Volume 3, No. 7 July 2025
p-ISSN 3032-3037 | e-ISSN 3031-5786

ADVANCES IN SOCIAL HUMANITIES RESEARCH

The Effect of APIP Capability on Internal Audit Quality Moderated by Procedural Justice (Case Study at Cilegon City Inspectorate)

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Abstract
This research aims to examine the influence of auditor capabilities on the quality of internal audits at the Cilegon City Inspectorate, as well as analyze the role of *Procedural Justice* as a moderating variable in this relationship. The stagnation of local government performance assessment through *LPPD* and *SAKIP* instruments highlights the importance of improving the quality of internal audits as the basis for government performance evaluation. A quantitative method was used, involving 162 auditor respondents who completed a questionnaire; the data were analyzed using Smart PLS. The results showed that auditor capabilities had a positive and significant effect on the quality of internal audits (T-statistics = 4.039; p = 0.000), while *Procedural Justice* did not show a significant moderating effect (T-statistics = 1.285; p = 0.199). This research strengthens the theory of auditor competence and offers important implications for enhancing the quality of internal audits in government institutions. Findings related to *Procedural Justice* provide an opportunity for further research on the role of procedural justice in bureaucratic organizations.

Keywords: Auditor Ability, Internal Audit Quality, *Procedural Justice*, Cilegon City Inspectorate

Introduction

The management cycle views that supervision plays a very important role in assessing whether a work implementation process has run well or not. As stated by George R. Terry (Papp et al., 2018), "Control is determining what has been achieved, evaluating it, and implementing corrective actions, if necessary, to ensure results are in accordance with the plan".

The Inspectorate as an internal audit organization established by the Mayor of Cilegon based on Cilegon City Regional Regulation Number 1 of 2022 (Regional Regulation 2022) and Cilegon Mayor Regulation Number 28 of 2022 (Perwal, 2022) It has various important functions such as supervision, consultation, and information gathering. These functions are used as feedback to optimize the effectiveness of achieving organizational goals (Hazaea & Zhu, 2022). This role is very important in supporting the success of the development of Cilegon City which is carried out by all regional apparatus as a government entity. In carrying out their duties, the Government Internal Supervision Auditor (APIP) is expected to work independently and professionally to assist leaders and management in overcoming various problems in the administration of government. An effective APIP is also expected to anticipate fraud and support the achievement of government performance, both in terms of revenue and spending. APIP, which is also a

State Civil Apparatus, is a profession that has the obligation to manage and develop itself and is obliged to be responsible for its performance, this can be done by improving the performance and competence of APIP so that the results of supervision can be achieved optimally (Sobariah et al., 2018). The quality of the implementation of APIP's tasks is reflected in the quality of audit results represented through three main indicators, namely the quality of audit report results, the quality of review report results, and the quality of evaluation report results. These three indicators have an important meaning for the success of good and clean governance in Cilegon City. Demonstrate that a qualified auditor is able to produce the right audit recommendations, which are ultimately acted upon by the auditee. The more recommendations that are followed up, the higher the quality of the audit results produced. Audit quality is defined as an audit that is able to provide independent confidence in the credibility of accounting information, which in turn improves efficiency and resource allocation (Zhang, 2016). In the context of the public sector, the quality of oversight by APIP is reflected in compliance audits and performance audits. Compliance audits are conducted to assess the extent to which auditees comply with Norms, Standards, Procedures, and Criteria (NSPK), while performance audits are focused on assessing outputs, outcomes, targets, and goals that have been set in planning. Performance audits are one of the crucial factors in assessing public accountability which reflects the success of local government administration from an internal aspect (Difinubun et al., 2022). In addition, performance audits also function as a tool to ensure the realization of accountable governance (Aulia et al., 2024).

The success of the quality audit is greatly influenced by the level of capability that APIP has. These capabilities refer to APIP's ability to carry out supervisory tasks which include three main elements, namely capacity, authority, and competence of human resources (Wira, Wua & Gamaliel, 2020). In accordance with the mandate of Article 11 of Government Regulation Number 60 of 2008 (Menteri, 2008), the effective capabilities of APIP must be able to: provide adequate confidence in the compliance, frugality, efficiency, and effectiveness of achieving the goals of government agencies; provide early warning and improve risk management effectiveness; and maintaining and improving the quality of governance. Based on the above explanation and description, there is a relationship between APIP's capabilities and the quality of the audit produced.

