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Enhancing Sustainable Village Governance: How Audit Effectiveness Mediates Auditees' Perceptions of Auditor Communication Quality and Competence

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Abstract

Purpose – This study aims to examine the influence of auditees' perceptions of auditor communication quality, competence, and integrity on audit effectiveness, and to analyze the mediating role of audit effectiveness in achieving sustainable village governance.
Design/Methodology/Approach – A quantitative associative approach employing Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 4.1.1.2 was adopted. Data were collected via a census method from village and sub-district officials across five districts in Cirebon Regency, yielding 95 valid responses from 120 distributed questionnaires.
Results – Findings reveal that auditees' perceptions of auditor communication quality, competence, and integrity significantly enhance audit effectiveness, explaining 67.8% of its variance. However, these perceptions do not directly influence sustainable governance; the relationship is fully mediated by audit effectiveness, with the overall model explaining 55.9% of the variance in governance outcomes.
Originality – This study contributes original insight by examining audit effectiveness within the underexplored context of village governance, where empirical evidence remains limited relative to ministerial or large-organization settings, and by applying the Theory of Planned Behavior to explain the auditor-auditee behavioral mechanism underlying sustainable governance.
Research limitations/Implications – This study is limited to village officials in Cirebon Regency, constraining generalizability, and does not account for contextual factors such as organizational culture and local leadership dynamics. Findings imply that strengthening auditor competence and audit processes that generate tangible follow-up recommendations are essential for regional Inspectorates seeking to sustain accountable village governance.

Keywords: Audit Effectiveness, Auditee's Perception, Sustainability, Village Governance

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Introduction

The effectiveness of public sector audits at the village and subdistrict levels still faces serious challenges. Cases include alleged corruption involving village funds in Astapada Village amounting to Rp 2.3 billion, and misuse of BLT funds in Gombang Village (Johan, 2025). Additionally, Setu Kulon Village is listed as one of the villages with the worst performance nationally due to weak transparency and accountability in governance management (Junaedi, 2025; Kurniawan, 2025). This phenomenon indicates that the existence of audits and guidance from the Inspectorate have not yet fully succeeded in driving sustainable improvements in governance. This is crucial because village financial management is highly susceptible to fraud, often driven by weak internal controls and rationalization of administrative errors by village officials (Alfaruqi & Kristianti, 2019). In fact, the implementation of good governance is a fundamental necessity (Nurhadiyati, 2018). Therefore, the effectiveness of the Inspectorate's audits is a key element determining the extent to which the audit process can promote responsive and sustainable governance in villages and sub-districts, thereby enhancing accountability and transparency.

However, the effectiveness of an audit is not only determined by the auditor's technical competence but is also significantly influenced by how *the auditee* perceives and responds to the audit process. Fuada (2023) and Moussa & Daoud (2021) that *the auditee's* perception of the auditor affects the level of acceptance and implementation of audit recommendations. In practice, village and sub-district governments often have differing perceptions of audits; some view audits as a means of guidance, while others regard them as punitive oversight activities (Rahayu et al., 2020). These differing perceptions have a direct impact on the effectiveness of follow-up actions on audit findings. However, Cirebon Regency Regulation (2023) explicitly positions the Inspectorate not only to oversee but also to provide guidance through outreach, training, *monitoring*, and consultation. The Institute of Internal Auditors (2020) emphasizes the role of the Inspectorate as both an assurance provider and a consultant on governance and risk management, although this consultative role is not yet fully understood by auditees. Previous studies have shown that the effectiveness of public sector audits is largely determined by auditor communication (Prastika & Trisnaningsih, 2022) and by the level of cooperation and awareness of the auditees. Prihastuti et al. (2025) emphasize that the effectiveness of Inspectorate audits depends not only on the quality of auditors but also on the level of cooperation and *the auditee's* awareness of the supervisory function.

Although numerous studies have examined the effectiveness of audits in the public sector, a clear research gap remains because many of these studies focus primarily on the ministerial level, local governments, or other large organizations, while empirical research on village and sub-district governments remains limited.

However, village governments manage substantial public funds despite constraints in operational capacity, resources, and internal controls—factors that increase the risk of fraud. Furthermore, studies examining the relationship between auditees' perceptions of auditors' communication skills, competence, and integrity and the sustainability of village governance are still rare. Given that audits conducted by the Inspectorate at this level are educational and capacity-building in nature, this study aims to analyze the influence of village and sub-district governments' perceptions regarding the quality of communication, competence, and integrity of auditors on the effectiveness of Inspectorate audits and their implications for the sustainable governance of villages with the hope of providing practical contributions as input for Regional Inspectorates to strengthen an audit approach based on guidance and effective communication, so that audit recommendations are not only complied with administratively but also implemented in sustainable village and sub-district governance.

