

THE EFFECT OF AUDITOR'S COMPETENCY, INDEPEDENCE AND PROFESSIONALISM ON AUDIT QUALITY(Empirical Study at Public Accounting Firm in East Jakarta Region)

**THE EFFECT OF AUDITOR'S COMPETENCY, INDEPEDENCE AND PROFESSIONALISM ON AUDIT QUALITY
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Abstract - This study aims to analyze and obtain empirical evidence about the effect of auditor competence, auditor independence and auditor professionalism on the audit quality of public accounting firm in East Jakarta.

This type of research is associative with a causal relationship. The population in this study were all auditors of the Public Accounting Firm in the East Jakarta area who are registered in the IAPI Directory. The sample was determined based on simple random sampling, with a sample size of 60 auditors who were respondents. This research is in the form of primary data. The data collection technique uses a questionnaire which is delivered directly to the Public Accountant Office in East Jakarta. Hypothesis testing uses the t test and the f test.

The results of the study prove that (1) auditor competence has a positive and significant effect on audit quality, (2) auditor independence has a positive and significant effect on audit quality, (3) auditor professionalism has a positive and significant effect on audit quality.

Keywords: Competence, Independence, Auditor Professionalism, Audit Quality.

I. INTRODUCTION

The Public Accountant profession is a profession of public trust. Chairperson of IAPI Tarkosunaryo (2014), said that the existence of the Public Accountant profession is very important and even has to exist. According to him, the need for the existence of the Public Accountant profession is such an opportunity, especially the implementation of the Asean Economic Community so that the market will also expand. From the Public Accountant profession, the public expects a free and impartial assessment of the information presented by company management in the financial statements. The financial report is the final result of the process of recording a company's financial transactions that shows the company's financial condition. The financial statements presented by the company must not contain elements of manipulation in reporting it, but must be presented correctly in accordance with the facts along with strong evidence. The greater the amount of evidence that is relevant and competent, the higher the confidence achieved by the auditor.

Financial reports as a tool to provide information for users to find out the results of the company's performance. And the company should have a system of recording, procedures, and good and correct financial management. From time to time, the company's success will be influenced by the financial statements themselves (Nadi, 2017). Public Accountant is a profession that provides services to the general

public, especially in the field of auditing financial statements. Public accountants must maintain their independence in examining the financial statements of the company (client). A public accountant must not be influenced by parties related to the company or clients who are in the process of being examined by the public accountant. So that users of financial statements do not feel cheated by companies that have been audited by the public accountant.

In Nadi's research (2017) on the Effect of Competence, Experience, Independence, and Auditor Motivation on Audit Quality, it shows that competence has a significant effect on audit quality. Thus in the research of Laksita & Sukirno (2019) on the Effect of Independence, Accountability and Objectivity on Audit Quality, independence does not have a significant effect on audit quality. In Futri's (2014) research on the influence of independence, professionalism, education level, professional ethics, experience and job satisfaction of auditors on auditor quality, it shows that professionalism has no effect on audit quality. Time Pressure and Auditor Ethics on Audit Quality shows that competence and independence have a positive effect on audit quality.

RESEARCH PURPOSES

The purpose of this study was to determine and analyze the influence of auditors' competence, independence and professionalism on audit quality.

I. LITERATURE REVIEW

Handayani et al. (2014) stated that competence affects audit quality, so that the better the level of competence, the better the quality it produces, the more knowledge an auditor has, accompanied by more experience gained so that it makes it easier for auditors to carry out their audit tasks. easy (Sugarmine and Datri, 2017). And research conducted by Bouhawia et al (2015) in Libya states that competence has an influence on audit quality. This is different in the research of Maharany et al. (2016) which states that competence has no effect on audit quality. From the description above, the following hypothesis can be formulated:

H1: Competence has a positive effect on audit quality

Pratiwi and Nuryanto (2015) state that independence has an effect on audit quality, the more auditors apply an independent attitude, it will produce quality audits. This is in line with research conducted by Vitalise et al (2017) which states that the attitude of auditor independence has a strong relationship to audit quality. This is different from the research of Putri and Juliarsa (2014) which shows that independence has no effect on audit quality. Also research conducted by Blandon and Bosch (2013) in Nigeria states that auditor independence will decrease if the auditee tenure uses a long period of time and will affect the audit decision. From the description above, the following hypothesis can be formulated:

H2: Independence has a positive effect on audit quality

Ramadan et al. (2018) stated that professionalism has an effect on audit quality, the higher the level of professionalism the auditor has, it can improve the quality of the resulting audit. This is in line with research conducted by Marbun (2015) which states that professionalism will affect the effectiveness of the audit period and the resulting audit quality. This is different in the research of Handayani et al. (2014) which states that professionalism has no effect on audit quality. From the description above, the following hypothesis can be formulated:

H3: Professionalism affects audit quality

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II. RESEARCH METHOD

The methodology used in this research is quantitative research methodology. According to Sugiyono (2017: 8) quantitative method is a research method based on the positivism philosophy, used to research on certain populations or samples, data collection using research instruments, data analysis is quantitative or statistical, with the aim of testing predetermined hypotheses. Meanwhile, survey research according to Sugiyono (2017: 6) is a method used to obtain data from certain natural (not artificial) places, but researchers conduct questionnaires, tests, structured interviews and so on.

Data obtained directly from auditors who work at the Public Accounting Firm (KAP) in the East Jakarta area. In providing answers, the respondent can put a checklist () in the column of the questions that have been provided. The higher the number, the bigger the independent variable will affect the dependent. The answers to the questionnaire use a score of 1 to 4.

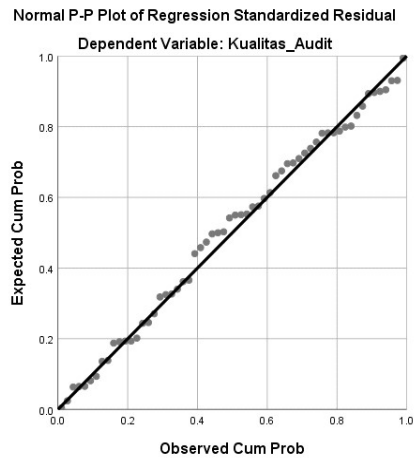
Table 3.1
Likert Scale Score

Type of Answer	Score
Strongly Agree (SS)	4
Agree (S)	3
Disagree (TS)	2
Strongly Disagree (STS)	1

I. RESULTS AND DISCUSSION

Decision making through graph analysis is by looking at the distribution of points around the diagonal line and following the direction of the diagonal line, so the regression model can be said to fulfill the assumption of normality. In the following graph 4.1, you can see that the data spreads around the diagonal line and follows the direction of the diagonal line. Then the model in this study has met the assumption of normality.

Figure 4.1 P-P Plot or Regression Normality Test Results



Source: SPSS output (data processed, 2020)

Statistical analysis aims to ensure that the data is normally distributed by using the Kolmogorov-Smirnov (K-S) non-parametric statistical test, by looking at the asymp sig value. If the resulting asymp.sig value is > 0.05, the data can be said to be normally distributed (Ghozali, 2016).

Table 4.10

Statistical Analysis Results

One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		60
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	4,42216598
Most Extreme Differences	Absolute	0,063
	Positive	0,047
	Negative	-0,063
Test Statistic		0,063
Asymp. Sig. (2-tailed)		0,200 ^{c,d}

Based on Table 4.10 above, it states that all variables from Kolmogorov-smirnov > 0.05 are seen in Asymp.Sig (2-tailed), namely 0.200. From these results it can be said that the data is normally distributed.

Multicollinearity test aims to test whether the regression model found a correlation between the independent variables (independent). A good regression model should not have a correlation between the independent variables. To test the presence or absence of multicollinearity in the regression model, it can be seen through the Variance Factor (VIF) value and tolerance. Is VIF < 10 and the tolerance value above 0.10.

Table 4.11

Multicollinearity Test Results

Coefficients ^a

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Model	Unstandardize d Coefficients		Standardize d Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Toleranc e	VIF
1 (Constant)	.328	6.705		.049	.961		
Kompetensi	.180	.085	.208	2.128	.038	.978	1.023
Independensi	1.030	.165	.621	6.246	.000	.946	1.057
Profesionalism e	.232	.156	.149	2.483	.024	.926	1.080

a. Dependent Variable: Kualitas_Audit

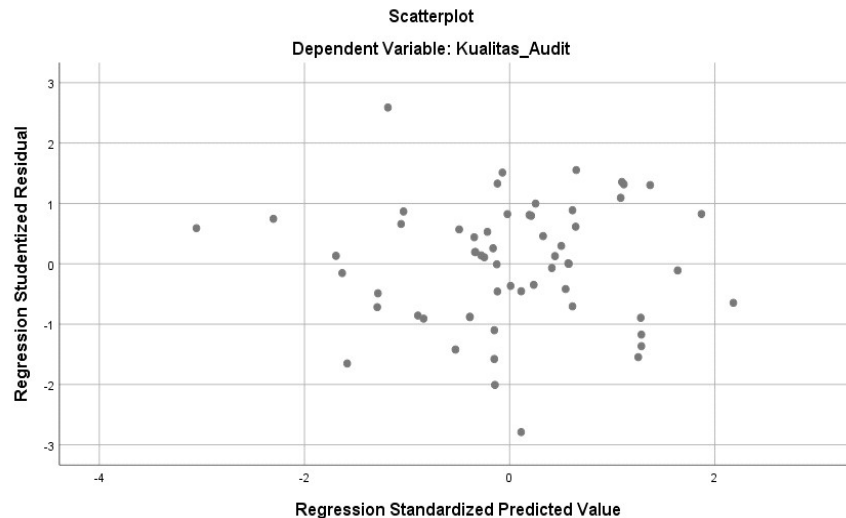
Source: SPSS output (data processed, 2020)