Furthermore, in terms of the quality of auditors' work results, such as audit opinions in practice, are very closely related to vulnerability to code of ethics violations. Even close to corrupt acts/practices such as bribery. Several media, both print and electronic, national and regional, reported several examples of the involvement of the auditor's role in the auditee to obtain a good audit opinion in order to get recognition for his success in running the government, such as the provision of a Fair Opinion Without Exception (WTP) by BPK RI, or the achievement of high scores in SAKIP (Government Agency Performance Accountability System), which is used to show the success of financial management or performance agency. A quality audit opinion should be based on the independence of the auditor. Auditors must be independent in order to provide an objective audit opinion (Istri et al., 2023). State Financial Audit Standards (Peraturan

BPK Nomor 1, 2017) stated that independence is an impartial attitude and free from influence in the examination process. Independence allows auditors to be neutral and objective in compiling reports (Tanujaya & Reny, 2022). In the context of the relationship between *Procedural Justice* with the ability and quality of the audit results conducted by APIP is an effort to prevent fraud in the audit results given, which starts from the internal control process. The opportunity to commit fraud has a moderating effect on the relationship between the auditor's perception of the fairness of the organization and the rules and procedures imposed in the audit process. Procedural fairness has an indirect influence on the tendency to cheat through compliance with accounting rules (Didi, 2016).

According to the Indonesian Institute of Public Accountants (AAIPI, 2014), *Procedural Justice* include equality in the application of procedures, which can only be considered fair if they are conducted consistently, free from personal interests, based on accurate information, provide opportunities for redress of decisions, involve all interested parties, and adhere to moral and ethical standards. Thus, the application of procedural justice in audit practice not only maintains the quality of audit results, but also increases public confidence in local government financial accountability reports and government agency performance accountability reports, which have been audited proxies-quality by APIP Cilegon City.

There are 3 instruments that are generally used as a barometer for assessing local government performance by the Central Government, namely the LPPD Evaluation (Regional Government Implementation Report) conducted by the Ministry of Home Affairs, the Financial Statement Evaluation conducted by the Financial Audit Agency (BPK), and the SAKIP (Government Agency Performance Accountability System) Evaluation conducted by the Ministry of State Apparatus Empowerment and Bureaucratic Reform (Menteri Pendayagunaan Aparatur Negara dan Reformasi Birokrasi, 2014).

The three instruments are closely related to the quality of work carried out by APIP which is under the auspices of the Cilegon City Inspectorate in the form of audits, evaluations, and reviews. As mandated in the Regulation of the Minister of Home Affairs Number 18 of 2020 (Menteri Dalam Negeri Republik Indonesia, 2020), Regulation of the Minister of Finance Number: 8/PMK.09/2015, and Regulation of the Minister of State Apparatus Empowerment and Bureaucratic Reform Number 53 of 2014 (Menteri Pendayagunaan Aparatur Negara dan Reformasi Birokrasi, 2014).

Based on data on the performance achievements of the Cilegon City Government in 2020 – 2024. The LPPD Evaluation and the SAKIP Evaluation experienced stagnation in the assessment results. The evaluation of LPPD for 2 years (2021 – 2022) still received a medium assessment category. And the SAKIP evaluation from 2020 to 2024 is also still stagnant in the Good (B) category for 5 (five) consecutive years. In fact, numerically, in 2024 it will decrease by 0.33 points to 68.90 from 2023.

In addition to the results of the review, the quality of the internal audit conducted by the Government Internal Supervision Apparatus (APIP) can also be seen from the

Supervisory Results Report (LHP) of the Cilegon City Inspectorate for the last 3 years from 2022 to 2024.

The percentage of findings and recommendations that have not been followed up that year is still quite large, even in 2024 there has been a decrease in the number of findings, but if it is percentaged, there will still be an increase. This means that there are two assumptions whether the supervised regional apparatus does not follow up or precisely because the audit quality results are not good so that it cannot be understood by the Regional Apparatus to follow up.

On the other hand, based on the results of the auditor's performance survey in carrying out coaching and supervision in 2021 – 2023, it can be seen that aspects of independence, integrity, and professionalism, as well as the use of LHP have experienced very poor assessments from 2021 to 2022 and 2023.