Literature Review and Hypothesis Development

Literature Review

This study employs the Theory of Planned Behavior (Ajzen, 1991), an extension of the model proposed by Ajzen (1985) by adding the element of perceived behavioral control as a direct predictor of intention and behavior. This development has made *TPB* a widely used theory for explaining individual actions in social, organizational, and public sector contexts. *TPB* explains that individual behavior is influenced by attitudes toward the behavior, subjective norms, and perceived behavioral control (Nugraha & Kuntadi, 2024; Prastika & Trisnaningsih, 2022). In the context of public sector audits, particularly at the village and sub-district government levels, TPB helps understand how auditees' perceptions and attitudes toward auditors and the audit process influence their behavior in following up on audit findings. Perceptions of *the* auditor's communication quality (X1) and perceptions of the auditor's competence and integrity (X2) reflect "attitude toward behavior" that is, the auditee's assessment of how the auditor communicates, their technical ability,

and professional integrity, which shapes the level of trust and cooperative attitude toward the audit. Meanwhile, the effectiveness of the Inspectorate's audit (Z) reflects *perceived behavioral control*, manifested through guidance, training, and mentoring so that *auditees* feel capable of implementing audit recommendations. Audit effectiveness is reflected in the extent to which recommendations are accepted, implemented, and result in tangible improvements in village financial management. Ultimately, sustainable village and sub-district governance (Y) serves as *the behavioral outcome* of the *TPB* model, demonstrated through strengthened transparency, accountability, participation, and a focus on long-term development. Prior empirical studies on public sector governance have extensively examined village financial management, yet they predominantly focus on regulatory compliance, internal control systems, or administrative fraud detection. The extent of research specifically exploring the scope of internal auditing at the grassroots level remains narrow, often overlooking the behavioral interaction between auditors and auditees.

Hypothesis Development

In the TPB "attitude toward behavior" reflects an individual's evaluation of a particular action (Ajzen, 1991). Perceptions of the quality of auditor communication represent the attitudes of village and sub-district governments toward the audit process. Clear, open, and constructive auditor communication fosters the belief that audits are a means of improving governance, not merely a tool for oversight. This positive attitude encourages *auditees* to accept and act on audit recommendations, thereby enhancing the effectiveness of the Inspectorate's audits. Empirically, these findings are supported by Fuada (2023), which shows that the auditor's role as a communicative consultant and catalyst fosters positive perceptions *among auditees*. Prastika & Trisnaningsih (2022) and Nugraha & Kuntadi (2024) also found that auditor communication has a positive impact on the effectiveness of internal audits. Studies by Setyaningrum & Kuntadi (2019) and Simatauw (2020) confirm that open communication between auditors and *auditees* enhances understanding of audit results and strengthens follow-up on findings.

H1: Auditees' perceptions of auditor communication quality influence audit effectiveness.

Within the *TPB* framework, attitudes toward behavior are also shaped by beliefs regarding the credibility and reliability of the parties involved. The auditee's perception of the auditor's competence and integrity determines the level of trust in the audit process. Auditors who are perceived as competent and highly ethical will foster a cooperative attitude among auditees and encourage their willingness to follow up on audit recommendations, which ultimately enhances the effectiveness of the Inspectorate's audits. Previous research supports this relationship, including Dacrea & Hermawan (2024), Nugraha & Kuntadi (2024), and Setyaningrum & Kuntadi (2019) which found that auditor competence has a positive effect on internal audit effectiveness. Abqory & Halim (2018) indicate that auditor competence is demonstrated through adequate technical and communication skills. Sari & Widyastuti (2018), and Prihastuti et al. (2025) confirm that positive perceptions of auditor competence and auditee support enhance the effectiveness of internal audits. Furthermore, empirical evidence demonstrates that an auditor's work experience and independence, when supported by strong professional skepticism, significantly improve the quality and effectiveness of the resulting audit (Yunianti et al., 2021).

H2: Auditees' perceptions of auditor competence and integrity significantly influence audit effectiveness.

