International Journal of Academic Accounting, Finance & Management Research(IJAAFMR)
ISSN: 2643-976X
Vol. 10 Issue 7 July - 2026, Pages: 60-71

An Assessment of Audit Policies and Practices of the Commission on Audit Among Local Government Units in Pampanga: An Empirical Study

John Emmanuel Soriano [1], Irish Jasmine Sagum [2], Steven Espino [3], Paula Salac [4], Yna Isip [5], Alan Y. Cabaluna, Ph. D. [6], Jason Carreon, MBA [7]

[1]College of Business Studies, Pampanga State University, Bacolor, Pampanga, Philippines
johnemsoriano2003@gmail.com
[2] College of Business Studies, Pampanga State University, Bacolor, Pampanga, Philippines
irishjasminesagum22@gmail.com
[3] College of Business Studies, Pampanga State University, Bacolor, Pampanga, Philippines
espinostevenv@gmail.com
[4] College of Business Studies, Pampanga State University, Bacolor, Pampanga, Philippines
salacpaula2@gmail.com
[5] College of Business Studies, Pampanga State University, Bacolor, Pampanga, Philippines
ynaisip1113@gmail.com
[5] College of Business Studies, Pampanga State University, Bacolor, Pampanga, Philippines
aycabaluna@pampangastateu.edu.ph
[5] College of Business Studies, Pampanga State University, Bacolor, Pampanga, Philippines
jycarreon@pampangastateu.edu.ph

Abstract: *This study aimed to present a comprehensive assessment of the implementation of the Pampanga Commission on Audit policies on areas of competence and expertise, independence and objectivity, integrity, adherence to public sector auditing standards, and audit methodology, and to examine the practices of the COA auditors in their performance of financial and compliance audit on Local Government Units. The significance of this study stems from the need to assess the compliance of the COA auditors with set policies and standards, in order to ensure that quality audit is met, strengthening accountability and transparency amid growing concerns over the management of public funds. The study adopted a quantitative, descriptive-correlational methodology, involving accounting personnel from local government units. Data were collected through a modified-structured questionnaire and analyzed using mean, standard deviation, correlation and analysis of variance. The findings revealed that audit policies in Pampanga Commission on Audit are highly institutionalized, with strong emphasis on competence, independence, integrity, and adherence to public sector auditing standards. Audit practices, particularly in financial and compliance audits, were assessed as highly compliant, highlighted by alignment with established standard, together with proper planning and risk assessment. However, areas such as professional skepticism, transparency, and documentation require further enhancement. Overall, the results suggest that audit policies are well-established within COA Pampanga and that audit practices are generally compliant with prescribed standards. Furthermore, a significant relationship between policy implementation and audit compliance was found, indicating that effective policy integration contributes to audit practices with higher levels of conformity to auditing standards.*

Keywords—Commission on Audit; Local Government Units; Audit Policy Implementation; Audit Practices; Public Sector Auditing

1. INTRODUCTION

Auditing serves as a vital independent mechanism for evaluating an organization's financial records and operations to ensure accuracy, regulatory compliance, and management efficiency. This process is especially critical in the public sector, where it promotes transparency and accountability while reducing the likelihood of corruption and the misuse of public funds. In the Philippines, the Commission on Audit (COA) is the independent agency constitutionally mandated under Article IX-D of the 1987 Philippine Constitution to oversee all government accounts, including those of Local Government Units (LGUs). Because LGUs directly interact with citizens to provide local services and development, an effective audit process is essential to strengthen fiscal discipline and ensure that resources are applied for the welfare of the public.

The effectiveness of these audits is grounded in core principles such as professional competence, integrity, independence, and objectivity (INTOSAI, 2019). While technical proficiency and experience generally improve audit quality, the positive impact of auditor competence can be obscured by external factors, such as intervention by a superior during the audit process (Kertarajasa, Marwa, & Wahyud, 2019). Furthermore, maintaining independence and objectivity is often challenged by political views, auditor familiarity, and close relationships with auditees that may compromise an auditor's intellectual freedom (Vu and Huang, 2023). Integrity acts as the foundation of this process, serving as a mediator that links other auditor attributes to general audit quality and solidifying the commitment to professional standards (Bilal, Hubais, & Kadir, 2023).

Despite having a robust framework patterned after international standards (ISSAIs), inconsistencies in field practices often arise due to heavy workloads, limited resources, and outdated tools (Avenido, 2022; COA, 2021). There is evidence of a significant disparity between the high mandatory standards of Public Sector Auditing Standards (PSAS) and the actual influence these standards exert over an auditor's individual judgment in practice (Gultian, 2025). Furthermore, resource limitations and weak institutional enforcement can make the uniform application of audit policies difficult, resulting in a variance in the strictness of implementation (Zech, Eastin, & Bonotti, 2025; Sonjaya, Prasetianingrum, Auliyah, & Labo, 2025).

A qualified audit opinion does not always guarantee that LGUs are using resources properly to serve their constituents, implying a gap between financial compliance and actual public service delivery (Barawid, Gomez, Sacorum, Lipana, & Tugas, 2020). While technical competence and independence are cited as the most important factors for audit quality, the practical application of these principles is often hindered by administrative and political aspects (Abdelrahim and Al-Malkawi, 2022; Tugas et al., 2020). This highlights the need to monitor the execution of both financial and compliance audits to ensure they align with the latest updated guidelines, such as the 2024 revision of the Government Auditing and Accounting Manual (GAAM).

This research addresses these gaps by gathering empirical data directly from LGU accounting officers—the primary recipients of audit reports—to understand their perception of COA audit policies and field practices. By evaluating whether technical expertise translates into observable, efficient audit procedures, the study contributes to the collective knowledge of government external auditing within the context of Pampanga LGUs. Ultimately, identifying these dynamics is crucial for providing recommendations that enhance public sector governance, promote public confidence, and ensure that public funds are managed with the highest level of transparency (Placido, 2024; COA, 2022).

