International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

When Compliance Replaces Accountability: How Auditing Shapes Organizational Legitimacy in Politically Exposed

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Abstract

This study examines how accountability is enacted in campaign finance audits within politically sensitive environments. While prior research emphasizes audit effectiveness, limited attention has been given to how accountability is constructed under legitimacy pressures. Using an institutional and legitimacy-based perspective, this study analyzes accountability as a socially embedded practice. Data were collected through interviews with auditors, documentary analysis of audit reports, and regulatory review. The findings reveal that accountability is predominantly oriented toward procedural compliance as a response to legitimacy demands. Although forensic audit techniques are selectively integrated to enhance transparency, their governance value remains constrained by weak enforcement, fragmented reporting systems, and limited verification capacity. By integrating agency, stewardship, and legitimacy perspectives, this study demonstrates how symbolic accountability persists and why compliance substitutes for substantive public assurance. The study contributes by conceptualizing accountability as an institutionalized practice shaped by legitimacy dynamics in governance contexts.

Keywords: Accountability, Campaign finance, Forensic auditing, Legitimacy.

INTRODUCTION

Sustainable democratic governance depends not only on the formal existence of accountability mechanisms, but on how such mechanisms are enacted, interpreted, and internalized by organizational actors. In contemporary governance systems,

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accountability is increasingly institutionalized through audits, disclosure requirements, and compliance frameworks that are intended to enhance transparency, legitimacy, and public trust (Kirby, 2021; Martens & Bui, 2023). However, prior research suggests that accountability mechanisms do not always operate as instruments of substantive verification. Instead, they often function symbolically, emphasizing procedural conformity while obscuring the effectiveness of oversight practices (Kabullah et al., 2020; Laupe et al., 2022; Pilon & Brouard, 2023).

This tension between procedural compliance and substantive accountability represents a critical challenge for governance sustainability. Symbolic accountability may temporarily preserve institutional legitimacy, yet it risks eroding trust over time by normalizing superficial transparency and limiting organizational learning (Meier et al., 2023). As a result, accountability systems that prioritize formal disclosure over credible verification may undermine, rather than reinforce, the long-term sustainability of democratic governance.

Campaign finance oversight constitutes a particularly salient setting in which these dynamics unfold. Electoral processes are inherently legitimacy-sensitive, and audits of campaign finance reports are widely regarded as central mechanisms for ensuring fairness, integrity, and public confidence (Wood, 2023). Across jurisdictions, regulatory regimes require political actors to disclose campaign revenues and expenditures and to submit these disclosures to independent audit. Yet empirical evidence demonstrates that the existence of audit mandates does not necessarily translate into effective accountability. Instead, campaign finance audits frequently prioritize timeliness and documentation completeness over investigative depth, reinforcing a compliance-based logic of accountability (Kabullah et al., 2020; Laupe et al., 2022).

In emerging democracies, these challenges are often intensified by institutional constraints, weak enforcement, and political pressures that shape audit practices. Auditors operating in politically exposed engagements must navigate competing demands from regulators, political clients, and the public, which may narrow audit scope and constrain professional judgment (Heflin & Wallace, 2024; Urumsah et al., 2023). Under such conditions, audits risk becoming organizational rituals that signal conformity and legitimacy rather than mechanisms that produce substantive assurance.

Indonesia provides an analytically valuable context for examining how organizations respond to audit-based accountability pressures. As one of the world's largest emerging democracies, Indonesia has invested heavily in formalizing campaign finance accountability through regulatory frameworks. The General Election Commission

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(KPU) Regulation No. 14 of 2024 mandates the submission and independent audit of campaign fund reports for political parties and candidate pairs. While this framework reflects a formal commitment to transparency, prior studies document persistent weaknesses in enforcement, donor disclosure, and verification practices, suggesting a gap between regulatory intent and accountability outcomes (Kabullah et al., 2020; Muhammad Arsyad, 2024; Singgih Alfiyahya & Tantina Haryati, 2024).

From an organizational perspective, this gap raises a broader theoretical question: how do accountability mechanisms operate when organizations face strong legitimacy pressures but limited verification capacity? Existing research in accounting and governance has documented accountability dysfunctions and compliance-oriented audit practices in political finance, yet has paid limited attention to the organizational logic through which accountability is enacted and sustained over time (Urumsah et al., 2023). Moreover, the sustainability implications of symbolic versus substantive accountability remain under-theorized within the business and management literature, particularly in politically sensitive settings.