In TPB, behavior influenced by attitudes and beliefs will produce behavioral outcomes. The effectiveness of Inspectorate audits reflects the success of the audit process in driving behavioral changes in village and sub-district financial management. Effective audits produce recommendations that are consistently followed up, thereby strengthening the principles of transparency, accountability, and sustainability in governance. Empirical findings by Singh et al. (2021) indicate that the effectiveness of internal audits is directly related to good governance quality. Research by Christianto & Soeherman (2019) and Prihastuti et al. (2025) also indicate that the effectiveness of internal audits directly contributes to improvements in governance systems in the public sector. Research by Herlina et al. (2023) confirms that the quality of information, communication, and follow-up significantly determines the effectiveness of oversight and governance. Therefore, the effectiveness of the Inspectorate's audits is presumed to influence the sustainable governance of villages and sub-districts.

H3: Audit effectiveness significantly influences sustainable village governance.

From a TPB perspective, a positive attitude toward a behavior not only influences intention but can also have a direct impact on organizational behavioral change. A positive perception of auditor communication fosters understanding, acceptance of governance values, and the auditee's commitment to good governance principles, thereby directly influencing the sustainability of governance. Williyanto et al. (2025) indicate that weak communication and auditee perceptions are the primary barriers to audit effectiveness and governance. Thus, the auditee's perception of the quality of the auditor's communication is hypothesized to have a direct impact on sustainable village and sub-district governance.

H4: Auditees' perceptions of auditor communication quality have a direct impact on sustainable village governance.

In the TPB, trust in institutional actors shapes attitudes and compliance with existing systems. Auditors perceived as competent and of high integrity will enhance the legitimacy of audit results and encourage *auditees* to implement good governance principles sustainably. Research by Williyanto et al. (2025) indicates that limitations in auditor competence and negative auditee perceptions weaken governance. Conversely, the study by Dewi Puspita Sari & Widyastuti (2018) demonstrates that positive perceptions of auditor competence reduce the expectation gap and strengthen governance quality.

H5: Auditees' perceptions of auditor competence and integrity have a direct impact on sustainable village governance.

In the TPB, positive attitudes influence behavior through the mechanism of perceived behavioral control. In this study, this mechanism is reflected through the effectiveness of the Inspectorate's audits. Positive perceptions of auditor communication enhance audit effectiveness, which in turn drives continuous governance improvements. Findings from Simatauw (2020) indicate that open communication strengthens audit follow-up. Rahayu et al. (2020) and Williyanto et al. (2025) also affirm that audit effectiveness plays a crucial role in achieving good governance. Thus, the effectiveness of the Inspectorate's audit serves as a mediating variable.

H6: Audit effectiveness have a indirect impact on mediates the relationship between auditees' perceptions of auditor communication quality and sustainable village governance.

In the TPB, trust in auditors' competence and integrity shapes attitudes and enhances the effectiveness of institutional actions. Positive perceptions of auditors increase the effectiveness of the Inspectorate's audits, which in turn serve as a means of implementing sustainable governance principles. Research by Nainggolan et al. (2019), Rahayu et al. (2020), and Williyanto et al. (2025) indicates that audit effectiveness plays a strategic role in strengthening good governance. Therefore, the effectiveness of the Inspectorate's audit mediates the influence of perceptions of auditors' competence and integrity on sustainable governance in villages and sub-districts.

H7: Audit effectiveness mediates the relationship between auditees' perceptions of auditor competence and integrity and sustainable village governance.

Based on the above hypotheses and literature, the research framework can be summarized as follows:

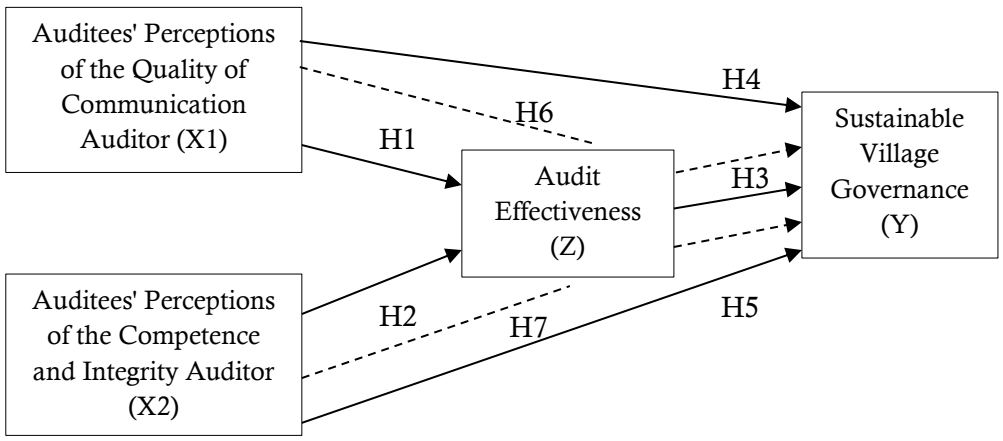


Figure 1
Research Framework

Methods

This study employs an associative quantitative approach aimed at analyzing causal relationships among variables. The associative quantitative approach is used to test the formulated hypotheses through the analysis of relationships among variables (Sugiyono, 2013). This study is descriptive-verificative in nature, where descriptive analysis is used to describe respondent characteristics and data distribution, while verificative analysis aims to test causal relationships among variables based on empirical data (Ghozali, 2014). The study population is a bounded population comprising all villages and sub-districts within five districts in Cirebon Regency: Plered, Weru, Plumbon, Tengah Tani, and Sumber. The selection of these

areas was not arbitrary. Based on local data and news reports, several villages in this area have previously faced issues regarding financial management and the misuse of village funds, which required follow-up audits by the Inspectorate. The phenomena observed indicate real challenges in the effectiveness of audits and the implementation of principles of sustainable governance in villages and sub-districts, making this area relevant as a research subject. The entire population was sampled using a census method *(*exhaustive sampling) because the number of research units was relatively manageable and all had already been subject to audits and guidance by the Inspectorate of the Central Java Provincial (Sugiyono, 2013).

During the data collection phase, a total of 120 questionnaires were distributed to relevant officials, including Village Secretaries, Treasurers, and Heads of Departments. Of the 120 questionnaires distributed, 105 were returned. After data screening, 95 questionnaires were deemed valid and complete for further processing, resulting in a usable response rate of 79%. Regarding the minimum sample size criteria for PLS-SEM, this study adequately meets the 10-times rule, which states that the minimum sample size should be ten times the maximum number of arrowheads pointing at any latent variable in the structural model. In this study, the maximum number of structural paths pointing to a construct is three. Therefore, the minimum required sample size based on this rule is 30 respondents (Hair et al., 2014, 2019).

The research data consist of primary data obtained through the distribution of closed-ended questionnaires to village and sub-district officials directly involved in the audit process, including the Village Secretary, Village Treasurer, Heads of Departments (Kaur), and Heads of Sections (Kasi). The questionnaire was designed based on the operational definitions of the variables and used a 1–5 Likert scale to quantitatively measure respondents' perceptions and evaluations, a method effectively employed in behavioral and organizational research (Ghozali, 2014). Data analysis employed Partial Least Squares Structural Equation Modeling (PLS-SEM) using the SmartPLS 4.1.1.2 software. The PLS-SEM method was selected because it can analyze complex causal relationships, involves latent constructs, and does not require strict data normality, making it suitable for public sector audit research (Hair et al., 2014, 2019). The analysis was conducted in two stages: the first stage involved testing the measurement model (outer model), and the second stage involved the structural model (inner model) to ensure the validity and accuracy of the research results' interpretation.

Research Results

Table 1
Respondent Characteristics Results

Respondent Characteristics		Amount	
		Number	Percentage (%)
Gender	Male	57	60%
	Female	38	40%
Amount		**95**	**100%**
Position	Village Head/Sub-district Head	9	9%
	Village/Subdistrict Secretary	22	23%
	Village/Subdistrict Treasurer	9	9%
	Village/Subdistrict Section Head	19	20%
	Head of Affairs (Kaur) of Village/Subdistrict	36	38%
Amount		**95**	**100%**
Education Level	Junior High School/Equivalent	8	8%
	High School/Equivalent	43	45%
	Bachelor's/Associate's/Vocational Degree	42	44%
	Master's	1	1%
	Doctor	1	1%
Amount		**95**	**100%**

Source: Processed Primary Data (2026)

Respondents were predominantly male (60%), and the majority held operational positions such as Head of Affairs (38%) and Section Head (20%), who are directly involved in the administration and financial management of villages and sub-districts. In terms of education, the majority of respondents had a high school or equivalent background (45%) and a bachelor's, associate's, or vocational degree (44%), indicating adequate technical capacity but a tendency to view audits from a compliance and administrative perspective rather than as a means for long-term governance reform. Overall, the respondents' job and educational backgrounds influence their perceptions of Inspectorate audits. This is consistent with Wardoyo et al. (2021), who show that greater knowledge can change a person's perception. Thus, the findings of this study reflect

the views of implementing officials who assess audit effectiveness based on its tangible impact and usefulness in supporting the implementation of village and sub-district governance.