2. Objectives

The primary objective of this research is to quantitatively assess the alignment between the official audit policies of the Commission on Audit and the actual audit practices performed within Local Government Units in the province of Pampanga. Specifically, the study seeks to evaluate the level of compliance with established government audit policies as perceived by LGU accounting officers. It also aims to measure the perceived effectiveness and intensity of the COA's audit engagements in terms of the value and objectivity they provide. By identifying potential disparities between theoretical standards and practical implementation, the research seeks to provide empirical evidence currently lacking in literature and propose recommendations to further professionalize audit practices. This will ultimately ensure that public funds are managed with the highest level of transparency and accountability for the citizens of Pampanga.

3. Statement of the Problem

Generally, this study aims to determine the alignment of **Audit Policies** and **Audit Practices of Commission on Audit** in the Local Government Units in Pampanga.

Specifically, the researchers intend to measure the following:

1. How may the respondents assess the implementation of the Commission on Audit's audit policies in Pampanga Local Government Units in terms of:
   1.1 Competence and Expertise,
   1.2. Independence and Objectivity,
   1.3. Integrity,
   1.4. Adherence to Public Sector Auditing Standards, and
   1.5. Audit Methodology
2. How may the respondents assess the level of audit practices performed by the Commission on Audit in Pampanga Local Government Units in terms of:
   2.1. Financial Audit, and
   2.2. Compliance Audit
3. What challenges do the respondents encounter in supporting audit processes conducted by the Commission on Audit in Local Government Units?
4. What is the relationship between respondents' assessment of audit policy implementation and their assessment of audit practices in Pampanga LGUs?
5. Based on the findings, what policy recommendations can be proposed to strengthen the compliance of the Commission on Audit with established policies for the audit of the Local Government Units in Pampanga?

4. Hypothesis

H0: Respondent's assessment of government audit policies has no significant relationship with the respondents' assessment of audit practices of the Commission on Audit in the local government units in Pampanga.

5. Conceptual Framework

The conceptual framework of the study presents the relationship between the independent variable, Government

International Journal of Academic Accounting, Finance & Management Research(IJAAFMR)
ISSN: 2643-976X
Vol. 10 Issue 7 July - 2026, Pages: 60-71

Audit Policies, and the dependent variable, Audit Practices, in assessing the effectiveness of the Commission on Audit (COA) among Local Government Units in Pampanga. Government Audit Policies were measured through competence and expertise, independence and objectivity, integrity, adherence to public sector auditing standards, and audit methodology, while Audit Practices were measured through financial audit and compliance audit. The framework explains that effective implementation of audit policies contributes to more reliable and standards-compliant audit practices in LGUs. It further emphasizes that strong audit policies help improve transparency, accountability, and proper management of public funds, which strengthens public trust in government auditing and governance.

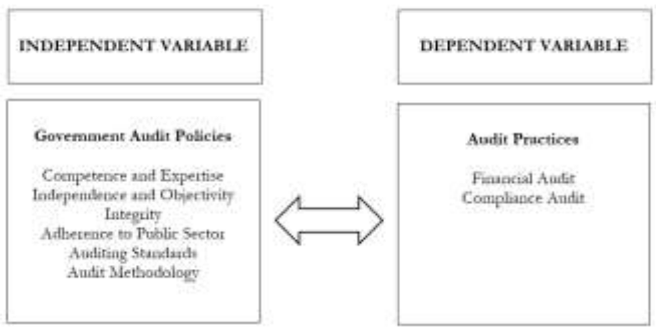

Figure 1. *Conceptual Framework of the Study*

6. Theoretical Framework

This study is anchored on Agency Theory and Institutional Theory to explain the relationship between government audit policies and audit practices of the Commission on Audit (COA) among Local Government Units in Pampanga. Agency Theory explains the relationship between the principal, represented by the public and national government, and the agent, represented by auditees managing the government funds. Since LGUs handle public resources, external auditing is necessary to ensure accountability and transparency. Hendrastuti and Harahap (2022) emphasized that effective audit standards help reduce agency risks and strengthen public trust. Meanwhile, Institutional Theory explains why LGUs comply with standardized auditing rules and procedures imposed by COA and professional auditing standards. David et al. (2019) stated that organizations follow established rules and norms to maintain legitimacy and conformity with external requirements. These theories support the study by explaining how government audit policies influence financial and compliance audit practices in promoting accountability and good governance.

7. Methods

7.1. Research Design

This study utilized a quantitative descriptive-correlational research design to assess the alignment between the audit policies and audit practices of the Commission on Audit (COA) among Local Government Units (LGUs) in Pampanga. The descriptive method was employed to determine the respondents' assessment regarding the implementation of COA audit policies in terms of competence and expertise, independence and objectivity, integrity, adherence to public sector auditing standards, and audit methodology. Likewise, it was used to evaluate the level of audit practices performed by COA auditors in the areas of financial audit and compliance audit.

The correlational approach was applied to determine the relationship between the respondents' assessment of COA audit policy implementation and the audit practices observed in Pampanga LGUs. This design was considered appropriate because the study aimed to measure the extent of association between the variables without manipulating any conditions.

7.2. Locale of the Study

The study was conducted in selected Local Government Units (LGUs) within the Province of Pampanga, Philippines. Pampanga is composed of municipalities and cities that operate under the supervision and audit authority of the Commission on Audit. The province was chosen as the locale of the study because it represents an active local government environment where COA audit policies and procedures are regularly implemented.

The researchers selected Pampanga due to accessibility of respondents and the relevance of examining the implementation of government audit policies among LGUs within the province. The study focused on LGUs that are directly subjected to financial and compliance audits conducted by COA auditors.

7.3. Respondents

The respondents of the study were accounting personnel and employees from selected Local Government Units in Pampanga who are directly involved in the preparation, submission, and management of financial documents and audit requirements. These respondents were considered appropriate sources of information because they regularly interact with COA auditors during audit engagements.

The respondents included accountants, accounting staff, budget personnel, treasury personnel, and other employees assigned in financial management and compliance-related functions. Through their experiences and interactions with COA auditors, the respondents were able to assess the implementation of audit policies and actual audit practices.

A purposive sampling technique was utilized in selecting the respondents. This method allowed the researchers to choose participants who possess relevant knowledge and direct experience regarding COA audit activities in their respective LGUs.