One approach increasingly emphasized as a response to these limitations is the integration of forensic auditing into accountability systems. Forensic auditing extends conventional audit practices by incorporating investigative techniques and data-analytic tools designed to detect anomalies, misstatements, and concealed irregularities (Abidoye et al., 2023; Đukić et al., 2023). Prior studies suggest that forensic methods such as Benford's Law, ratio analysis, and anomaly detection can enhance audit credibility and strengthen verification capacity (Celestin & Mishra, 2025; Kassem & Omoteso, 2023). However, empirical evidence also indicates that in constrained institutional environments, forensic auditing may itself be enacted symbolically, functioning as a signal of rigor rather than a driver of substantive accountability.

Theoretically, these dynamics can be understood through an institutional lens that integrates legitimacy theory with complementary insights from agency and stewardship perspectives. Legitimacy theory highlights how organizations adopt accountability practices to secure social approval and maintain institutional survival (Martens & Bui, 2023). Agency theory emphasizes the role of audits in mitigating information asymmetry between principals and agents ,(Bendickson et al., 2016; Jensen & Meckling, 1976), while stewardship theory underscores auditors' ethical orientation toward safeguarding public trust (Joseph Seun et al., 2025). When accountability practices are enacted symbolically, legitimacy may be preserved in the short term but weakened over time; when supported by credible verification, legitimacy and governance sustainability are reinforced.

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Despite the relevance of these perspectives, little is known about how auditors operationalize accountability under legitimacy pressure, how forensic auditing is integrated into politically exposed audit engagements, and how these practices shape the sustainability of governance systems in emerging democracies. Addressing this gap, this study examines campaign finance audits in Indonesia as a theoretically informative case to explore how accountability practices are constructed, constrained, and potentially transformed through forensic audit integration.

Consistent with its organizational and theoretical focus, this study addresses the following research questions:

1. How do auditors and audit organizations interpret and enact accountability in campaign finance audits under strong legitimacy pressures?
2. How is forensic auditing integrated into campaign finance audits, and to what extent does it function as a substantive verification mechanism versus a symbolic signal of audit rigor?
3. What institutional and organizational constraints shape the sustainability of accountability practices in politically sensitive audit environments?

LITERATURE REVIEW

Accountability as an Institutional Practice

Accountability is widely conceptualized as a foundational mechanism for ensuring transparency, control, and legitimacy within governance systems. In institutional settings, accountability extends beyond technical reporting requirements to encompass socially constructed expectations regarding appropriate organizational conduct (Kirby, 2021; Martens & Bui, 2023). From this perspective, accountability is not merely a neutral administrative process but an institutional practice shaped by norms, rules, and legitimacy pressures.

Prior research distinguishes between substantive accountability, which emphasizes verification, learning, and corrective action, and symbolic accountability, which prioritizes procedural conformity and formal disclosure (Kabullah et al., 2020; Pilon & Brouard, 2023). Symbolic accountability emerges when organizations comply with formal requirements without meaningfully enhancing transparency or oversight. While such practices may temporarily satisfy regulatory demands and preserve institutional legitimacy, they risk undermining governance sustainability by normalizing superficial transparency and limiting trust-building over time (Meier et al., 2023).

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In politically sensitive contexts, accountability practices are particularly susceptible to symbolic enactment. Organizations facing intense public scrutiny and legitimacy threats may prioritize visible compliance over substantive assurance, transforming accountability into a ritualized response rather than a mechanism of control (Laupe et al., 2022). This institutional interpretation reframes accountability as a socially embedded process, shaped by power relations, political influence, and regulatory design.

Auditing, Legitimacy, and Organizational Responses

Auditing occupies a central position within institutional accountability systems, functioning as a formal mechanism through which organizations demonstrate compliance and credibility. Agency theory conceptualizes auditing as a monitoring device intended to reduce information asymmetry between principals and agents (Bendickson et al., 2016; Jensen & Meckling, 1976). In idealized settings, audits enhance transparency, constrain opportunistic behavior, and support effective governance.

However, empirical research increasingly suggests that audits do not always fulfill this substantive monitoring role. In environments characterized by weak enforcement or political interference, audits may be enacted primarily as legitimacy-enhancing practices rather than as tools of verification (Kabullah et al., 2020; Urumsah et al., 2023). From a legitimacy theory perspective, organizations adopt auditing practices to align with societal expectations and maintain institutional approval, even when audit procedures are constrained in depth or scope (Martens & Bui, 2023).

Stewardship theory adds a complementary layer by emphasizing auditors' intrinsic motivation to act as custodians of public trust (Joseph Seun et al., 2025). Auditors may perceive their role as ethically grounded and socially responsible, particularly in public-interest engagements. Yet stewardship orientations alone are insufficient to overcome institutional constraints such as limited access to data, regulatory ambiguity, or political pressure. As a result, audit practices may still converge toward symbolic compliance despite auditors' professional commitment.