Table 2
Outer Loading, Average Variance Extracted, Cronbach's Alpha, Composite Reliability, and Model Fit Results

Variable	Item	OL	CA	CR (rho_c)	Average Variance Extracted (AVE)	Estimated Model FIT				
						SRMR	d_ULS	d_G	Chi-Square	NFI
Perceptions of the Communication Quality	X1.1	0.735	0.792	0.857	0.545	0.083	1.456	0.676	316.269	0.701
	X1.2	0.737								
	X1.3	0.717								
	X1.4	0.762								
	X1.5	0.741								
Perceptions of the Competence and Integrity	X2.1	0.764	0.779	0.857	0.600					
	X2.2	0.750								
	X2.3	0.767								
	X2.4	0.815								
Audit Effectiveness	Z.1	0.788	0.847	0.887	0.566					
	Z.2	0.716								
	Z.3	0.775								
	Z.4	0.754								
	Z.5	0.735								
	Z.6	0.743								
Sustainable Village Governance	Y.1	0.758	0.824	0.877	0.587					
	Y.2	0.758								
	Y.3	0.843								
	Y.4	0.740								
	Y.5	0.727								

Source: Processed Primary Data (2026)
Note: OL (Outer Loading), CA (Cronbach's alpha), CR (Composite Reliability)

Table 3
Discriminant Validity Results

Heterotrait-monotrait Ratio (HTMT)	Heterotrait-monotrait Ratio (HTMT)
Perceptions of the Competence and Integrity <> Audit Effectiveness	0.953
Perceptions of the Communication Quality <> Audit Effectiveness	0.873
Perceptions of the Communication Quality <> Perceptions of the Competence and Integrity	0.879
Sustainable Village Governance <> Audit Effectiveness	0.887
Sustainable Village Governance <> Perceptions of the Competence and Integrity	0.694
Sustainable Village Governance <> Perceptions of the Communication Quality	0.732

Source: Processed Primary Data (2026)

Based on Tables 2 and 3, which present the results of the measurement model and model fit tests, it can be concluded that, in general, the research instruments and model have met the criteria for convergent validity, indicating that all indicators have outer loadings above the criterion of 0.70. The reliability test results indicate that all constructs have Cronbach's alpha and composite reliability values exceeding 0.70, signifying good internal consistency of the instruments. Furthermore, discriminant validity is established via the Heterotrait-Monotrait (HTMT) ratio, with values ranging from 0.694 to 0.887, demonstrating adequate distinctiveness among constructs despite a strong contextual correlation (0.953) between auditor competence/integrity and audit effectiveness. Model fit is also supported by an SRMR value of 0.083, which is below the 0.10 threshold, as well as d-ULS and d-G values indicating no significant discrepancies between

the model and the empirical data. Additionally, a significant chi-square value and a Normed Fit Index (NFI) of 0.701 indicate that the model has an adequate level of fit. Overall, the model fit test results show that the research model is highly suitable for analyzing the relationships among latent variables and is capable of accurately representing the data with relevant predictive power.

Table 4
Path Coefficient Bootstrapping Direct Effect and Indirect Effect Results

Construct		Original sample (O)	Sample mean (M)	Standard Deviation (STDEV)	T-statistics	p-values	Note
H1	Auditees' Perceptions of the Communication Quality -> Audit Effectiveness	0.338	0.349	0.081	4.196	0.000	Proven
H2	Auditees' Perceptions of the Competence and Integrity -> Audit Effectiveness	0.554	0.550	0.077	7.232	0.000	Proven
H3	Audit Effectiveness -> Sustainable Village Governance	0.729	0.737	0.127	5.751	0.000	Proven
H4	Auditees' Perceptions of the Communication Quality -> Sustainable Village Governance	0.152	0.150	0.098	1.546	0.122	Not Proven
H5	Auditees' Perceptions of the Competence and Integrity -> Sustainable Village Governance	-0.115	-0.116	0.127	0.906	0.365	Not Proven
H6	Auditees' Perceptions of the Communication Quality -> Sustainable Village Governance	0.247	0.258	0.077	3.185	0.001	Proven
H7	Auditees' Perceptions of the Competence and Integrity -> Sustainable Village Governance	0.404	0.405	0.090	4.515	0.000	Proven

R-Square Effect Results

Construct	R-square	Adjusted R-square
Audit Effectiveness	0.685	0.678
Sustainable Village Governance	0.573	0.559

Source: Processed Primary Data (2026)