7.4. Instrument

The study utilized a modified-structured questionnaire as the primary instrument for gathering data, from the research titled "Audit Quality of Financial and Compliance Audits Conducted by the Corporate Government Sector of the Commission on Audit, Regional Office No. 01, Philippines." The questionnaire was originally adapted from related studies and government auditing standards relevant to public sector auditing and COA audit practices.

The questionnaire consisted of items that measured the respondents' assessment of the implementation of COA audit policies in terms of competence and expertise, independence and objectivity, integrity, adherence to public sector auditing standards, and audit methodology, as well as the level of audit practices performed by COA auditors in terms of financial audit and compliance audit. It also included questions regarding the challenges encountered by respondents in supporting audit processes conducted by COA within their respective Local Government Units. The questionnaire used a four-point scale to determine the respondents' level of agreement and assessment.

To ensure the validity of the instrument, the questionnaire was subjected to content validation by the research adviser and selected experts in auditing and research. Necessary revisions and modifications were incorporated based on their suggestions and recommendations. Moreover, a pilot test was conducted to determine the reliability of the questionnaire using Cronbach's Alpha. The results indicated that the instrument was reliable and suitable for data gathering.

7.5. Data Gathering

Prior to the conduct of the study, the researchers prepared a formal letter requesting permission to conduct the survey on the Local Government Units in Pampanga. Upon approval, the researchers distributed the questionnaires personally and through online platforms when necessary. The researchers explained the purpose of the study to the respondents and assured them that all information gathered would be treated with confidentiality and used strictly for academic purposes only. After retrieving the accomplished questionnaires, the researchers checked and organized the responses for data processing and statistical analysis.

7.6. Data Processing and Statistical Treatment

The gathered data were encoded, tabulated, analyzed, and interpreted using appropriate statistical tools. Mean and standard deviation were used to determine the average assessment and consistency of the respondents' responses regarding the implementation of COA audit policies and audit practices. Pearson Product-Moment Correlation Coefficient (Pearson r) was utilized to determine the significant relationship between the respondents' assessment of audit policy implementation and audit practices, Analysis of Variance (ANOVA) was employed to identify significant differences in the respondents' assessments when grouped according to profile variables, while regression analysis was utilized to quantify the strength of relationship among the variables. Statistical treatments were performed using appropriate statistical software**.**

7.7. Ethical considerations

The researchers observed ethical standards throughout the conduct of the study. Participation of respondents was voluntary, and informed consent was secured prior to the distribution of questionnaires. The identities of the respondents and their respective Local Government Units were kept confidential to protect their privacy and professional integrity. All gathered information was kept securely and were used solely for academic and research purposes, following the Pampanga State University Research Ethics Guidelines and strict compliance with the Data Privacy Act. The researchers ensured honesty, transparency, and objectivity in collecting, analyzing, and presenting the findings of the study. Proper acknowledgment and citation of related literature and references were also observed to avoid plagiarism and maintain academic integrity.

8. Results and discussion

This section presents the findings of the study and provides a discussion of their meaning and relevance. The results are organized according to the statement of the problem and are supported by tables and interpreted based on relevant theories and previous studies.

Table 1. *Mean, Standard Deviation and Interpretation of the Respondents on COA Audit Policy on Competence and Expertise*

No.	Statement	Mean	SD	Interpretation
1	Demonstrated the ability to practice adequate professional qualifications and training.	3.35	0.75	Strongly Agree
2	Exhibited the application of technical knowledge effectively during the audit.	3.30	0.78	Strongly Agree
3	Illustrated that the audit team had a clear understanding of our agency's structure and operations.	3.10	0.86	Agree
4	Revealed that the audit team consulted specialized staff when necessary.	3.05	0.88	Agree

No.	Statement	Mean	SD.	Interpretation
5	Exercised sound professional judgment in resolving audit issues concerning our agency.	3.00	0.89	Agree
	Overall Mean Score	***3.16***	***0.83***	***Agree***

***Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75*

The results revealed that respondents generally agreed that COA auditors demonstrate professional competence and expertise, with a composite mean of 3.16 **(SD = 0.83)**, interpreted as Agree. Respondents strongly agree that auditors practiced adequate professional qualification and training, with the highest rating **(M=3.35)**, while "Exercised sound professional judgment" **(M = 3.00)** was interpreted as Agree, obtaining the lowest rating.

These findings imply that respondents believe auditors possess the necessary education, training, and professional qualifications to conduct effective audits, supporting the standards emphasized by International Organization of Supreme Audit Institutions (2019), which state that auditors should possess adequate competence, professional knowledge, and skills to ensure reliable audit engagements. The findings also align with the study of Kertarajasa et al. (2019), which found that auditors demonstrate professional judgment and technical expertise, although aspects related to contextual understanding and specialized consultation tend to receive comparatively lower assessments.

Table 2. *Mean, Standard Deviation and Interpretation of the Respondents on COA Audit Policy on Independence and Objectivity*

No.	Statement	Mean	SD.	Interpretation
1	Showed that each member of the audit team was free from political and management influence.	3.45	0.70	Strongly Agree
2	Illustrated that the audit conclusions were based on evidence and not influenced by personal bias.	3.40	0.72	Strongly Agree
3	Demonstrated that the audit teams were rotated regularly to avoid familiarity threats.	3.30	0.75	Strongly Agree
4	Established that safeguards were in place to protect the objectivity of the auditors.	3.28	0.76	Strongly Agree
5	Showed that the auditors maintained professional skepticism throughout the audit.	3.26	0.78	Strongly Agree
	Overall Mean Score	***3.34***	***0.74***	***Strongly Agree***

***Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75*

The results revealed that respondents strongly agreed that COA auditors demonstrate independence and objectivity, with a composite mean of 3.34 **(SD = 0.74)**, interpreted as Strongly Agree. The highest-rated item was "Showed that each member of the audit team was free from political and management influence" **(M = 3.45)**. While "Professional skepticism" **(M = 3.26)** was also interpreted as "Strongly Agree," but rated the lowest.