This literature highlights a critical institutional tension: auditing can simultaneously function as a mechanism of control and as a symbolic display of legitimacy. The balance between these functions is shaped not only by professional norms but also by the broader governance environment in which audits are embedded.

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Forensic Auditing as an Institutional Response to Accountability Pressure

Forensic auditing has emerged as a prominent response to perceived limitations of conventional audit practices. Unlike traditional compliance-oriented audits, forensic auditing incorporates investigative techniques, data analytics, and anomaly detection to enhance verification and fraud detection capacity (Abidoye et al., 2023; Đukić et al., 2023). Empirical studies demonstrate that tools such as Benford's Law, ratio analysis, and advanced analytics can strengthen auditors' ability to identify irregularities and enhance audit credibility (Celestin & Mishra, 2025; Kassem & Omoteso, 2023).

From an institutional perspective, forensic auditing can be interpreted as an organizational response to heightened legitimacy pressures. As expectations for transparency and accountability intensify, organizations and regulators may adopt forensic techniques to signal rigor, modernization, and responsiveness to public concerns. However, the effectiveness of forensic auditing as a substantive accountability mechanism depends on the institutional conditions under which it is deployed.

Prior research indicates that in settings characterized by weak enforcement, limited digital infrastructure, or ambiguous regulatory mandates, forensic auditing may itself be enacted symbolically (Laupe et al., 2022; Urumsah et al., 2023). In such contexts, forensic techniques are applied selectively or superficially, functioning more as legitimacy signals than as drivers of substantive transparency. This phenomenon mirrors broader patterns of symbolic accountability, where advanced tools are adopted without corresponding institutional support.

Thus, forensic auditing occupies an ambiguous institutional position. It holds the potential to transform accountability practices by enhancing verification and reducing information asymmetry, yet it may also be co-opted into symbolic compliance regimes when structural constraints persist.

Accountability, Legitimacy, and Governance Sustainability

The sustainability of governance systems depends on the durability of institutional legitimacy over time. Legitimacy theory emphasizes that organizations must continuously align their practices with evolving societal expectations to maintain acceptance and trust (Martens & Bui, 2023). Accountability mechanisms play a critical role in this process by providing assurance that organizational actions are transparent, ethical, and subject to oversight.

When accountability practices are predominantly symbolic, legitimacy becomes fragile. While formal compliance may satisfy short-term expectations, the absence of

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credible verification undermines trust and increases the risk of institutional erosion (Meier et al., 2023). Conversely, accountability systems grounded in substantive verification contribute to governance sustainability by fostering learning, deterrence, and public confidence.

Within this framework, forensic auditing can be conceptualized as a moderating institutional mechanism that shapes the relationship between accountability practices and legitimacy outcomes. When supported by strong enforcement, professional capacity, and digital infrastructure, forensic auditing can shift accountability from symbolic compliance toward substantive assurance. When these conditions are absent, forensic auditing risks reinforcing legitimacy narratives without addressing underlying governance vulnerabilities.

Despite growing interest in accountability and forensic auditing, existing literature offers limited empirical insight into how these dynamics unfold in emerging democracies, particularly within politically sensitive domains such as campaign finance. Most studies document accountability dysfunctions or technical limitations without examining the institutional logic through which accountability is enacted and sustained over time (Kabullah et al., 2020; Urumsah et al., 2023). This gap underscores the need for theoretically informed, qualitative research that examines accountability as an organizational and institutional process rather than a purely technical function.

RESEARCH METHODS

Research Design and Epistemological Positioning

This study adopts a theory-driven interpretive qualitative research design to examine how accountability practices and forensic audit integration are institutionalized and enacted within politically sensitive governance environments. Rather than measuring audit effectiveness or estimating causal relationships, the study seeks to explain how accountability is constructed, constrained, and sustained under legitimacy pressure, consistent with institutional and governance-oriented research traditions (Braun & Clarke, 2006; Nowell et al., 2017).

An interpretive approach is particularly appropriate for sustainability-oriented governance research, as it enables in-depth examination of how organizational actors negotiate meanings of accountability that shape long-term institutional legitimacy rather than short-term procedural outcomes (Kirby, 2021; Martens & Bui, 2023). Indonesia is analytically positioned as a theoretically informative case of an emerging democracy

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characterized by formal accountability mandates, high legitimacy expectations, and constrained verification capacity (Kabullah et al., 2020; Urumsah et al., 2023).

