

ABSTRACT

Research on the interaction between auditors and auditees in the public sector reveals an increasing phenomenon of negotiation, because the orientation of the current model of the relationship between auditors and auditees is negotiation (Kleinman & Palmon, 2000). Meanwhile, the interaction between auditors and auditees in the public sector, especially the audit of election campaign finance reports, has never been studied before, so it is very interesting to study and disclose. As well as contributing to the development of accounting theory and practice, particularly in the field of auditing. This study aims to reveal the interaction model between auditors and auditees in the audit of campaign finance reports for political parties in the 2019 legislative elections in Indonesia. This is a qualitative research using an interpretive paradigm and grounded theory methodology, because the main goal is to find a new theory based on empirical data. This research was conducted in districts/cities in the province of East Java, Indonesia. Data collection is done by triangulation, which includes: interviews and focus group discussions, observation and documentation. The grounded theory methodology used in this study is the Strauss & Corbin (1998) approach, chosen because it has a more systematic procedure. By using coding analysis consisting of: open coding, axial coding and substantive coding. The results of the study found that the interaction between auditors and auditees in auditing campaign finance reports for political parties in the 2019 legislative elections was carried out with the "mutually defending position" model. Auditors who are strong in carrying out a professional attitude by maintaining professional ethics. Meanwhile, auditees are obedient to their institutions by carrying out strategies that have been designed by their institutional actors. Both parties have different characteristics that are complex. Auditors are professional institutions that have strict rules, while auditees are political parties which are institutions that have less strict rules. The sharp differences in institutional characteristics between auditors and auditees have an impact on differences in institutional logic. So the interaction between auditors and auditees is an interaction between two institutions with different institutional logics. This research also reveals that there is a shift in institutional logic from auditors for commercial purposes to auditors for the benefit of the state. This logical shift occurred because of the large audit risk involved in the audit of campaign finance reports, and because the auditors were motivated to participate in the success of the national political agenda. With the new logic as an auditor for the benefit of the state, the auditor intends to build the reputation of the accounting firm, while the auditee in interacting applies various strategies designed by the institutional actors in accordance with the conditions and objectives of their respective institutions. the different interaction models between auditors and auditees, suggesting an institutional work.

Keywords: Auditor, auditee, campaign fund report, and interaction model