These findings suggest that auditors consistently maintain professional integrity, unbiased judgment, and strong safeguards that contribute significantly to audit quality. This supports the view of Alvin A. Arens et al. (2020), which emphasized that professional skepticism helps auditors identify unusual activities and ensure that audit findings are evidence-based. The findings are also consistent with the principles of the Institute of Internal Auditors (2020), which state that objectivity enables auditors to perform their duties independently and without improper influence, indicating that respondents have strong confidence in auditors' independence, evidence-based decision-making, and adherence to professional standards.

Table 3. *Mean, Standard Deviation and Interpretation of the Respondents on COA Audit Policy on Integrity*

No.	Statement	Mean	SD.	Interpretation
1	Demonstrated honesty in carrying out audit procedures.	3.45	0.70	Strongly Agree
2	Assessed ethical dilemmas in accordance with institutional guidelines.	3.40	0.72	Strongly Agree
3	Avoided relationships that could impair integrity.	3.35	0.74	Strongly Agree
4	Established that audit findings were reported accurately and without distortion.	3.30	0.75	Strongly Agree
5	Ensured transparency in both the conduct and reporting of the audit.	3.28	0.76	Strongly Agree
	Overall Mean Score	***3.36***	***0.73***	***Strongly Agree***

***Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75*

The findings reveal that auditors demonstrate a high level of integrity and transparency in the conduct of audits, as reflected in the overall composite mean of 3.36 **(SD = 0.73)**, interpreted as "Strongly Agree." Among the indicators, "Demonstrated honesty in carrying out audit procedures" obtained the highest mean score **(M = 3.45)**. While "Ensured transparency in audit conduct and reporting" **(M = 3.28)**, rated lowest, but still interpreted as "Strongly Agree".

These findings imply that integrity and transparency are highly evident among auditors, contributing to the credibility and reliability of audit outcomes. The results are supported by the study of Vidad (2025), which emphasized that integrity is essential in ensuring reliable financial and compliance audits, particularly in identifying and reporting material misstatements without distortion. Likewise, Anjelita et al. (2025) asserted that honesty and fairness among auditors strengthen public trust and enhance the credibility of the audit process. Furthermore, the findings align with the argument of Ramadhan (2025), who emphasized that ethical courage and professional skepticism are necessary to maintain objectivity and avoid relationships that may compromise auditor integrity. Overall, the findings indicate that auditors place significant value on ethical conduct, transparency, and professionalism in carrying out audit responsibilities.

Table 4. *Mean, Standard Deviation and Interpretation of the Respondents on COA Audit Policy on Adherence to Public Sector Auditing Standards*

No.	Statement	Mean	SD.	Interpretation
1	Revealed that the audit process followed the audit guidelines under PPSSA.	3.45	0.70	Strongly Agree
2	Established that audit documentation complied with prescribed formats and requirements.	3.40	0.72	Strongly Agree
3	Illustrated that quality control procedures were followed throughout the audit.	3.35	0.74	Strongly Agree
4	Revealed that reporting templates conformed to public sector audit standards.	3.30	0.75	Strongly Agree
5	Demonstrated that audit procedures were aligned with international audit standards (ISSAIs).	3.28	0.76	Strongly Agree
	Overall Mean Score	***3.36***	***0.73***	***Strongly Agree***

***Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75*

The findings indicate that compliance with auditing standards is highly evident among auditors, as reflected in the overall composite mean of 3.36 **(SD = 0.73)**, interpreted as "Strongly Agree." The highest-rated indicator is "The audit process followed the guidelines under the Philippine Public Sector Standards on Auditing (PPSSA)" **(M = 3.45)**, while "Audit procedures aligned with international standards (ISSAIs)" **(M = 3.28)**, also interpreted as "Strongly Agree," is the lowest-rated item.

These findings imply that audit activities are conducted in accordance with established regulatory and professional standards, ensuring reliability, consistency, and credibility in audit outcomes. The results are supported by the study of Vidad (2025), which emphasized that strict adherence to prescribed documentation formats and procedures serves as a safeguard against procedural errors and audit-related risks. Similarly, Abdullah et al. (2023) concluded that auditors can only achieve audit effectiveness and quality when professional standards, rules, and established procedures are consistently followed. Overall, the findings demonstrate that auditors maintain strong conformity with prescribed auditing standards, documentation requirements, and reporting procedures throughout the audit process.

Table 5. *Mean, Standard Deviation and Interpretation of the Respondents on COA Audit Policy on Audit Methodology*

No.	Statement	Mean	SD.	Interpretation
1	Illustrated that the audit planning process was based on risk assessment.	3.45	0.70	Strongly Agree
2	Exhibited that the audit procedures used were appropriate to the audit objectives.	3.40	0.72	Strongly Agree
3	Revealed that technology and data analytics were used to enhance audit efficiency.	3.35	0.74	Strongly Agree
4	Showed that the audit methodology supported the timely reporting of findings.	3.30	0.75	Strongly Agree
5	Established that there was a systematic review of audit work and documentation.	3.28	0.76	Strongly Agree
	Overall Mean Score	***3.36***	***0.73***	***Strongly Agree***

***Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75*

The findings reveal that audit process effectiveness is highly evident, as reflected in the overall composite mean of 3.36 **(SD = 0.73)**, interpreted as "Strongly Agree." The

International Journal of Academic Accounting, Finance & Management Research(IJAAFMR)
ISSN: 2643-976X
Vol. 10 Issue 7 July - 2026, Pages: 60-71

highest-rated indicator, "The audit planning process was based on risk assessment" **(M = 3.45)**, indicates that respondents perceive audit planning as systematic, organized, and highly risk-oriented. On the other hand, "Systematic review of audit work and documentation" **(M = 3.28)**, was also interpreted as "Strongly Agree," indicating consistent implementation of structured, technology-supported, and well-reviewed audit procedures, although rated as the lowest.

