

The Effect of Competence, Independence, and Professional Auditors to Audit Quality

Lia Dahlia Iryani

University of Pakuan, Bogor, Indonesia
Corresponding Author: dahliairyani@gmail.com

Abstract. The objectives to be achieved in this research are as follows: 1. To know the auditor's competence to audit quality, 2. To know the auditor's independence to audit quality, 3. To know auditor's professionalism to audit quality. This research uses Multiple Linear Regression Analysis with Statistical Package for Social Sciences (SPSS) Ver program.21:00. The subjects of this research are 18 Public Accountant Firm in South Jakarta with the number of respondents as many as 97 respondents. Based on the results of hypothesis testing and refers to the formulation and objectives of this study, it can be drawn conclusions as follows: 1. Competence auditors in carrying out the audit have a positive and significant impact on audit quality at Public Accounting Firm in South Jakarta, so the more competent an auditor The better the quality of the audit, 2. The independence of the auditor in conducting the audit has a positive and significant impact on the quality of audit at the Public Accountant Office in South Jakarta, so the higher the auditor's independence attitude the higher the audit quality, 3. Auditor professionalism in conducting audit has a positive and significant impact on audit quality at Public Accountant Office in South Jakarta, so the higher the auditor's professionalism, the higher the audit quality.

Keywords: Competence, Independence, Professional, Audit Quality.

I. INTRODUCTION

The Management and controlling shareholder in a company require third party services to confirm that the financial statements made by the management company can be accounted to the stakeholders. Therefore, the management of the company and the controlling shareholder needs reliable third party services, so that the audit profession and the Public Accounting Firm (KAP) are required. The audit profession and the Public Accounting Firm are the professions of public trust. Where, the public accounting profession has impartial free judgment on the company's management of the information it provides in the financial statements. One of the benefits of public accounting services is providing accurate and reliable information for decision making. The financial statements audited by the public accountant are reasonably more reliable than the unaudited or unaudited financial statements.

In addition to expected to have competence and independence in the field, the auditors are also expected to have a high professionalism in carrying out its responsibilities. Professionalism is the attitude or spirit to maintain a profession and maintain a public image of it and pursue the science and substance of work in that field (Anita Kusuma Dewi, 2010). Giving trust to the auditor by giving a greater role to examine the entity they work for has become an important part

in the process of creating public accountability. A professional auditor will consider material or non material information appropriately, as it relates to the type of opinion to be provided. The more the auditor becomes aware of his professional responsibilities, the Audit Quality will be guaranteed and can be prevented from manipulation. So it can be concluded that the Auditor's Professionalism also has an important role in the implementation and Audit Quality. This research will also try to identify auditor competency on audit quality, auditor independence to audit quality, auditor professionalism to audit quality, and competence influence, independency and auditor professionalism simultaneously to audit quality.

Competence

The first general standard on PSA 210.1 SPAP (IAI, 2011) states that audits should be undertaken by one or more who have sufficient technical skills and training as an auditor. No matter how high a person's ability in other areas, including in business and finance, he or she can not meet the requirements set forth in this auditing standard, if he or she does not have adequate education and experience in auditing.

Arens et al (2012: 42) affirms that the auditor should be qualified to understand the criteria used and must be competent to know the type and amount of evidence to be collected in order to reach the right conclusions after examining the evidence. Managing

human resources through increased knowledge, experience and training is a costly, but highly decisive investment. Top-ranking KAPs spend a lot of resources (money and time) to improve their auditor's skills, meaning that in carrying out an audit requires a competent attitude in which it must have knowledge, experience, and training.

Independence

Independence according to Arens et al (2012: 111) can be interpreted to take an unbiased viewpoint. Auditors must not only be independent in fact, but also must be independent in appearance. Independence in fact exists when the auditor is perfectly capable of maintaining an unbiased attitude throughout the audit, while independence in appearance is the result of another interpretation of this independence.