Based on the results of the hypothesis test in the table, it indicates that H1, H2, and H3 are accepted, with a p-value of 0.000. Meanwhile, H4 and H5 are rejected with p-values of 0.122 and 0.365, which are greater than the two-tailed significance level of 0.05. Furthermore, the results of the indirect effect test indicate that H6 and H7 are accepted with P-values of 0.001 and 0.000, respectively, in accordance with the hypothesis acceptance criteria. The adjusted R-squared value for audit effectiveness is 0.678. This indicates that the independent variables in the research model account for 67.8% of the variation in audit effectiveness. Meanwhile, the remaining 32.2% is influenced by other variables outside the scope of this study. For the variable of village and sub-district governance, the Adjusted R-Square value obtained is 0.559. This means that the contribution of the independent variables in the model to governance is 55.9%, while 44.1% is influenced by other external factors. Overall, this value indicates that the model's predictive ability falls into the moderate category, meaning the model is sufficiently effective in mapping the factors influencing governance quality at the village and sub-district levels.

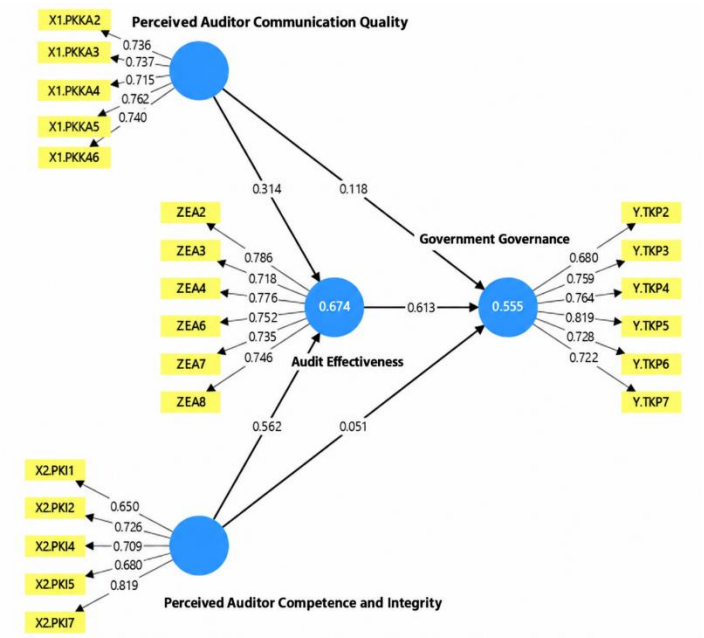


Figure 2
PLS-SEM Model Results
Source: Processed Primary Data (2026)

Discussion & Conclusion

Discussion

The research results indicate that the better the perceived quality of communication by the village government, the more effective the audit conducted by the Inspectorate. From the perspective of the Theory of Planned Behavior (TPB), perceptions of the quality of the auditor's communication shape the auditee's attitude toward the audit process. When auditors are able to communicate openly, educationally, and constructively, the auditee will view the audit process as a helpful activity, not a threatening one. This positive attitude encourages the auditee to be cooperative, both in providing data and in accepting recommendations for improvement. These findings align with studies by Fuada (2023) and Abqory & Halim (2018), which both conclude that good auditor communication enhances audit effectiveness through the acceptance of follow-up actions on recommendations. Furthermore, Sari & Widyastuti (2018) emphasize that educational communication can reduce the expectation gap between the auditee and the auditor.

This empirical finding is closely linked to the demographic profile of the village apparatus respondents, who predominantly possess high school and vocational educational backgrounds and hold operational technical positions (e.g., Kaur & Kasi). In such operational settings, administrative staff frequently perceive audits through a compliance-oriented lens rather than a strategic reform perspective. Therefore, an empathetic, educational, and consultative communication approach by the Regional Inspectorate bridges technical capacity limitations, transforming audits from an intimidating oversight activity into an empowering capacity-building forum. Thus, audits are no longer perceived merely as a control tool but as a means of capacity building to improve governance at the village or sub-district level, as well as other aligned research (Prastika & Trisnaningsih, 2022; Setyaningrum & Kuntadi, 2019).

In TPB, the auditee's perception of the auditor's competence and integrity shapes their attitude and belief that the audit process is conducted professionally, fairly, and reliably. The professionalism, competence, and integrity of auditors are critical to the accurate determination of the materiality level and the completion of all audit stages in accordance with regulations. This professional attitude has been shown to build trust with the auditee, ensuring that the resulting audit recommendations have strong legitimacy, are more effective, and are more readily accepted (Anshari & Nugrahanti, 2021; Christianto & Soeherman, 2019; Prihastuti et al., 2025; Sari & Widyastuti, 2018).