Sampling and Participants

Participants were selected using theoretical and purposive sampling to capture institutionalized accountability logics shared among auditors operating in politically exposed engagements. The study involved twelve licensed public accountants, including partners, managers, and senior or junior auditors from five public accounting firms (Kantor Akuntan Publik, KAP). All participating firms were formally accredited by the Indonesian Institute of Public Accountants (IAPI) and authorized by the General Election Commission (KPU) to conduct campaign finance audits during the 2024 national and regional election cycles.

The sampling strategy prioritized elite professional informants with direct responsibility for implementing audit-based accountability mechanisms, rather than broad representativeness. The number of participants was deemed sufficient to achieve thematic saturation, defined as the point at which additional interviews no longer generated substantively new insights into institutional accountability practices (Nowell et al., 2017). An overview of the informants' professional backgrounds, roles, and audit experience is presented in Table 1.

Table 1. Auditor Demographics and Professional Background.

Role/Position	Number of Participants	Percentage	Description
Partner/Manager	5	40%	Senior audit decision-makers
Senior/Junior Auditor	7	60%	Operational auditors in campaign-fund audits
Total	12	100%	

Source: Author's fieldwork, 2026.

Data Collection Procedures

Data were collected between February and June 2024 using three complementary sources: semi-structured interviews, documentary analysis of audited campaign finance reports, and regulatory review. The use of multiple data sources enabled methodological

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triangulation, strengthening the credibility of findings by cross-validating institutional narratives against documentary and regulatory evidence (Nowell et al., 2017).

Semi-structured interviews were conducted with all twelve auditors to explore how accountability principles, professional judgment, and forensic audit techniques were interpreted and enacted in practice. Interviews lasted between 60 and 90 minutes and were audio-recorded with informed consent. The interview guide was reviewed by senior accounting academics to ensure conceptual alignment with prior research on audit accountability and forensic auditing (Laupe et al., 2022; Urumsah et al., 2023).

Documentary analysis was undertaken on fifteen audited campaign fund reports submitted to the KPU during the 2024 election cycle. These documents were examined to assess disclosure completeness, consistency, and the extent to which verification procedures extended beyond formal compliance. Quantitative data contained in the reports were subjected to Benford's Law analysis to identify numerical anomalies indicative of potential irregularities (Celestin & Mishra, 2025; Matheus et al., 2023). The results were used analytically and descriptively to support qualitative interpretation rather than to test hypotheses or make fraud-detection claims.

In addition, a regulatory review of KPU Regulation No. 14 of 2024 was undertaken to examine formal accountability requirements, auditor obligations, documentation standards, and enforcement mechanisms governing campaign finance audits (Singgih Alfiyahya & Tantina Haryati, 2024). The key documents and regulatory instruments analyzed in this study are summarized in Table 2.

Table 2. Data Sources and Methods of Validation.

Data Source	Type	Purpose	Validation Method
Semi-structured Interviews	Primary	Explore auditors' perceptions on accountability and independence	Member checking, peer debriefing
Campaign-Fund Audit Reports	Secondary	Assess disclosure completeness and consistency	Benford's Law test, document cross-check
KPU Regulation No.14/2024	Regulatory	Define compliance and reporting framework	Expert review, contextual validation

Source: Compiled by the author (2026)

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Data Analysis Techniques

Data analysis followed Braun and Clarke (2006) six-phase thematic analysis framework, which is widely applied in qualitative governance and accounting research. The analytical process involved familiarization with interview transcripts and documents, generation of initial codes, identification and refinement of themes, and synthesis of findings across data sources.

Thematic analysis was used not only to identify recurring patterns, but also to interpret how accountability practices function symbolically or substantively within the broader context of governance sustainability. Particular attention was given to tensions between procedural compliance and substantive assurance, and to the role of forensic audit integration in moderating these dynamics. NVivo 12 software supported systematic coding and data management. The qualitative data were analyzed following the six-phase thematic analysis approach proposed by Braun and Clarke (2006), as illustrated in Figure 1



Figure 1. Six-phase thematic analysis framework applied in this study.

Trustworthiness and Research Quality

To ensure methodological rigor, the study applied established criteria for qualitative trustworthiness, including credibility, transferability, dependability, and confirmability (Nowell et al., 2017). Credibility was enhanced through member checking, whereby selected participants reviewed interpretive summaries of their interviews. Dependability and confirmability were supported through peer debriefing and the maintenance of a transparent audit trail documenting analytical decisions.