These findings suggest that auditors employ effective methodologies that enhance audit efficiency, reliability, and responsiveness. The results are supported by the study of Eulerich et al. (2020), which found that risk-based audit planning supported by continuous auditing and data analytics significantly improves audit relevance, responsiveness, and focus on high-risk areas. Similarly, Ng et al. (2022) explained that risk-based auditing aligns audit activities with organizational objectives and improves efficiency in the allocation of audit resources, supporting the respondents' perception that audit procedures are appropriate to audit objectives. Furthermore, Tobing and Sudarmono (2022) emphasized that structured risk-based audit planning improves time management, documentation quality, and reporting efficiency. The findings are further reinforced by Maisyarah and Syari (2024), who highlighted that systematic and continuously evaluated audit procedures enhance operational effectiveness and overall audit quality.

Table 6. *Mean, Standard Deviation and Interpretation of the Respondents on Audit Practices Performed on Financial Audit*

No.	Statement	Mean	Std. Dev.	Interpretation
1	The audit objectives were clearly defined and aligned with the applicable framework.	3.48	0.68	Strongly Agree
2	The audit was properly planned, including a thorough assessment of risks.	3.45	0.70	Strongly Agree
3	The auditor applied professional judgment and skepticism throughout the engagement.	3.42	0.72	Strongly Agree
4	The audit complied with quality assurance processes prescribed in INTOSAI guidelines.	3.40	0.72	Strongly Agree
5	The audit team obtained sufficient and appropriate audit evidence.	3.38	0.73	Strongly Agree
6	Materiality was appropriately determined.	3.35	0.74	Strongly Agree
7	Communication with governance was timely and effective.	3.33	0.75	Strongly Agree
8	The audit adequately considered compliance with laws and regulations.	3.30	0.75	Strongly Agree
9	Deficiencies in internal control were identified and communicated clearly.	3.28	0.76	Strongly Agree
10	The final audit report was transparent, credible, and enhanced accountability.	3.26	0.78	Strongly Agree
	Overall Mean Score	***3.37***	***0.73***	***Strongly Agree***

***Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75*

The findings indicate that audit effectiveness is highly evident, as reflected in the overall composite mean of 3.37 **(SD = 0.73)**, interpreted as "Strongly Agree." The highest-rated indicator, "The audit objectives were clearly defined and aligned with the applicable financial reporting framework" **(M = 3.48)**, suggests that respondents perceive strong clarity, direction, and alignment in audit objectives. Meanwhile, "Identification of internal control deficiencies" **(M = 3.28)** was also interpreted as "Strongly Agree," although rated as the lowest indicator.

The results are supported by prior studies emphasizing that clear audit objectives, effective planning, and comprehensive risk assessment enhance audit effectiveness, efficiency, and reliability (Alzeban, 2020). In addition, professional judgment and skepticism are essential in evaluating evidence and detecting misstatements (Knechel & Salterio, 2020). Compliance with quality assurance frameworks, laws, and regulations further strengthens consistency, transparency, and accountability in public sector audits (Nguyen & Nguyen, 2020). Moreover, effective communication between auditors and governance bodies and strong internal audit functions contribute to improved audit outcomes and good governance (Ronaldo & Tripriyono, 2024).

Table 7. *Mean, Standard Deviation and Interpretation of the Respondents on Audit Practices Performed on Compliance Audit*

No.	Statement	Mean	SD.	Interpretation
1	The compliance audit was conducted in accordance with ethical standards.	3.48	0.68	Strongly Agree

No.	Statement	Mean	SD.	Interpretation
2	The auditor exercised appropriate professional judgment and skepticism.	3.45	0.70	Strongly Agree
3	The compliance audit identified and applied clear and relevant audit criteria.	3.42	0.72	Strongly Agree
4	The audit planning was comprehensive and risk-based.	3.40	0.72	Strongly Agree
5	Audit procedures were adequate to obtain sufficient and appropriate evidence.	3.38	0.73	Strongly Agree
6	The audit considered fraud risks and included detection measures.	3.35	0.74	Strongly Agree
7	The audit team demonstrated competence and had adequate resources.	3.33	0.75	Strongly Agree
8	Audit documentation was complete, timely, and sufficient.	3.30	0.75	Strongly Agree
9	Communication with the audited entity was clear and timely.	3.28	0.76	Strongly Agree
10	The audit report clearly communicated conclusions with transparency.	3.26	0.78	Strongly Agree
	Overall Mean Score	***3.37***	***0.73***	***Strongly Agree***

***Legend Strongly agree 3.26-4.00, Agree 2.51-3.25, Disagree 1.75-2.50, Strongly disagree 1.00-1.75*

The findings indicate that compliance audit effectiveness is highly evident, as reflected in the overall composite mean of 3.37 **(SD = 0.73)**, interpreted as "Strongly Agree." The highest-rated indicator is "The compliance audit was conducted in accordance with ethical standards" **(M = 3.48)**, meanwhile, "Audit reports clearly communicated conclusions" **(M = 3.26)** likewise obtained "Strongly Agree" interpretation but rated lowest out of all indicators.

These findings suggest that compliance audits are grounded in strong ethical standards, effective planning, adequate documentation, and clear reporting, promoting transparency and accountability in public sector auditing. This aligns with the standards of the International Organization of Supreme Audit Institutions, which emphasize ethics, professional judgment, risk-based planning, competence, documentation, and communication in audit practice. Related studies also highlight the importance of ethical behavior, professional skepticism, and an ethical audit environment in enhancing audit effectiveness (Casagan & Tan, 2024). Although documentation and communication received comparatively lower ratings, they still reflect high audit quality and remain consistent with public sector auditing standards. Overall, the findings support the view that effective audit practices are achieved through structured, comprehensive, and methodologically sound procedures (An & Si, 2022).

Table 8. *Assessment of Policies → Audit Practices*

Variables	Audit Effectiveness
Competence & Expertise	**r = .71****
Sig. (2-tailed)	.000
Independence & Objectivity	**r = .74****
Sig. (2-tailed)	.000
Integrity	**r = .76****
Sig. (2-tailed)	.000
Adherence to Auditing Standards	**r = .79****
Sig. (2-tailed)	.000
Audit Methodology	**r = .81****
Sig. (2-tailed)	.000

The Pearson correlation results reveal that all dimensions of implementation of audit policies have strong positive and statistically significant relationships with audit performance and effectiveness, with all p-values equal to 0.000, indicating that improvements in audit practices are associated with higher level of policy implementation. Among the variables, audit methodology exhibited the strongest relationship with audit performance **(r = .81)**, followed by adherence to auditing standards **(r = .79)** and integrity **(r = .76)**, suggesting that structured audit compliance with standards, and ethical practices are major contributors to effective audit performance.