However, if you look at the achievements of APIP's capabilities, namely APIP's ability to produce quality and effective supervision. The Banten Provincial Representative Financial and Development Supervisory Agency (BPKP) provided an assessment of APIP level 3 capabilities to the Cilegon City Inspectorate from 2021 to 2024.

What is meant by APIP Capability level 3 (integrated) is that APIP Cilegon City has established uniform internal audit professional practices and has been fully aligned with audit standards. Outcome at Level 3, APIP is able to improve performance efficiently and effectively by conducting performance audits/value for money audits and providing consulting services to improve organizational governance, risk management, and control processes. In addition, APIP must continue to conduct compliance audits to provide adequate confidence in compliance with the provisions, be able to prevent, detect, and overcome violations of the provisions.

Observing the details of the results of the BPKP evaluation of the Cilegon City APIP Ability Score for 2023 – 2024, there is an allegation that there is a relationship that affects the quality of the audit based on the components of supervision activities (delivery) and the quality of supervision (results) in the elements of roles and services that still need to be improved.

The components of supervision and quality supervision activities are defined as the roles and services provided by APIP to management and stakeholders to strengthen the governance of risk management and control provided in the form of assurance activities such as audit, review, monitoring, and evaluation. As well as activities in the form of consultation such as giving suggestions/recommendations.

By paying attention to some of the descriptions of the problems that have been raised previously, the researcher took the title "The Influence of Ability on the Quality of Internal Audit Moderated by Procedural Justice (Case Study on the Cilegon City Inspectorate)".

Research on the influence of capabilities on the quality of internal audits shows mixed results, resulting in significant research gaps. Some studies such as (Rukanda, 2021) and (Karaeng, 2023) emphasized that auditor capabilities have a positive effect on

audit quality and company performance. Research (Lastri, 2019) and (Imansari, 2015) support these findings, which show that APIP's capabilities are positively correlated with the quality of financial statements. However, other studies, such as those conducted by (Amel-Zadeh & Barth, 2021) and (Oklivia. Marlinah, 2019), indicating that capabilities, especially those related to independence and integrity, have no significant effect on audit quality.

The phenomenon of stagnant performance of the Cilegon City Government is the main concern in this study. The evaluation of SAKIP and LPPD and the high percentage of findings that have not been followed up show that there are problems in the quality of internal audits that are allegedly influenced by APIP's capabilities. Using *Procedural Justice* as a moderation variable, this study aims to test the influence of capability on the quality of internal audits. The results of the research are expected to provide theoretical and practical benefits, both for the development of human resource management and provide constructive solutions for the Cilegon City Government in improving the quality of internal audits.

Research Methods

The researcher used a survey method with a quantitative correlational approach to test the influence and magnitude of moderation effects between independent and dependent variables based on the level of the moderating variable, employing statistical calculations to test the hypotheses. The study was conducted at the Inspectorate work unit of the Cilegon City Government, located at the Cilegon City Government Office Complex, Jalan Jenderal Sudirman Number 2, Ramanuju Village, Purwakarta District, Cilegon City. The research took place from January to April 2025. To ensure the research proceeded smoothly and met its objectives within the timeframe, the researcher collected primary data through questionnaires and secondary data from literature, laws, and regulations to support data processing. The researcher used Smart PLS 4 (Partial Least Squares) software to conduct Structural Equation Modeling (SEM) analysis, aiming to analyze complex relationships between variables within an integrated model.

Results and Discussion

A. Inferential Analysis

1. Evaluation of Model Measurements (External Model)

a) Validitas convergence

The validity test in this study was carried out by looking at the value of convergent validity and discriminant validity. The convergent validity value is the value of the loading factor on the latent variable and its indicators. The expected value > 0.70. The results of convergent validity are as follows:

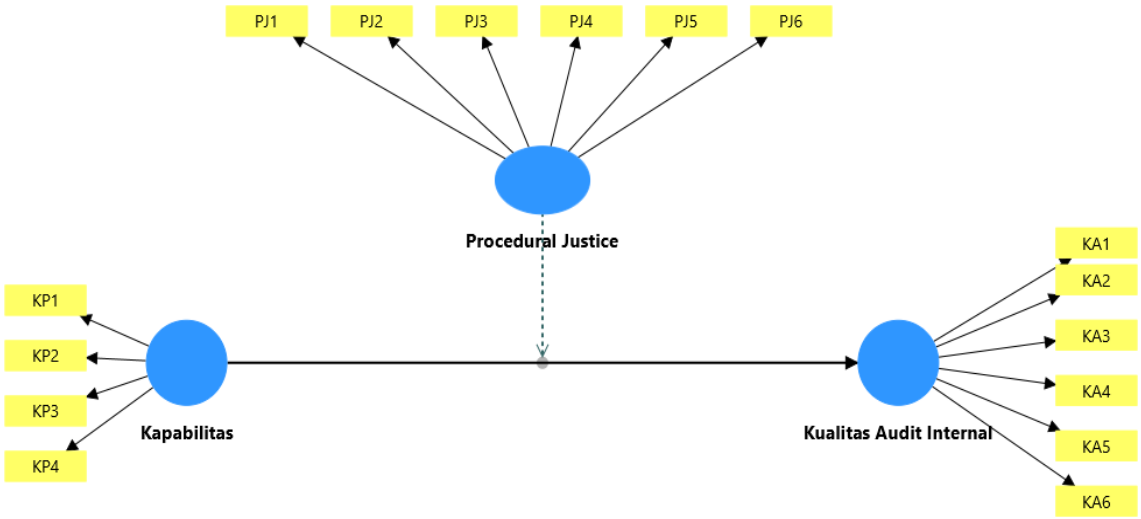

Figure 1. Smartpls Test Results

Source: PLS processed primary data, 2024

Based on the results of the outer loading test in the figure above, it shows that the structural model does not have a convergent validity problem because all indicators have an outer loading value above 0.70. In addition to being seen from the loading factor, the convergent validity test can be seen from the Average Variance Ectracted (AVE) value. The required AVE value is > 0.5 for each variable.

Based on the output results produced in table 4.10, the result was obtained that the AVE of each variable was more than 0.5. Thus, the test can be carried out to the next stage, namely the discriminant validate test because it already has good Convergent Validity criteria.

Table 1. Mean Value of Ectracted Variance (AVE)

	Alfa Cronbach	Composite reliability (rho_a)	Composite reliability (rho_c)	Average Extracted Variance (AVE)
Ability	0,949	0,953	0,963	0.866
Audit Quality	0,958	0,961	0,966	0.827
Procedural Justice	0,973	0,977	0,978	0.880

Source: PLS processed primary data, 2025

Based on the results in Table 1, all variables have AVE values greater than the critical value of 0.5 which is the minimum limit according to the literature (Hair, 2016). This indicates that each construct in the model has met the criteria of convergent validity. Here's an explanation per variable:

1) Audit Quality (Y) has an AVE value of 0.827, which indicates that 82.7% of the variance of its indicators can be explained by the Audit Quality construct. This value is very high and shows excellent convergent validity.
2) Ability (X) has an AVE value of 0.866 which means that the Ability construct is also very good at explaining its indicators consistently.

3) Procedural Fairness (Z) has an AVE of 0.880, which is the highest value in this table. This suggests that the indicators used to measure procedural fairness are highly representative of the construct.

b) Discriminatory Validity

After the convergent validity test is carried out and the test results are qualified, an outer model test is carried out which is seen from the discriminant validate value. The intended construct value must be greater than the loading value of other constructs.

Table 2. Discriminant Validity Value

	Capabilities	Audit Quality	Procedure Justice	Procedure Justice x Capabilities
KA1	0.439	0.910	0.373	-0.214
KA2	0.399	0.811	0.297	-0.173
KA3	0.462	0.915	0.390	-0.123
KA4	0.409	0.931	0.405	-0.203
KA5	0.470	0.941	0.431	-0.218
KA6	0.423	0.941	0.404	-0.202
KE1	0.210	0.321	0.471	-0.277
KE2	0.220	0.436	0.449	-0.240
KE3	0.200	0.333	0.454	-0.224
KE4	0.228	0.340	0.416	-0.275
KE5	0.198	0.298	0.337	-0.210
KE6	0.206	0.387	0.530	-0.263
KP1	0.941	0.463	0.243	-0.166
KP2	0.929	0.389	0.257	-0.187
KP3	0.929	0.479	0.325	-0.261
KP4	0.923	0.436	0.260	-0.255
PJ1	0.273	0.398	0.948	-0.223
PJ2	0.276	0.401	0.952	-0.184
PJ3	0.267	0.424	0.952	-0.162
PJ4	0.315	0.410	0.949	-0.182
PJ5	0.208	0.319	0.878	-0.048
PJ6	0.296	0.419	0.947	-0.224
Procedure Justice x Kapabilitas	-0.235	-0.208	-0.186	1.000