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Transferability was addressed by providing rich contextual descriptions of Indonesia's campaign finance audit environment and by analytically positioning the case as representative of accountability challenges commonly faced by emerging democracies. This approach enables analytical generalization, allowing theoretical insights to inform comparable governance contexts.

Ethical Considerations

Given the politically sensitive nature of campaign finance audits, ethical integrity was prioritized throughout the research process. Ethical approval was obtained from the author's institutional review board prior to data collection. Participation was voluntary, informed consent was obtained before interviews were recorded, and strict confidentiality was maintained through anonymization of participants and organizations.

Methodological Limitations

While the interpretive qualitative design provides in-depth insight into institutional accountability practices, the findings are context-specific to Indonesia's 2024 electoral environment. The study does not claim statistical generalizability; instead, it offers analytical generalization by theorizing how accountability is enacted under legitimacy pressure. Potential social desirability bias associated with self-reported interview data was mitigated through triangulation with documentary and regulatory evidence. Future research could employ comparative or mixed-method designs across jurisdictions to further examine the sustainability implications of forensic audit integration.

RESULTS AND DISCUSSION

Results

This section presents the empirical findings derived from the thematic analysis of interview data, documentary evidence from campaign finance audit reports, and regulatory review. The results focus on how accountability practices are enacted, how forensic audit techniques are applied in practice, and how institutional conditions shape audit implementation. The findings are organized into three interrelated themes emerging consistently across data sources. An overview of the themes, key empirical indicators, and their analytical focus is presented in Table 3.

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Table 3. Key Themes, Evidence, and Analytical Relevance.

Theme	Description	Key Evidence	Theoretical Link
Professional Accountability	Ethical awareness but constrained by political influence and low independence	Interview quotes; compliance orientation	Stewardship Theory
Forensic-Audit Integration	Improves anomaly detection and strengthens audit credibility	Application of Benford's Law, data analytics	Agency Theory
Institutional Constraints	Weak enforcement, limited resources, and procedural focus	Late/incomplete disclosures	Legitimacy Theory

Source: Author's thematic analysis results, 2026.

Accountability Practices and Professional Judgement

Interview data indicate that auditors primarily operationalize accountability through adherence to formal regulatory requirements. Participants consistently emphasized timely submission of audit reports, completeness of required documentation, and conformity with prescribed audit checklists as the main indicators of accountable performance. Audit engagement success was commonly evaluated based on whether reporting deadlines were met and whether required forms and supporting documents were formally complete.

Auditors reported that professional judgment was exercised within clearly defined procedural boundaries established by electoral regulations. Several participants noted that while audit opinions were issued, the scope of verification was constrained by predefined engagement terms and limited access to independent corroborating evidence. As a result, audit work focused predominantly on document verification rather than on in-depth examination of transaction substance.

Documentary analysis of audited campaign fund reports corroborates these accounts. The reports exhibit a high degree of structural uniformity, reflecting standardized regulatory templates. Although financial disclosures were generally complete in form, explanatory detail regarding funding sources and expenditure rationales was limited. Cross-report comparison revealed consistent formatting and similar narrative

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structures, suggesting procedural standardization rather than risk-based differentiation across audit engagements.

Together, interview and documentary evidence indicate that accountability practices in campaign finance audits are predominantly enacted through procedural compliance mechanisms, with professional judgment applied largely to ensure alignment with formal requirements.

Forensic Audit Integration and Verification Capacity

A second theme concerns the application of forensic audit techniques within campaign finance audits. Interview participants acknowledged the potential value of forensic methods for identifying irregularities and strengthening verification. However, their use in practice was described as selective and constrained.

Most auditors reported employing analytical procedures, such as trend analysis and basic ratio comparisons, as part of routine audit work. Benford's Law testing was occasionally applied to numerical data contained in campaign finance reports, particularly when time and data structure permitted. Auditors described this procedure as an exploratory analytic tool used to flag unusual numerical patterns rather than as a definitive method for identifying misstatements or fraud.

Analysis of fifteen audited campaign fund reports indicates that forensic techniques were not systematically embedded within audit procedures. References to data analytics or anomaly screening were limited, and follow-up testing based on analytical indicators was rarely documented. Where numerical irregularities were observed, auditors reported that additional procedures were often constrained by limited access to external verification sources, such as banking records or donor databases.

Participants emphasized that the absence of explicit regulatory mandates for forensic auditing reduced incentives to extend analytical findings into deeper investigative procedures. Time constraints associated with election schedules further limited opportunities for extended verification. As a result, forensic audit techniques functioned primarily as supplementary procedures rather than as central components of audit engagements.

