

# **The Influence of Professional Skepticism, Professional Ethics, and Independence on the Accuracy of Providing Opinions by the Auditor**

**1<sup>st</sup> Irma Rahmayani, 2<sup>nd</sup> Krisnando**

Program Sarjana Akuntansi  
Sekolah Tinggi Ilmu Ekonomi Indonesia, STEI Indonesia  
Jakarta, Indonesia

[Irmarahmayani9@gmail.com](mailto:Irmarahmayani9@gmail.com); [krisnando@stei.ac.id](mailto:krisnando@stei.ac.id)

**Abstract** - This study aims to test whether there is an effect of professional skepticism, professional ethics, and auditor independence on the accuracy of giving opinions by auditors. This research uses a quantitative approach, with data collection through a survey using an online questionnaire. Based on the level of explanation, this type of research is correlational which aims to examine the relationship between variables, which is developed in the research model. The sampling technique used convenience sampling which resulted in 68 auditor respondents as research data. The analysis technique used SEM-PLS with the help of the SMART PLS Ver 3.2.8 program. The results of the research prove that: (1) Professional Skepticism has a significant positive effect on the accuracy of giving the auditor's opinion; (2) Professional Ethics has a significant positive effect on the accuracy of giving the auditor's opinion; (3) Auditor independence has a significant effect on the accuracy of giving the auditor's opinion.

**Keywords:** Professional Skepticism, Professional Ethics, Auditor Independence and Accuracy of Providing Auditor Opinions.

## **I Introduction**

KAP or Public Accounting Firm based on the Regulation of the Minister of Finance Number: 17 / PMK.01 / 2008 concerning Public Accountant Services, is a business entity engaged in services and its establishment has received permission from the Minister of Finance as a place for Public Accountants to provide services. Based on the services provided, audits are classified into operational audits, compliance audits, and financial report audits (Arens et al, 2015). The need for the use of audit services is not really necessary for companies on a small scale, this is because external parties do not really need information about the condition of the company, especially in the financial statements section. This is certainly different from a large-scale company in the form of a PT where the owners are shareholders. Usually once a year the shareholders hold a GMS or general meeting of shareholders which will hold management accountable in the form of financial reports (Agoes, 2018). In addition, the company's audited financial statements also contain information needed by various interested parties, such as: (1) creditors as business capital lenders, need information that is able to provide sufficient assurance that the loan and the interest given can be paid at maturity. ; (2) Investors as investors or parties that will make investments. The use of financial statement information by investors in relation to the decision to invest in a company, related to the results of investment development and the risks inherent in their investment; (3) The function of the government is to determine and calculate the amount of tax that the company must pay to the state. (4) Other parties who use other services from a KAP such as accounting and bookkeeping services, tax services, and management consulting services.

The company's financial statements prepared and presented by management are still unable to provide adequate confidence to users of financial statements. This is related to the reliability of the information contained in the financial statements, so that the services of an independent third party or better known as an external auditor are needed to audit the company's financial statements. The purpose of auditing the financial statements of a company by an auditor is to provide adequate assurance on the fairness of the company's financial statements to stakeholders through an audit opinion or opinion. This opinion or audit opinion serves as a reference which states that the financial statements prepared by management are reliable and are free from material misstatement. So as not to mislead the interests of users and the truth can be trusted by the public.

The auditor's opinion is stated in the audit report in the opinion paragraph (Suryani, 2017). Providing opinions by external auditors must be guided by the SPAP (Public Accountant Professional Standards) set by the Indonesian Institute of Certified Public Accountants (IAPI), because the opinions published are related to the public interest and to protect the reputation of the auditor profession. Even so, there are still several cases of manipulation of financial statements that have occurred outside the country and in Indonesia, and involve auditors as those who are partially responsible. A relatively new problem is related to violations committed by auditors which can be seen from the case of PT Garuda Indonesia in 2019. According to news from okezone.com quoting from the statement of the Secretary General (Sekjen) of the Ministry of Finance Hadiyanto who explained that the team of the Center for Financial Professional Development (PPPK) to impose sanctions on license suspension for 1 year against the Public Accounting Firm (KAP) Tanubrata, Sutanto, Fahmi, Bambang & Partners and Public Accountants Kasner Sirumapea. In addition to being given sanctions, the obligation to improve the KAP Quality Control System which is directly supervised by BDO International Limited at Kasner Sirumapea is also given which is effective since 27 July 2019.