Source: PLS processed primary data, 2025

c) Reliability test

After conducting a validity test (convergent validity and discriminant validity), the next stage is to conduct a reliability test to be able to prove the accuracy, consistency, and accuracy of the instrument in measuring variables. To measure the reliability of variables in PLS, it can be done by looking at Cronbach's alpha and composite reliability values. Cronbach's alpha value should be > 0.6 and composite reliability should have a > value of 0.70. The reliability and validity values of the construct are as follows:

Table 3. Reliability Test Values

Variabel	*Alpha Cronbach*	*Composite reliability*	Critical Values	Information

Audit Quality (Y)	0,958	0.961 years	*Cronbach's Alpha* and *Composite Reliability* > 0.7	Reliable
Ability (X)	0.949 years	0,953		Reliable
Procedural Justice (Z)	0.973 years	0.977 years		Reliable

Source: PLS processed primary data, 2025

Based on the output as shown in table 2, it can be seen that all Cronbach's alpha and composite reliability values > 0.70. Thus, it can be concluded that all instruments in the research variables are declared reliable and have met the reliability test. Thus, the research model is feasible to proceed to the next stage of analysis.

2. Evaluation of Structural Models (Inner Model)

The internal model analysis stage is carried out to ensure that the structural model built is robust and accurate. The feasibility of this model is assessed from the value of the Coefficient of Determination (R^2) which shows how much the independent variable is able to explain the dependent variable.

a) R-Square Test

A good R^2 value for a dependent construct should be more than 0.10, and the higher the value, the better the model. According to Hair, Ringle, and Sarstedt (2011), the interpretation of the R^2 value is divided into three categories, namely strong (≥ 0.75), medium (≥ 0.50), and weak (≥ 0.25). This R^2 value reflects the magnitude of the influence between variables in the model and is the main indicator to assess the feasibility of the inner model.

Table 3. R-Square Values

Variable	*R-Square*	*R Square Adjusted*
Audit Quality	0.384	0.364

Source: PLS processed primary data, 2025

The R-Square value of 0.384 and the R-Square Adjusted of 0.364 indicate that the model has a moderate ability to explain the variation in Audit Quality. Although not very high, this value still indicates that the independent variables in the model contribute significantly to the change in the dependent variable. As such, this model is worth further analysis.

b) Q2 Predictive relevance (PR)

This technique can represent the synthesis of cross-validation and fitting functions with the prediction of observed variables and estimation of construct variables. A value of Q2 > 0 indicates that the model has a predictive relevance value. Meanwhile, the Q2 value > 0 indicates that the model lacks predictive relevance. The criteria for determining the values obtained were 0.02 (small), 0.15 (medium) and 0.35 (strong). The Q-Square value can be seen from the blindfolding test by selecting a cross-validated redundancy construct.

Table 4. Q2 predictive relevance (PR) value

Variable	*Q2*
Audit Quality	0.264

Source: PLS processed primary data, 2025

Based on Table 4.14, the Audit Quality variable has a Q^2 value of 0.264. This means that the model has a predictive ability to explain the Audit Quality variable.

The value of $Q^2 = 0.264$ shows that the structural model in this study has a fairly good predictive relevance to the Audit Quality variable. In other words, independent variables in the model (such as Ability, Code of Conduct, and Procedural Fairness) can predict changes in Audit Quality variables fairly accurately, thus reinforcing the external validity of the model used.

c) Conformity index (GOF)

Table 5. GOF Average Score

Variable	AVE Value	*R-Square*
Audit Quality (Y)	0.827	0.384
Capabilities (X)	0.866	
*Procedural Justice (*Z)	0.880	
Correspondence	**0.808**	**0.384**

Source: PLS processed primary data, 2024

GOF value = √(average AVE x average RSquare)

GOF value = √(0.808 x 0.384)

GOF value = 0.557

Based on the results of the calculation in Table 5, a Goodness of Fit (GOF) value of 0.557 was obtained which is the result of the square root of the multiplication between the average value of AVE (0.808) and the average value of R-Square (0.384). This GOF value shows that the research model has a strong suitability and is suitable for use in explaining the relationships between variables in the model. Thus, the structural model in this study as a whole can be said to be good, both in terms of the validity of the indicators and the predictive power of the endogenous variables.

