capacity of the apparatus have a major contribution to the emergence of audit findings. This shows that efforts to improve governance need to focus on strengthening internal control and increasing human resource capacity, not just on the level of budget absorption.

In general, this discussion confirms that the positive relationships that emerge in correlation analysis are not strong enough to be used as a basis for drawing empirical conclusions. Follow-up research with a wider scope, more detailed measurement methods, and consideration of moderation variables such as the quality of internal control or the complexity of the program are indispensable to produce a more comprehensive understanding.

6. Conclusion

This study examines the relationship between the realization of the State Budget and the number of weaknesses identified in the Audit Results Reports issued by the Audit Board of the Republic of Indonesia (BPK RI). Based on the Pearson correlation analysis, the results show a positive relationship between the two variables, with a correlation coefficient of $r = 0.450$. However, the significance value of $p = 0.447$ indicates that this relationship is not statistically significant at the 0.05 level. Consequently, the alternative hypothesis proposing a relationship between state budget realization and weakness findings is rejected, while the null hypothesis is accepted. These findings indicate that the level of state budget realization does not have a meaningful relationship with the number of weaknesses identified in public sector audits. Although a positive correlation appears descriptively, it does not reflect a stable or consistent pattern. This suggests that factors other than budget realization such as the effectiveness of internal control systems, human resource competence, program complexity, and compliance with regulations are more influential in determining the occurrence of audit weaknesses.

The lack of statistical significance is also influenced by the very small sample size (N = 5), which limits statistical power and reduces the ability to detect true relationships. As a result, the correlation coefficient cannot be generalized more broadly. This study concludes that budget realization cannot be used as a direct indicator to predict audit weakness findings. Improving government financial governance should focus on strengthening internal controls and institutional capacity rather than solely emphasizing budget absorption. Further research with larger samples and additional explanatory variables is recommended.

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