The second general standard (PSA 220.1) reads "In all matters relating to engagement, independence in the mental attitude must be maintained by the auditor". This standard requires the auditor to be independent, meaning that it is not easily influenced, as it does its work for the public good. To be independent, he must be free from any obligation to his client and has no interest in his client, whether it is the management of the company or the owner of the company (IAI, 2011). In this study measure independence in the way, namely: (1) Long relationship with clients, (2) Pressure from the client, (3) Review of the auditor counterpart and (4) Provision of non-audit services.

Professionalism

The public accountant, as a professional, acknowledges responsibility to the community, clients, and co-workers, including respectable behavior, even if it means self-sacrifice (Arens et al). According to the Section 230 Professional Public Accountant Standard (IAPI, 2011), the third general standard reads: "In the course of the audit and the preparation of the report, the auditor shall use its professional proficiency closely and thoroughly." This standard requires an independent auditor to plan and carry out his work using his professional skills carefully and thoroughly. The use of professional proficiency with precision and thoroughness emphasizes the responsibility of every professional working in an independent auditor organization to observe fieldwork standards and reporting standards. The use of professional expertise thoroughly and thoroughly regarding what the auditor is doing and how the perfection of his work.

Audit Quality

Based on the Public Accountants Professional Standards (IAI, 2011) audits conducted by an auditor may be qualified if they meet the generally accepted auditing standards (GAAS) and quality control standards. Auditing standards are used as reference auditors in fulfilling their professional responsibilities in conducting audits of financial statements. The

auditor must have adequate audit quality so as to reduce the dissonance between management and shareholders, as users of financial statements, especially shareholders, will make decisions based on reports audited by the auditor. According to Wooten (2003) to measure audit quality, the following indicators are used: (1) misstatement detection, (2) conformity with the Professional Standards of Certified Public Accountants, (3) compliance with the Standard Operating Companies.

II. RESEARCH METHODS

This research uses Multiple Linear Regression Analysis with Statistical Package for Social Sciences (SPSS) Ver program. 21:00. The subjects of this research are 18 Public Accountant Firm in South Jakarta with the number of respondents as many as 97 respondents. Multiple regression connecting one dependent variable with several independent variables in a model of mathematical equations for hypothesized relationships can be formulated as follows: $Y = \alpha + \beta_1X_1 + \beta_2X_2 + e$, where: α = constant, Y = Audit dependent variable quality, X_1 = Variable Independent auditor competence, X_2 = independent variable auditor independence, and e = error term.

T test is used to test the hypothesis partially to show the effect of each independent variable individually to the dependent variable. The t test is the test of the regression coefficient of each independent variable to the dependent variable to find out how much influence the independent variable to the dependent variable. Specify the confidence level of = 95%, the confidence level of 0.95 or 95% means most likely the result of conclusion have profitability 95% or Fault tolerance 5%.

F test is a simultaneous test of regression relationship that aims to determine whether all independent variables together have a significant influence on the dependent variable. The variables in question are Competence and Auditor Independence to Audit Quality. Using the degree of freedom 95% ($\alpha = 0.05$).

The coefficient of determination (R^2) in essence aims to measure how far the ability of the model in explaining the variation of the dependent variable. The coefficient of determination is between zero and one. The small value (R^2) means the ability of the independent variable to explain the variation of the dependent variable is very limited. A value close to one means the independent variable provides almost all the information needed to predict the variation of the dependent variable (Ghozali, 2011).

III. RESULTS AND DISCUSSION

In this study using multiple linear regression analysis, to determine the influence of independent variables (independent), namely Competence,

Independence and Professionalism to the dependent variable (dependent) that is Audit Quality. The magnitude of the influence of independent variables namely Competence, Independence and Professionalism with the dependent variable that is Audit Quality together can be calculated through a multiple regression equation. Based on the calculation results, then the regression equation formed on this regression test is:

$$Y = 0.866 + 0.91 X1 + 0.98 X2 + 0.531 X3 + e$$

The model can be interpreted as follows:

1. Regression coefficient variable X1 (Competence) obtained by 0.091 with positive coefficient direction. This shows that higher competence can improve audit quality in financial examination.
2. Regression coefficient of variable X2 (Independence) obtained by 0.098 with positive coefficient direction. This shows that higher independence can improve audit quality in financial audit.
3. The regression coefficient of variable X3 (Professionalism) is obtained at 0.531 with positive coefficient direction. This shows that higher professionalism can improve audit quality in financial audit.