Hypothesis Testing Results

Hypothesis testing can be seen from the probability value (p value) and statistical t-value (t-calculate) compared to the t-value of the table. The table T for an alpha value of 5%, is 1.96. So the hypothesis will be accepted if the t-statistic > t table (1.96) and the p-value < 0.05 (at alpha 5%) and vice versa. Hypothesis testing in this study was carried out by comparing the table t-values and statistical t-values obtained from bootstrapping analysis in the SmartPLS 4 program. Testing with bootstrapping is intended to minimize the problem of research data abnormalities. The results of this process are used to obtain more reliable estimates, such as confidence intervals or significance tests. Bootstrapping is especially useful in conditions of small sample counts, data is not normally distributed, or when conventional analysis methods are difficult to implement. The results of the test with bootstrapping on the hypothesis are as follows:

Table 6. Test Results with Bootstraping

	Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
H1	Audit Quality→ Capabilities	0.331	0.333	0.082	4.039	0.000
H2	*Procedural Justice* Audit Quality→ Capabilities	0.112	0.113	0.087	1.285	0.199

Source: PLS processed primary data, 2025

The results of the complete hypothesis test are as follows:

1) Hypothesis 1 (H1): The test results show that this hypothesis has an original sample value of 0.331, with a statistical T-value of 4.039 and a P-value of 0.000. Since the P value < 0.05 and T > 1.96, this hypothesis is significantly accepted. This means that there is a positive and significant influence between auditor capabilities on the quality of internal audits.
2) Hypothesis 2 (H2): The results of the third hypothesis test show that the original sample value is 0.112, the T-statistic is 1.285, and the P-value is 0.199. Since the P value is > 0.05 and T < 1.96, this hypothesis is not statistically accepted. This means that procedural fairness does not play a significant role in strengthening or weakening the relationship between auditor capabilities and the quality of internal audits. Therefore, hypothesis 2 is rejected, because procedural fairness does not play a significant role as a moderation variable.

Next, a moderation test was carried out to find out whether *Procedural Justice* moderate the relationship between Capability and Audit Quality. (Solimun, 2010) In the moderation variable, moderation testing is carried out to prove whether the moderation variable is proven to moderate the influence of exogenous variables on endogenous variables or not. With an alpha value of 5%, the probability value (p value) is less than 0.05 and the table t-value is more than 1.96. The results of the test using SmartPLS can be seen from the regression equation as follows:

$KK=\beta 0 + \beta 1.\ KAP+\beta 2\cdot\ M+\beta 3\ (KAP\times M) + \varepsilon$

KAI = Internal Audit Quality (Dependent Variable)

KAP = Ability (Independent Variable)

M = Moderation Variable:

Code of Conduct (KE) → first model

Procedural Justice (PJ) → the second model

KAP × M = Interaction between Ability and Moderator (KE or PJ)

β_1 = Coefficient of direct influence Ability

β_2 = Moderator's direct influence coefficient

β_3 = Moderator Ability × Ability Interaction Coefficient

ε = term error

Table 7. Moderation Test Results

Hypothesis	*P value*	Types of Moderation

1	*Procedural Fairness* X →Audit Quality Ability	0,199	*Homologate moderation*

Source: PLS processed primary data, 2025

From the table above, a relationship can be drawn that shows whether the factors studied for moderation testing are carried out to prove whether the moderation variable is proven to moderate the influence of exogenous variables on endogenous variables or it is not explained that the coefficient of interaction between *Procedural Justice* and Ability was insignificant to Audit Quality (P value = 0.199 > 0.05), and the direct influence of Procedural Fairness on Audit Quality was also insignificant (P value = 0.133 > 0.05). By classification (Solimun, 2010), if β_1 and β_2 are both insignificant, then the moderation type is classified as a Moderation Homologator. Means *Procedural Justice* cannot be considered a moderator variable in the relationship between Audit Ability and Quality, nor does it have a direct influence on Audit Quality.