Institutional Constraints Affecting Audit Implementation

The third theme relates to institutional conditions that shape how campaign finance audits are conducted. Auditors consistently identified weak enforcement mechanisms as a significant constraint. Although regulations formally require disclosure and audit of

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campaign finance reports, participants reported that sanctions for late submission or incomplete disclosure were inconsistently applied.

Documentary evidence supports these observations. Several audit reports reviewed were submitted after statutory deadlines without documented penalties or follow-up actions. In some cases, incomplete donor information or aggregated expenditure categories were accepted without requests for clarification or revision.

Participants also highlighted fragmented documentation systems across regional election offices. Variations in reporting templates and submission formats created inconsistencies in audit documentation, complicating cross-verification efforts. Limited digital infrastructure further constrained verification, as auditors lacked access to integrated databases that could facilitate confirmation of donor identities or transaction authenticity.

Auditors reported reliance on client-provided documentation due to the absence of real-time verification tools. This reliance restricted the scope of audit evidence and limited the feasibility of independent corroboration. Some auditors described informal triangulation practices, such as cross-checking reported expenditures against publicly observable campaign activities. However, these practices were described as ad hoc and dependent on individual initiative rather than institutionalized procedures.

DISCUSSION

This study examines how accountability is enacted in campaign finance audits by interpreting the empirical findings through an institutional and legitimacy-oriented lens. Rather than evaluating audit effectiveness in detecting fraud, the discussion explains how formal accountability mechanisms, professional judgment, and forensic audit practices are shaped by institutional pressures and legitimacy considerations in politically sensitive governance contexts.

Symbolic Accountability and Sustainability Risks

The dominance of compliance-oriented accountability observed in this study is consistent with prior research indicating that formal accountability mechanisms often function symbolically in politically sensitive environments (Kabullah et al., 2020b; Pilon & Brouard, 2023). By equating accountability with procedural adherence, institutions are able to signal conformity to regulatory expectations and secure short-term legitimacy, while substantive governance risks remain largely unaddressed.

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From a governance sustainability perspective, such symbolic accountability presents structural vulnerabilities. Sustainable governance requires accountability arrangements that extend beyond visible compliance to support learning, transparency, and corrective action over time. The findings indicate that when audits are primarily confined to symbolic functions, their capacity to strengthen democratic institutions is constrained. Accountability practices become oriented toward legitimacy preservation rather than toward enhancing governance quality, thereby weakening their long-term sustainability.

Taken together, these empirical observations illustrate how enforcement weaknesses, fragmented reporting systems, and limited verification capacity collectively shape accountability practices, providing the basis for the institutional synthesis presented in Figure 2.

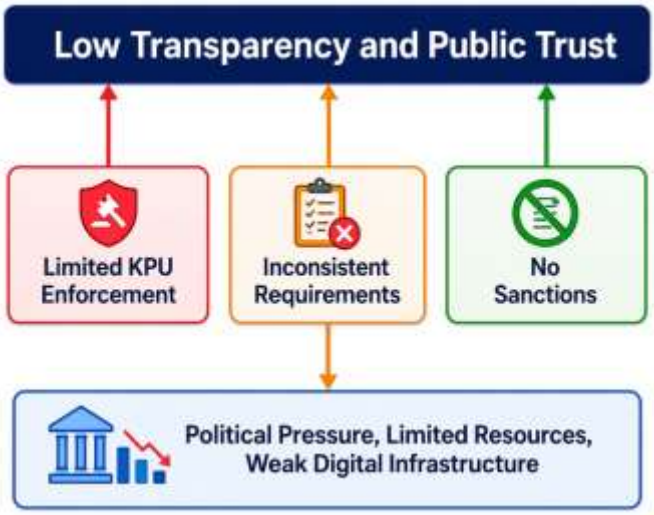


Figure 2. Institutional constraints shaping transparency and verification in campaign finance audits.

Late submissions and incomplete disclosures were rarely penalized, reducing incentives for substantive compliance. Empirical analyses of political parties' campaign finance reports by Muhammad Arsyad, (2024) corroborate these observations, indicating that several parties demonstrated formal compliance with documentation requirements while failing to disclose the full extent of campaign funding sources and expenditure

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details. This pattern reflects weak enforcement mechanisms and limited audit follow-up capacity within the existing accountability framework.

These institutional constraints were further exacerbated by fragmented reporting systems across regional election management offices. Variations in documentation templates and the absence of standardized digital submission portals resulted in inconsistent reporting practices. Participants also highlighted persistent difficulties in verifying donor authenticity due to the lack of integrated access to banking or financial transaction data. In the absence of real-time verification mechanisms, auditors were unable to determine whether reported contributions were genuine, recycled, or circular in nature. This condition reinforces information asymmetry between political actors and auditors, thereby constraining effective monitoring.

