ABSTRACT

This study examines the effect of performance audit quality on the implementation of audit recommendations, with perceived usefulness of performance audits as a mediating variable in local governments in Central Java Province, Indonesia. The implementation of audit recommendations remains suboptimal despite its importance in determining the effectiveness of performance audits. This study employed a quantitative survey approach involving 48 respondents from 28 local governments audited by the Audit Board of the Republic of Indonesia during the 2020–2024 period. Data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM).

The results indicate that performance audit quality has a positive and significant effect on perceived usefulness of performance audits and on the implementation of audit recommendations. Perceived usefulness also positively and significantly affects the implementation of audit recommendations. Furthermore, perceived usefulness partially mediates the relationship between performance audit quality and the implementation of audit recommendations. These findings suggest that higher-quality performance audits generate information perceived as more useful, thereby encouraging auditees to implement audit recommendations more effectively.

Keywords: *performance audit quality, perceived usefulness of audit, implementation of audit recommendations, auditee, PLS-SEM*