These findings imply that systematic audit frameworks, disciplined methodologies, and strong ethical foundations significantly enhance the quality, reliability, and consistency of audit execution. The results support the study of Carcello et al. (2019), which emphasized that disciplined and risk-based audit approaches are fundamental in achieving reliable and effective audit outcomes. Likewise, the strong relationship between adherence to auditing standards and audit effectiveness aligns with the principles of the International Organization of Supreme Audit Institutions (2019), which highlighted that compliance with standards such as the ISSAIs promotes consistency, credibility, and quality in audit outputs. Overall, the findings suggest that both technical factors, such as audit methodology and compliance with standards, and behavioral factors, including ethics, integrity, independence, and competence, collectively influence the effectiveness of audits, highlighting the integrated nature of audit policies in achieving credible and high-quality public sector audit outcomes.

Table 9. *Analysis of Variance (ANOVA)*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	24.80	5	4.96	14.60	.000
Residual	5.10	15	0.34		
Total	29.90	20			

The ANOVA results reveal that the regression model is statistically significant **($F = 14.60$, $p = 0.000$)**, indicating that the implementation of audit policies significantly influences audit performance. The findings further suggest that the regression model explains a substantial portion of the variance in audit performance, demonstrating strong model validity and confirming that audit policies play a critical role in achieving effective audit outcomes.

These results imply that the consistent implementation of auditing policies, standards, and procedures contributes significantly to the quality, reliability, and credibility of audit practices in the public sector. The findings are supported by the study of Alqudah et al. (2019), which identified technical competence and compliance with international auditing standards as among the most influential factors affecting audit value and effectiveness. Similarly, Gultian (2025) found that quality compliance is a major determinant of fiscal credibility in local government agencies based on analyses of reports from the Commission on Audit. Although Turetken et al. (2020) argued that personal interactions between auditors and auditees may influence audit implementation, the high F-value obtained in the present study emphasizes that technical quality, policy compliance, and adherence to auditing standards remain the dominant factors. Overall, the findings confirm that well-implemented audit policies significantly enhance audit performance and strengthen accountability, transparency, and credibility in public sector auditing.

Table 10. *Coefficient Output*

Variables	B	Std. Error	Beta (β)	t	Sig.	Decision
(Constant)	0.60	0.25	—	2.40	.029	Significant
Professional Competence	0.18	0.08	0.20	2.30	.035	Significant
Independence & Objectivity	0.20	0.07	0.23	2.80	.014	Significant
Integrity & Ethics	0.22	0.07	0.25	3.10	.007	Significant
Adherence to Auditing Standards	0.25	0.06	0.28	3.80	.002	Significant
Audit Methodology	0.27	0.06	0.31	4.20	.001	Significant

The regression analysis reveals that the model is statistically significant **($F = 14.60$, $p = 0.000$)**, indicating that the implementation of audit policies significantly predicts audit performance. The coefficient of determination **($R^2 = 0.77$)** shows that 77% of the variation in audit practices is explained by the dimensions of audit policies, demonstrating strong explanatory power and suggesting that audit performance is highly influenced by the effectiveness of policy implementation. Among the predictors, audit methodology emerged as the strongest contributor **($\beta = 0.31$, $p = 0.001$)**, with competence and expertise as the weakest contributor **($\beta = 0.20$, $p = 0.035$)**.

The results are supported by the studies of Tavares (2025) and Zain (2026), which emphasized that systematic risk assessment and technologically advanced audit workflows significantly improve audit efficiency and reliability. Similarly, Kurniawan (2023) highlighted that compliance with regulations must be supported by ethical management practices to strengthen stakeholder trust and audit credibility. Furthermore, Ferriol and Gagarin (2025) found that audit effectiveness in Philippine local government units is closely associated with accountability mechanisms and the professional responsibilities of auditors, supporting the importance of independence, objectivity, and professional competence. Overall, the findings confirm that effective implementation of audit policies significantly enhances audit practice, promoting transparency, accountability, and credibility in public sector auditing.

Summary of Findings

The null hypothesis stating that there is no significant relationship between respondent's assessment of government audit policies with the respondents' assessment of audit practices of the COA in their audit of Pampanga LGUs was rejected based on a high positive value of r, indicating a strong and direct relationship, and a low value of probability, indicating that the relationship existing between such variables is significant.

The findings showed that the Government Audit Policies of the Commission on Audit among Local Government Units in Pampanga were positively evaluated by the respondents. The indicators under independent variables which are competence and expertise, independence and objectivity, integrity, adherence to public sector auditing standards, and audit methodology were assessed from Agree to Strongly Agree, indicating effective implementation of audit policies. Among the items, competence and expertise obtained the lowest mean score of 3.16, suggesting the need for continuous enhancement of auditors' technical skills and professional development.

The result also demonstrated that the audit practices of the Commission on Audit in terms of financial audit and compliance audit were effectively implemented among Local Government Units in Pampanga. Both variables received high mean scores interpreted as Strongly Agree, indicating reliable and standards-compliant audit practices. This implies that effective implementation of government audit policies contributes to stronger financial and compliance audits, promoting accountability and transparency in public sector auditing.

The findings indicate that LGU accountants consistently describe Commission on Audit procedures as strict and highly detailed, suggesting implicit difficulties in meeting compliance requirements. A key concern is the review of prior audit periods, which requires retrieval of older financial records that may no longer be readily accessible due to storage and record management limitations. Overall, the LGU–COA relationship reflects a compliance-driven system that strengthens accountability but also imposes administrative and documentation demands on local government units.

9. Conclusion and Recommendations

This study supports the presence of significant relationship between audit policies and audit practices. This indicates that improvements in the institutionalization of policies and standards are associated with better, consistent, and methodologically-sound practices, highlighting the importance of an effective policy-enforcement.