These findings suggest that the quality of village governance, especially related to sustainability and transparency, is largely determined by how effectively the supervisory functions carried out by the Inspectorate are implemented. An effective audit not only detects irregularities early on but also produces practical and actionable improvement recommendations that can be implemented by the village government. These results are consistent with the principles of good governance, which position oversight

as one of the main pillars of sustainable governance. Research by Christianto & Soeherman (2019) and Prihastuti et al. (2025) also indicate that the effectiveness of internal audits directly contributes to improvements in governance systems in the public sector, including at the local government level. Furthermore, Singh et al. (2021) demonstrate that the effectiveness of internal audits is directly linked to good governance quality.

Analysis of the results indicates that, according to the Theory of Planned Behavior (TPB), effective communication does foster positive attitudes toward behavior and reinforces subjective norms through harmonious relationships. However, attitudes and norms alone are insufficient to bring about changes in governance if the auditee's perceived behavioral control is not supported by formal instruments of Nainggolan et al. (2019) found that auditee support is not always significant. This means that even though auditees feel comfortable communicating with auditors, they still lack the power or control to change governance without formal recommendations emerging from an effective audit process. These findings are inconsistent with research by Herlina et al. (2023), which indicates that the quality of information, communication, and follow-up significantly determines the effectiveness of oversight and governance.

Based on Planned Behavior Theory (TPB), this insignificant direct pathway can be explained theoretically through structural differences between individual psychological predispositions and institutional mechanisms. Although auditees' positive perceptions of the auditor's communication quality, competence, and integrity foster a positive attitude towards the supervisory process and creating mutual comfort, this attitude alone was not enough to change the governance of the organization's village. In a bureaucratic village government environment, behavioral intentions do not automatically translate into institutional reform unless supported by perceived and real behavioral control mechanisms. Individual good faith and positive perceptions have no systemic authority to change village financial management practices unless strengthened by formal instruments, in particular, the implementation of rigorous audits that result in official audit reports containing clear, legally binding, and monitored corrective recommendations. As a result, without the operational enforcement of an effective audit process, auditor quality remains an unrealized capacity that cannot directly drive transparent and sustainable village governance.

The test results conclude that auditors' competence and integrity represent potential, but this potential will not impact village governance unless realized through an effective audit process. In other words, auditors' expertise cannot directly change the village governance system without concrete audit actions. From a TPB perspective, perceptions of auditors' competence and integrity form salient beliefs at the individual auditee level. However, to change organizational governance, actual behavioral control is required—that is, audit actions that yield findings and binding recommendations. These findings do not align with those of Sari & Widyastuti (2018), which concluded that positive perceptions of auditors' competence can directly reduce the expectation gap and strengthen governance quality. Singh et al. (2021) also found that the effectiveness of internal audits is directly linked to good governance quality, particularly in organizations with strong control structures. These findings support Williyanto et al. (2025), who indicate that limitations in auditor competence and negative perceptions by auditees can weaken governance and reaffirm that auditor competence does not automatically impact governance unless driven by the effectiveness of audit execution.

Empirical inconsistencies with the research of Herlina et al. (2023) and Sari & Widyastuti (2018) occur because these studies were conducted on local/city government agencies that already have a mature internal control system, well-established SOPs, and specialized financial staff who are able to directly translate auditors' directions into governance improvements. In contrast, village governments operate under obvious institutional constraints—such as limited accounting literacy, turnover, and highly centralized authority—so that good communication and admiration for auditors' expertise alone will not be able to transform administrative practices without formal enforcement, binding written recommendations, and strict monitoring of audit reports follow-up.

Based on the results, logically, good communication facilitates the audit process, from evidence collection to the delivery of recommendations. However, its impact on governance is only felt when such communication results in an effective audit. Within the TPB framework, communication fosters a positive attitude toward behavior, but systemic change only occurs when that attitude is translated into concrete actions through the audit process. These findings align with the research conducted by Fuada (2023) and are supported by the perspective on Dacrea & Hermawan (2024), who indicates that internal auditors' communication enhances audit effectiveness through the acceptance of recommendations. Without effectiveness in the audit process, communication will merely be ordinary social interaction that has no impact on changes in organizational structure or governance.