Consistent with Wood, (2023), transparency loses substantive meaning when it is not accompanied by independent validation mechanisms. Moreover, Prabowo, (2022) observes that corruption and financial manipulation practices have evolved in the post-pandemic era, increasingly adapting to digital and regulatory vulnerabilities. These dynamics underscore the growing misalignment between formal disclosure requirements and the practical capacity of audit systems to verify political finance information.

In response to these constraints, some audit firms reported experimenting with basic forensic procedures, such as reconciling reported donations with publicly available media coverage of campaign activities. Although rudimentary, such triangulation reflects an adaptive accountability orientation among auditors. However, these practices remained ad hoc and dependent on individual initiative rather than institutionalized audit policy. This pattern aligns with the findings of Arsyad, Natsir, & Dinhi, (2025), which indicate that audits of presidential and vice-presidential campaign finance reports in Indonesia frequently achieve formal compliance but fall short of providing substantive public assurance due to limited professional skepticism and constrained evidence collection.

Forensic Auditing as a Moderating Mechanism

The findings confirm the persistence of information asymmetry between political actors and auditors. Political agents retain primary control over campaign finance information, while auditors depend heavily on documentation selectively provided by audit clients. This imbalance limits monitoring capacity and reinforces accountability practices centered on formal compliance rather than substantive verification.

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From an agency theory perspective, forensic auditing represents a mechanism through which information asymmetry may be reduced by introducing empirical verification and data-driven scrutiny. Consistent with Jensen & Meckling, (1976), forensic techniques are conceptualized as tools to constrain opportunistic behavior and enhance transparency (Heflin & Wallace, 2024). However, the findings suggest that the practical impact of forensic auditing remains contingent on institutional conditions that shape its application.

From a stewardship perspective, auditors frequently perceive themselves as ethical custodians of public trust, motivated by professional values rather than narrow self-interest. Interview evidence indicates strong intrinsic commitment to integrity, reflecting stewardship-oriented motivations (Joseph Seun et al., 2025). Nevertheless, stewardship alone is insufficient to overcome systemic constraints such as limited resources, regulatory ambiguity, and political sensitivity. As a result, professional commitment operates within, rather than beyond, established institutional boundaries.

Legitimacy theory provides a complementary lens for understanding the broader societal implications of forensic audit integration. Transparent and evidence-based auditing practices reinforce institutional legitimacy by aligning accountability mechanisms with public expectations of fairness and credibility (Martens & Bui, 2023). Conversely, when audits are perceived primarily as procedural formalities, institutional legitimacy erodes, weakening the social contract between regulators and citizens. The findings demonstrate that forensic-based transparency has the potential to bridge procedural compliance and substantive accountability, although this potential is realized only under supportive institutional arrangements.

The integrative relationship between agency, stewardship, and legitimacy perspectives and the moderating role of forensic auditing in linking accountability practices, transparency, and governance sustainability is conceptually synthesized in Figure 3. This figure represents a theoretical integration informed by empirical findings rather than a direct causal model.

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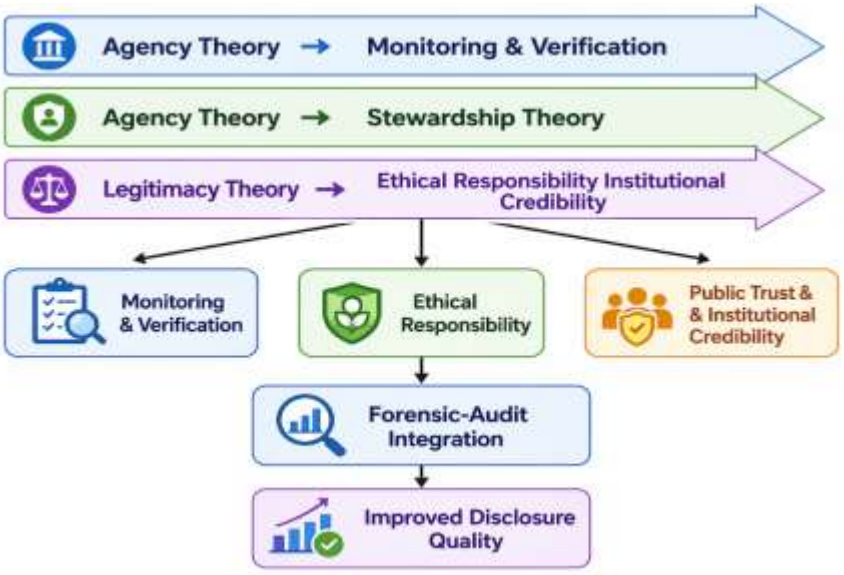


Figure 3. Theoretical integration of agency, stewardship, and legitimacy in forensic audit and governance.