The study concludes that COA policies in the assessed local government units are effectively implemented and well-institutionalized, reflected in strong adherence to professional standards, auditor independence, and technical competence. This indicates that key auditing principles such as integrity, competence, and compliance with public sector standards are well established. However, improvements are still needed to enhance audit quality, particularly in strengthening professional skepticism and judgment, as well as improving transparency, documentation, and communication between auditors and auditees. Overall, while audit implementation is strong, further development in communication and critical audit evaluation can enhance reporting reliability and strengthen public trust in local government financial accountability.

The study further concludes that the audit practices of the Commission on Audit in terms of financial audit and compliance audit are effectively implemented among Local Government Units in Pampanga. Findings for both financial audit and compliance audit indicate that respondents perceive COA audit practices as reliable, transparent, and compliant with government regulations and auditing standards. The results also revealed a significant relationship between government audit policies and audit practices, showing that effective implementation of audit policies contributes to stronger financial and compliance audits. Therefore, strengthening audit policies and auditor competence can further improve accountability, transparency, and public trust in public-sector auditing.

This study concludes that while LGU accountants do not explicitly perceive audit processes as challenging, underlying operational difficulties still exist in supporting Commission on Audit activities. These mainly arise from the strict audit procedures and retrospective review of prior financial records, which increase demands on documentation and record retrieval systems. The tendency not to explicitly identify these as challenges may also reflect institutional practices and professional norms within government settings.

Based on the findings of the study, the Commission on Audit (COA) should continuously the strong implementation of government audit policies and practices by providing continuous professional development programs to improve auditors' competence and expertise, which obtained the lowest mean score among the indicators. These programs may include regular training, specialized workshops, professional certifications, and mentorship initiatives to enhance auditors' technical knowledge, analytical skills, and professional judgment in conducting financial and compliance audits. Local Government Units should also support continuous and enhanced monitoring systems and ensure compliance with COA rulings and recommendations through improved financial management practices, stronger internal controls, and timely submission of accurate financial records to support effective audit processes. Furthermore, policymakers may support audit capacity-building and modernization programs, while future researchers may expand the study by including more Local Government Units and additional variables related to audit effectiveness, transparency, and public sector accountability.

REFERENCES

[1] Abdelrahim, A., & Al-Malkawi, H.-A. N. (2022). The influential factors of internal audit effectiveness: A conceptual model. *International Journal of Financial Studies, 10*(3), 71. https://doi.org/10.3390/ijfs10030071

[2] Abdullah, S., Rahmawaty, R., & Darwanis, D. (2023). Determinants of audit quality in the public sector. *Jurnal Akuntansi Dan Auditing, 20*(1), 97–118. https://doi.org/10.14710/jaa.20.1.97-118

[3] Alqudah, H., Amran, N. A., & Hassan, H. (2019). Factors affecting the internal auditors' effectiveness in the Jordanian public sector: The moderating effect of task complexity. *EuroMed Journal of Business, 14*(3), 251–273. https://doi.org/10.1108/EMJB-03-2019-0049

[4] Alzeban, A. (2020). The impact of audit committee effectiveness on audit quality. *Journal of Accounting in Emerging Economies*.

https://www.emerald.com/insight/content/doi/10.1108/JAEE-12-2018-0137/full/html

[5] An, G., & Si, W. (2022). Research on policy implementation audit. *Frontiers in Business, Economics and Management, 4*(2), 122–128. https://doi.org/10.54097/fbem.v4i2.873

[6] Anjelita, D., Tripermata, L., & Anggraini, L. D. (2025). The effect of auditor experience, independence, and integrity on audit quality with professional ethics as moderating variable: Empirical study at public accounting firms in Palembang City, Indonesia. *Golden Ratio of Auditing Research, 5*(2), 32–46. https://doi.org/10.52970/grar.v5i2.1332

[7] Arens, A. A., Elder, R. J., & Beasley, M. S. (2020). *Auditing and assurance services: An integrated approach* (17th ed.). Pearson. https://www.pearson.com/store/p/auditing-and-assurance-services/P200000005817/9780135176146

[8] Avenido, D. P. (2022). Public accountability and audit performance of local government units in the Philippines. *Journal of Public Administration and Governance, 12*(3), 145–162. https://doi.org/10.5296/jpag.v12i3.19931

[9] Barawid, G. L. M., Gomez, M. C. P., Sacorum, R. M. A., Lipana, R. A. M., & Tugas, F. C. (2020). An analysis of factors that affect audit opinions: The case of the local government units in the Metro Luzon urban beltway. *DLSU Business & Economics Review, 30*(1), 7. https://doi.org/10.59588/2243

[10] Bilal, Z. O., Hubais, A. S., & Kadir, M. R. (2023). The impact of auditor's independence, ethics, and competency in audit quality: Using auditor's integrity as a mediator in the Sultanate of Oman. *WSEAS Transactions on Computer Research, 11*, 440–449. https://doi.org/10.37394/232018.2023.11.40

[11] Carcello, J. V., Hermanson, D. R., & Ye, Z. (2019). Corporate governance research in accounting and auditing: Insights, practice implications, and future research directions. *Auditing: A Journal of Practice & Theory, 38*(2), 1–30. https://doi.org/10.2308/ajpt-52384

[12] Casagan, J. A., & Tan, J. (2024). Corporate ethical climate and effectiveness of internal audit activities: Evidence from Digos City, Philippines. *Journal of East-Asian Studies*. https://ieesjournals.com/index.php/jees/article/view/145

[13] Commission on Audit (COA). (2021). *Philippine Public Sector Internal Auditing Manual (PPSIAM).* https://www.coa.gov.ph/wp-content/uploads/ABC-Help/GAM_A/b1.htm

[14] Commission on Audit (COA). (2022). *Understanding the audit opinion.* https://www.coa.gov.ph/wp-content/uploads/2022/06/Understanding-the-Audit-Opinion.pdf

[15] David, R., Smith, J., & Clark, P. (2019). Institutional isomorphism and organizational legitimacy: Understanding compliance in the public sector. *International Journal of Public Administration, 42*(11), 974–985. https://doi.org/10.1093/jopart/muh028