The indirect impact along this pathway was found to be very strong; it is this effective audit that subsequently becomes the primary driver in improving the quality of governance in villages and sub-districts. Without a proper audit process, the auditors' expertise will have little impact on the village and sub-district

governance systems. Within the TPB framework, the competence and integrity of auditors as perceived by the auditees create salient beliefs that the oversight process is conducted professionally and fairly. These beliefs encourage village governments to be more compliant and cooperative. However, the expertise and honesty of auditors, which are personal capacities, cannot sustainably transform the governance of villages unless translated into concrete actions. These findings align with research by Sari & Widyastuti (2018), Farid et al. (2022), Prihastuti et al. (2025), and Singh et al. (2021), which explain that auditors' competence and integrity require intermediary variables to impact governance. Thus, effective auditing serves as the primary bridge between auditor quality and the realization of transparent, accountable, and sustainable village governance.

This full mediation mechanism substantiates that auditor competence, integrity, and communication quality function as vital foundational input resources, yet they remain latent capabilities unless operationalized through effective audit execution. Systemic improvements in village transparency and long-term sustainability materialize only when high-caliber audit inputs are channeled into rigorous fieldwork, precise evidence gathering, and actionable, monitored follow-ups. Some concrete recommendations for village and subdistrict governments include: (1) developing a specific Standard Operating Procedure (SOP) to follow up on the Inspectorate's audit recommendations within the specified deadlines; (2) strengthening the Internal Control System through a clear separation of duties to minimize the risk of fraud and administrative errors; and (3) proactively utilizing the consultative functions of the Inspectorate through training and guidance to increase the capacity of human resources to achieve sustainable governance.

Conclusion

This study indicates that the quality of auditors' communication, along with their competence and integrity, plays a crucial role in driving the effectiveness of Inspectorate audits, and audit effectiveness has proven to be a key factor in realizing sustainable village and sub-district governance. The main findings of this study support the research hypothesis that positive perceptions of audits by auditees do not directly lead to improvements in village governance; rather, such improvements must first be achieved through effective audits, characterized by clear, actionable recommendations that result in tangible improvements in governance practices. Thus, audit effectiveness serves as the primary link between auditor quality and changes in village governance. This study also explains that there remains an area that has not been fully addressed, particularly regarding the influence of other contextual factors at the village level, such as organizational culture and local leadership dynamics, which have the potential to affect the success of audits and the sustainability of village and sub-district governance.

Limitation & Future Research

This study is subject to several limitations that should be acknowledged. First, the sample was drawn exclusively from village and sub-district officials in five districts of Cirebon Regency (Plered, Weru, Plumbon, Tengah Tani, and Sumber), which may limit the generalizability of the findings to other regencies or national contexts with different governance characteristics. Second, the cross-sectional design, in which data were collected at a single point in time through self-administered questionnaires, restricts the ability to draw strong causal inferences regarding the relationships among the constructs examined. Third, because all constructs—auditees' perceptions, audit effectiveness, and sustainable governance—were measured using the same respondents and instrument, the findings may be susceptible to common-method bias. Fourth, as noted in the Conclusion, this study did not account for other contextual factors at the village level, such as organizational culture and local leadership dynamics, which may also influence audit outcomes and governance sustainability.

Future research is encouraged to extend this model to a broader and more diverse sample, encompassing multiple regencies or provinces, to enhance the generalizability of the findings. A longitudinal or time-lagged research design would also help clarify the causal ordering of the relationships identified. Furthermore, future studies may benefit from incorporating multi-source data—such as triangulating auditee perceptions with Inspectorate audit documentation or performance reports—to reduce common-method bias and strengthen the validity of the findings. Finally, incorporating organizational culture, local leadership dynamics, or other institutional variables as additional constructs would enrich understanding of the factors shaping sustainable village and sub-district governance.

Declaration of Generative AI Use

During the preparation, conceptualization, and revision of this manuscript, the author(s) utilized Generative AI and AI-assisted technologies, specifically Gemini (Google), ChatGPT (OpenAI), and Claude (Anthropic). These tools were used strictly to support consultation and discussion regarding the research framework, clarify and operationalize feedback from academic advisors, synthesize and summarize relevant journal literature to enhance research efficiency, and assist with language editing, paraphrasing, and addressing peer-review comments to improve academic clarity. Following the use of these tools, the author(s) thoroughly reviewed, edited, and verified all outputs to ensure accuracy, factual validity, and alignment with original academic standards. The author(s) explicitly declare that no AI tools were used to generate images, produce empirical data, calculate statistical results, or synthesize artificial research findings. The author(s) take full responsibility for the integrity, validity, and originality of the published work.

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