Coefficient of Determination Analysis

Based on the results of determination coefficient testing (available in Appendix 7), shows that the value of Adjusted R² of 0.332 which means that variability of the dependent variable is audit quality which can be explained by independent variable that is competence variable, independency and auditor professionalism in this research is 32.2 %, While the rest equal to 67.8% explained by other variables outside the research model.

Partial Discussion

Effect of Auditor's Competence on Audit Quality.

Based on the result of t test (partial) on the regression model, obtained the significance value of the auditor's competence variable of 0.092 <0.05 the real level of significance is 0.05 for the 2-way hypothesis while the hypothesis that the researcher proposes is a 1-way hypothesis. Because it can also be seen from the comparison between tcount and ttable that shows the value of tcount of 1.703, while the ttable of 1.661 (5% hypothesis 1 direction). From these results it can be seen that thitung > ttable is 1.703 > 1.661, it can be concluded that H1 accepted, it means partially competence variable of auditor significantly influence to variable of audit quality.

Effect of Auditor's Independence on Audit Quality.

Based on the result of t test (partial) on the regression model, obtained by significance value of auditor independence variable equal to 0,070 <0,05 real level of significance is 0,05 for hypothesis 2 direction whereas hypothesis which researcher proposed is hypothesis 1 direction. Because it can also be seen

from the comparison between the tcount and ttable that shows the value of tcount of 1.834, while the ttable of 1.661 (5% hypothesis 1 direction). From these results it can be seen that tcount > ttable is 1.834 > 1.661, it can be concluded that H2 accepted means partially auditor independence variable significantly influence the audit quality variable.

Effect of Auditor's Professionalism on Audit Quality.

Based on the result of t test (partial) on the regression model, the value of auditor independence variable significance is 0.000 <0,05. It can also be seen from the comparison between thitung and ttable which shows thitung value of 6.175, while ttable is 1,661 (5% hypothesis 1 direction). From the result, it can be seen that thitung > ttable is 6,175 > 1,661, hence it can be concluded that H3 accepted mean partially auditor independence variable significantly influence to variable of audit quality.

Simultaneous Discussion

Competence in the practice of public accountants concerns the technical quality of the members and staff and the ability to monitor and assess the quality of work performed. While independence means the existence of honesty in the accountant in considering the facts and the existence of objective, impartial consideration in the accountant in formulating and expressing his opinion. Then the professionalism of how an auditor is able to apply his skills carefully and thoroughly at the time of assignment. That way, every auditor needs all three. Because if the auditor only has the competence and does not have a high independence or professionalism, then in conducting audits the auditor can not produce a good quality audit. This is because if the auditor only have good competence but easily influenced by other parties then the auditor can manipulate the audit results with the ability they have or do not apply the skill at the time of assignment. Whereas if only have a high independence but lack the competence and professionalism then the auditor will be difficult in implementing. Audit and looking for problems encountered due to lack of understanding of the audit process, either in its own audit field or in accounting.

Based on the above test results can be concluded that simultaneously or together the variables of competence, independence and auditor professionalism significantly influence the dependent variable is audit quality variable. With the attitude of competence, independence and professionalism that both owned auditors, then it will support the auditor in providing audit quality is good.

IV. CONCLUSION

This study examines the influence of competence and independence of auditors on audit quality. The research variable used is dependent

variable, that is audit quality. While the independent variables used are the competence and independence of auditors.

Based on the results of hypothesis testing and refers to the formulation and purpose of this study, it can be drawn conclusions as follows:

1. The competence of auditors in conducting audits has a positive and significant impact on audit quality at Public Accountant Office in South Jakarta, so that the more competent an auditor the better the audit quality will be.
2. The independence of auditors in conducting audits has a positive and significant impact on audit quality at Public Accountant Office in South Jakarta, so the higher the auditor's independence attitude, the higher the audit quality.
3. Professionalism of auditors in conducting audits have a positive and significant impact on audit quality in public accounting firm in South Jakarta, so the higher the auditor's professionalism, the higher the audit quality.

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