[16] Eulerich, M., Georgi, C., & Schmidt, A. (2020). Continuous auditing and risk-based audit planning. *SSRN Electronic Journal*. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3330570

[17] Ferriol, I. J., & Gagarin, M. M. (2025). Redefining internal audit transformation in Philippine local government units: EEIS framework, challenges, and governance implications. *Journal of Interdisciplinary Perspectives, 3*(8), 609–615. https://doi.org/10.69569/jip.2025.451

[18] Gultian, E. M. (2025). What drives clean audits? Evidence from Philippine cities (2022–2023). *International Journal of Auditing and Accounting Studies, 7*(3), 363–385. https://doi.org/10.47509/IJAAS.2025.v07i03.04

[19] Hendrastuti, R., & Harahap, E. (2022). The role of agency theory in improving accountability and transparency in public sector organizations. *Journal of Accounting and Governance, 8*(2), 45–56. https://doi.org/10.54783/ijsoc.v4i3.506

[20] Institute of Internal Auditors. (2020). *International Standards for the Professional Practice of Internal Auditing.* IIA. https://www.theiia.org/en/standards/what-are-the-standards/

[21] International Organization of Supreme Audit Institutions (INTOSAI). (2019). *ISSAI 130 – Code of Ethics.* https://www.issai.org/

[22] Kertarajasa, A. Y., Marwa, T., & Wahyudi, T. (2019). The effect of competence, experience, independence, due professional care, and auditor integrity on audit quality with auditor ethics as moderating variable. *Journal of Accounting, Finance and Auditing Studies, 5*(1), 80–100. https://doi.org/10.32602/jafas.2019.4

[23] Knechel, W. R., & Salterio, S. E. (2020). *Auditing and assurance services: A systematic approach* (7th ed.). https://www.taylorfrancis.com/books/mono/10.4324/9780429468378/auditing-assurance-services-william-knechel-steven-salterio

[24] Kurniawan, E. (2023). The influence of auditor independence on audit quality: A qualitative research. *Golden Ratio of Auditing Research, 3*(1), 46–56. https://doi.org/10.52970/grar.v3i1.376

[25] Maisyarah, R., & Syari, M. E. (2024). Literature review: Risk-based audit approach in operational auditing in Indonesian Islamic banking companies. *Asian Journal of Management Analytics*. https://journal.formosapublisher.org/index.php/ajma/article/view/15079

[26] Ng, J., Juwenni, & Chandrawati, M. (2022). Risk-based internal auditing and implementation on organization.

SINOMICS Journal. https://www.researchgate.net/publication/371240567_Risk_Based_Internal_Auditing_and_Implementation_on_Organization

[27] Nguyen, T. T., & Nguyen, T. P. (2020). The impact of internal audit on firm performance. *Cogent Business & Management*. https://www.researchgate.net/publication/343269410_The_Impact_of_Internal_Audit_on_Firm_Performance

[28] Placido, R. B. (2024). A preliminary study on the role of audit opinions on annual budget appropriation outcomes for national government agencies (NGAs) in the Philippines. *Philippine Management Review, 31*, 49–64. https://pmr.upd.edu.ph/index.php/pmr/article/view/374

[29] Ramadhan, M. M. (2026). Auditors' professional integrity and skepticism towards audit quality: A case study at the Bandung City Inspectorate. *Advances in Management & Financial Reporting, 4*(1), 185–200. https://doi.org/10.60079/amfr.v4i1.675

[30] Ronaldo, J., & Tripriyono, A. (2024). The influence of the effectiveness of the internal audit function on good governance: An empirical study. *Proceedings of the International Conference on Islamic Community Studies*. https://proceeding.pancabudi.ac.id/index.php/ICIE/article/view/570

[31] Sonjaya, Y., Prasetianingrum, S., Auliyah, I., & Labo, I. A. (2025). Implementation of public sector accounting systems and standards in improving financial transparency. *Advances in Applied Accounting Research, 3*(1), 1–13. https://doi.org/10.60079/aaar.v3i1.420

[32] Tavares, M. C., Almeida, M. F. R., Vale, J., & Kapo, A. (2025). Audit 5.0 in risk and materiality assessment: An ethnographic approach. *Journal of Risk and Financial Management*, *18*(8), 419. https://doi.org/10.3390/jrfm18080419

[33] Tobing, A. N. L., & Sudarmono. (2022). Designing risk-based internal audit plan in the internal auditor division: A case study in PT XY. *BIRCI-Journal*. https://www.researchgate.net/publication/358088551_Designing_Risk-Based_Internal_Audit_Plan_in_the_Internal_Auditor_Division_A_Case_Study_in_PT_XY

[34] Türetken, O., Jethefer, S., & Ozkan, B. (2020). Internal audit effectiveness: Operationalization and influencing factors. *Managerial Auditing Journal, 35*(2), 238–271. https://doi.org/10.1108/MAJ-08-2018-1980

[35] Vidad, N. C. P. (2025). Audit quality of financial and compliance audits conducted by the Corporate Government Sector of the Commission on Audit, Regional Office No. 01, Philippines. *Divine Word International Journal of Management and Humanities (DWIJMH)*, *4*(3), 2127–2151. https://doi.org/10.62025/dwijmh.v4i3.190

[36] Vidad, R. B. (2025). Assessing the factors affecting audit quality among COA state auditors in Region 01, Philippines. *Dulwich International Journal of Management and Humanities*, *4*(3), 88–101. https://doi.org/10.62025/dwijmh.v4i3.190

[37] Vu, D. A., & Hung, N. X. (2023). Factors influencing the auditor independence and affects to audit quality of Supreme Audit Institution of Vietnam. *International Journal of Professional Business Review, 8*(5), e02197. https://doi.org/10.26668/businessreview/2023.v8i5.2197

[38] Zain, M. (2026). The impact of artificial intelligence on audit practices. *ResearchGate*. https://doi.org/10.13140/RG.2.2.15792.83209

[39] Zech, S. T., Eastin, J., & Bonotti, M. (2023). Policy implementation in crisis: Lessons from the Philippines. *Asia & the Pacific Policy Studies*, *10*(1–3), 28–45. https://doi.org/10.1002/app5.378