Based on the table 4.11 above, it shows that the competency variable has a VIF value of 1.023, the independent variable has a VIF value of 1.057, the professionalism variable has a VIF value of 1.080. The table above shows that the three variables have a tolerance value above 0.10. So it can be concluded that all the variables used in this study do not have multicollinearity.

Heteroscedasticity test is performed to test the difference in residual variance from one observation period to another. If the residuals have the same variance, then it is called hotheroscedasticity or heteroscedasticity does not occur. The regression equation is good if there is no heteroscedasticity. How to predict the presence or absence of heteroscedasticity in a model can be seen from the following scatterplot pattern.

Figure 4.2

Scatterplot Graph of Heteroscedasticity Test



Source: SPSS output (data processed, 2020)

Based on the scatterplot graph in Figure 4.2 above, it can be seen that the dots are spread randomly, and are spread both above and below the zero on the Y

axis. It can be assumed that heteroscedasticity does not occur in the regression model, so the regression model is feasible to use.

Multiple linear regression analysis is used to determine the effect of the independent variable on the dependent variable, while the results of the multiple linear regression analysis are as follows:

Table 4.12

Multiple Linear Regression Analysis Test Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.328	6.705		.049	.961
	Kompetensi	.180	.085	.208	2.128	.038
	Independensi	1.030	.165	.621	6.246	.000
	Profesionalisme	.232	.156	.149	2.483	.024

Source: SPSS output (data processed, 2020)

Based on the regression output above, the regression equation model can be determined as follows:

$$KA = 0.328 + 0.180 KO + 1.030 IN + 0.232 PR + e$$

Criteria for audit quality

0,00 – 0,199	Sangat buruk
0,20 – 0,399	Buruk
0,40 – 0,599	Sedang
0,60 -0,799	Baik
0,80 – 1,000	Sangat Baik

Based on the results of the above equation, a constant value of 0.328 is obtained. This means that the constant value of the audit quality variable for auditors is bad if there are no competency (X1), independence (X2), and auditor professionalism variables (X3).

The regression coefficient on the competency variable of 0.180 indicates that the effect of competence on audit quality is positive or unidirectional. This indicates that an increase in competence will result in an increase in audit quality with the assumption that other variables are constant.

The regression coefficient on the independent variable is 1.030, indicating that the effect of independence on audit quality is positive or unidirectional. This indicates that an increase in independence will result in an increase in audit quality assuming the other variables are constant.

The regression coefficient on the professionalism variable is 0.232, indicating that the effect of professionalism on audit quality is positive or unidirectional. This indicates that an increase in professionalism will result in an increase in audit quality, assuming other variables are constant.

I. CONCLUSIONS AND SUGGESTIONS

- Auditor competence has a positive and significant effect on audit quality. This shows that the more auditors have good abilities, expertise, and experience used to carry out each audit, the more audits they are doing.

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- Auditor independence has a positive and significant effect on audit quality. This shows that the more the auditors have an independent attitude towards the client, the more audit quality they produce.
- Professionalism has a positive and significant effect on audit quality. This shows that the more seriousness and accuracy the auditors have based on their profession, education and expertise, the resulting audit quality will be.
- Competence, independence, professionalism jointly influence audit quality. The results of this study indicate that if the auditor has independence, professionalism can produce better audit quality. Auditors can produce good quality if they understand all procedures to produce accurate and reliable audit results.

SUGGESTION

- Auditors who work at KAP in the East Jakarta area are expected to be able to remind their competence so that they can support the quality of the resulting audit. Auditors must have good abilities to maintain audit quality by attending relevant training, seminars and continuing education.
- Auditors who work at KAP in the East Jakarta area need to be improved, because the independence of the auditors is very important in conducting audits. Auditors must have an independent attitude to be trusted.
- Junior auditors who do not have much experience must carry out audit assignments as well as possible and have seriousness and accuracy as well as expertise so that the quality of the audit will be better.

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