The Influence of Ability on Audit Quality

The results showed that auditor capabilities had a significant effect on audit quality, with a coefficient value of 0.331 and significance of 0.000 (P < 0.05). Thus, it can be concluded that hypothesis 1 is accepted because the auditor's capabilities significantly improve the quality of internal audits. This shows that the higher the capabilities possessed by the auditor, the higher the quality of the audit produced. These findings confirm that the higher the APIP's capabilities, the better the quality of the internal audit produced. The capabilities here include the auditor's technical competence, mastery of audit standards, the use of audit technology, and APIP's ability to carry out its two main roles, namely as an assurance and consulting provider.

This finding is directly related to the stagnant performance of the Cilegon City Government, which is reflected in the results of the SAKIP and LPPD evaluations which do not show an increase from 2021 to 2024. In this context, the poor quality of internal audits is likely not able to provide strategic input for regional leaders to improve performance effectiveness. In addition, the high number of findings of the Audit Results Report (LHP) that has not been followed up can also be interpreted that the role of APIP in compiling recommendations for audit results has not been fully effective. The limited capabilities of APIP in reporting, communicating, and following up on audit results on an ongoing basis have the potential to reduce the influence of audit results on improving local government performance.

In the context of APIP, capability is not only technical mastery of auditing, but also includes the ability to adapt to organizational dynamics, understand risks, and provide value-added audit recommendations. These results support the IACM (Internal Audit Capability Model) approach by the IIA and (INTOSAI, 2019) which states that increasing the level of APIP capabilities will enhance the strategic and consultative role of internal audit in risk management and governance.

These results are in line with previous research conducted by (Rukanda, 2021) and (Imansari, 2015) which concludes that auditor competence has a positive and significant

relationship with audit quality. (Karaeng, 2023) It also found that capability is a fundamental factor in ensuring the effectiveness of internal and external audit implementation.

Procedural Fairness Moderates the Influence of Ability on Audit Quality

The results of the test of the interaction between *Procedural Justice* and Capability were not significant to Audit Quality (P = 0.199), and the direct effect of *Procedural Justice* on Audit Quality was also not significant (P = 0.133). This shows that the perception of fairness in organizational procedures, such as clarity of working mechanisms, transparency of the audit process, and fair treatment of auditors, is not sufficiently influential in strengthening the role of capabilities in audit quality.

These findings show that in the context of the Cilegon City Government, *the Procedural Justice aspect* has not yet become the dominant factor that strengthens the influence of capabilities on audit outputs. Perhaps, the need for professionalism and technical skills is far more urgent than just a perception of fairness. Although *Procedural Justice* is important in the context of auditors' motivation and work comfort, quality audit results are still largely determined by APIP's expertise, training, resources, and supporting work systems. In the context of the issues raised, such as weak audit follow-up and vulnerability to fraud, the results show that internal audit governance reform is not enough to build a culture of *Procedural Justice*, but must also be focused on strengthening technical capabilities and adjusting the implementation of the code of ethics so as not to hinder effectiveness.

This condition is included in the type of Moderation Homologizer, which is when the moderator variable does not have a direct influence or moderate the relationship between independent and dependent variables. These findings show that *Procedural Justice* does not have a significant role in strengthening or weakening the relationship between auditor capability and audit quality. In other words, the perception of fairness in organizational procedures has not been able to affect the quality of audits, either directly or indirectly. Even theoretically, (Colquitt, 2001) and (Robbins, S. P., 2015) stating that procedural fairness greatly affects work motivation and adherence to organizational values. When auditors feel they are treated fairly, such as in performance appraisal processes, task sharing, and reporting mechanisms, they are more motivated to work optimally, be open to input, and even have the courage to disclose even sensitive audit findings. *Procedural Justice* It is also believed to strengthen loyalty and integrity in the organization.

Conclusion

This study found that APIP's capabilities have a positive and significant effect on the quality of internal audits, supporting the Resource-Based View (RBV) theory that internal resources such as skills and experience drive organizational excellence in audit functions. However, Procedural Justice was not a significant moderator in the relationship between capabilities and audit quality, indicating that perceptions of fairness,

transparency, and clarity in processes do not strengthen this relationship. These results suggest that efforts to improve internal audit quality should focus primarily on enhancing auditors' technical competencies, resources, and institutional support rather than Procedural Justice factors. Future research could explore other potential moderating variables or contextual factors that may influence the capability–audit quality relationship in government institutions.

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