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Emerging Democracies and Global Governance Implications

The findings also offer insights into accountability dynamics in emerging democracies operating within evolving governance frameworks. Comparative references to electoral oversight systems in jurisdictions such as Australia and the United Kingdom illustrate alternative institutional configurations in which forensic auditing and digital disclosure systems are more fully embedded. The Australian Electoral Commission employs risk-based forensic audits supported by digital ledger verification, while the UK Electoral Commission utilizes real-time online disclosure platforms that facilitate public monitoring (Matheus et al., 2023; Meier et al., 2023).

In contrast, Indonesia's campaign finance audit system remains predominantly compliance-based, relying on manual submissions and post-hoc verification processes. This institutional configuration limits the capacity of audits to function as instruments of sustainable governance rather than symbolic accountability. The comparative overview presented in Table 4 highlights how differences in audit design, auditor capability, and disclosure infrastructure shape accountability outcomes across jurisdictions.

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Table 4. Comparative Audit Practices and Policy Implications.

Aspect	Indonesia (KPU)	Australia (AEC)	United Kingdom (Electoral Commission)	Recommended Reform
Audit Type	Compliance-based	Risk-based forensic	Digital-ledger verified	Hybrid forensic-compliance approach
Auditor Training	Limited forensic exposure	Mandatory forensic certification	Integrated analytics curriculum	Introduce CPA forensic module
Disclosure Mechanism	Manual PDF submission	Online portal	Open data API	Real-time digital reporting system

Source: Authors' synthesis from KPU (Indonesia), AEC (Australia), and UK Electoral Commission (2026).

Rather than advocating specific policy interventions, these comparisons underscore the importance of institutional alignment. Accountability mechanisms are more likely to move beyond symbolic compliance when regulatory mandates, enforcement capacity, and verification infrastructure are mutually reinforcing. In the absence of such alignment, even technically sophisticated audit tools risk functioning symbolically rather than substantively.

Overall, the discussion demonstrates that accountability in campaign finance audits is institutionalized through legitimacy-driven practices that prioritize procedural conformity. Forensic auditing emerges as a potentially moderating mechanism capable of enhancing transparency, yet its impact is conditioned by broader institutional structures. As Meier et al., (2023) argue, transparency without validation risks becoming symbolic rather than substantive. In this context, forensic auditing should be understood not merely as a technical enhancement, but as an institutional practice whose governance value depends on the environment in which it is embedded.

CONCLUSION

This study contributes to the business and governance literature by explaining how accountability is enacted and sustained within campaign finance audits under conditions

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of institutional constraint. Drawing on qualitative evidence, the findings demonstrate that accountability practices in politically sensitive audit environments are predominantly shaped by procedural compliance and legitimacy considerations rather than by outcome-oriented verification goals.

The study shows that formal audit mechanisms function primarily as instruments of symbolic accountability. Compliance with regulatory requirements enables institutions to signal legitimacy and stability, yet simultaneously constrains the depth of verification and the capacity of audits to provide substantive public assurance. In this context, accountability operates less as a mechanism for governance improvement and more as an institutional response to legitimacy pressures.

By integrating agency, stewardship, and legitimacy perspectives, this study advances understanding of how professional judgment and forensic audit practices are embedded within institutional structures. Forensic auditing emerges as a potentially enabling practice that can enhance transparency and mitigate information asymmetry. However, its governance value is conditional rather than inherent. Where enforcement mechanisms are weak and verification infrastructure is limited, forensic techniques are more likely to be adopted symbolically than substantively.

The findings underscore that accountability effectiveness cannot be understood solely through the presence of audit procedures or technical tools. Instead, accountability outcomes are shaped by the alignment between regulatory mandates, professional norms, enforcement capacity, and institutional legitimacy demands. This insight extends existing theory by highlighting the institutional conditions under which accountability mechanisms stabilize governance arrangements without necessarily strengthening substantive transparency.

Overall, this study positions campaign finance auditing as an institutional practice that reflects broader organizational responses to legitimacy pressures in democratic systems. By shifting analytical focus from audit effectiveness to accountability construction, the study offers a theoretically grounded explanation of why procedural compliance persists and how symbolic accountability becomes institutionalized. These insights open avenues for future research to explore how changes in institutional design and enforcement environments may alter the role of auditing in supporting sustainable governance.

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