Sanctions are given regarding the non-compliance of KAP with the applicable SPAP and the Auditor's Code of Ethics, and have the potential to have a significant effect on the audit opinion. Several violations were committed, among others: first, there was a violation of Audit Standard 315 which is related to "Identifying and Assessing Risks of Material Misstatement through Understanding the Entity and Its Environment"; The second violation was that the KAP was deemed not to have fully implemented the principle of skepticism, namely obtaining sufficient and appropriate audit evidence to assess the accuracy of accounting treatment in accordance with the substance of the transaction of the agreement underlying the transaction. This violates Audit Standard 500 (Audit Evidence); Finally, public accountants have not maximally considered the facts after the date of the financial statements, as a basis for considering the accuracy of treatment.

This violates Audit Standard 560 namely "Later Events". According to Mulyadi, (2011) The statement of opinion by the auditor regarding the fairness of financial statements in all material respects is based on the suitability of the preparation of financial statements with generally accepted accounting principles. There are five opinions on auditing financial statements, namely: (a) Unqualified Opinion; (b) Unqualified Opinion Report with Explanatory Language; (c) Qualified Opinion; (d) Adverse Opinion; and Statement of Not Providing an Opinion (e) (Disclaimer Opinion). The current formulation of audit opinion refers to the latest Auditing Standards effective January 1, 2013 in the section on audit conclusions and reporting. The form of opinion is expressed in ISA 700, which is a statement of an unmodified audit opinion and ISA 705 a modified audit opinion. In SA705, the determination of the modification type of the auditor's opinion consists of: (a) Exclusionary Opinion; (b) Unfair Opinion; and (c) Opinion Not Expressing Opinion. The accuracy of giving an opinion on the fairness of the company's financial statements requires a skeptical attitude or mind from the auditor. Auditor's skepticism regarding the appropriateness of giving opinions contained in ISA 200, Overall Objective of Independent Auditors & Conducting Audits in accordance with Audit Standards, paragraph 13 (l) which defines professional skepticism as a the auditor's attitude includes a

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mind that is always questioning, as well as being alert to conditions that may indicate the possibility of misstatement, either due to fraud or error. Skepticism comes from the word skeptic which means lack of belief or doubt ± doubt. Skeptical auditors will continue to search and explore existing evidence so that it is sufficient for the audit to carry out audits, does not easily believe, and is quickly satisfied with what has been seen and presented in plain view. So that it can find material errors or fraud, and in the end it can provide the right results of an audit opinion according to the actual situation of a company (Mila, 2018). Apart from being skeptical, auditors must also comply with the various regulations that govern the standards of behavior or ethics that apply to the profession of auditors. Auditor professional ethics serve as guidelines in carrying out auditing activities. Professional accountants are responsible for complying with and implementing a code of conduct in the public interest. In carrying out their duties, auditors must comply with the Principles of Professional Ethics established by the Indonesian Public Accountants Association (Section 100: 5), namely: (a) integrity; (b) objectivity; (c) competence; (d) confidentiality; and (e) professional behavior.

An auditor must also have an independent attitude which is an attitude to act honestly, impartially, and report findings only based on available evidence (Jesika, Ramot, and Salmon, 2015). Research by Sukendra, Yuniarta, and Atmadja (2015), Suryani (2017), and Winadi and Mertha (2017), proves that there is an influence between professional skepticism and the accuracy of giving the auditor's opinion. Meanwhile, research from Wirasari, Sunarsih, and Dewi (2019) and Nugraha and Suryandari (2016) stated that the professional skepticism of auditors has a negative effect on the accuracy of giving opinions.

Ethics as a rule or standard that determines the behavior of members of a profession. With high ethical awareness, an auditor tends to be professional in his duties and carry out his duties in accordance with the professional code of ethics and auditing standards, so that the results of the audit carried out will show more of the actual situation. Sukendra et al. (2015).

Research that supports that professional ethics has a relationship with the accuracy of giving audit opinions is research from Suryani (2017), and Pelu, Abduh, and Hesty, (2018) showing that professional ethics has a positive and significant effect on the accuracy of giving audit opinions. This is not in line with research conducted by Dewi (2015), and Dewi, Wijayanti, and Suhendro, (2017) which state that there is no influence between professional ethics and the accuracy of giving auditor opinions.

Mulyadi, (2010) defines independence as an attitude free from influence, not controlled by other parties, and not dependent on others or honest in considering facts based on objective considerations in formulating and expressing opinions. Based on the research of Winadi and Merta, (2017), Merici, Halim, and Wulandari (2017), Serta Fiastris and Yudowati, (2018) proving that independence has a positive and significant effect on the accuracy of giving audit opinion. Meanwhile, research from Dewi, (2015), Hellena (2015), and Dewi, et al (2017) states that there is no influence between independence and the accuracy of providing audit opinion. This research was conducted because there were still inconsistencies from previous studies. Therefore, this study seeks to retest and provide the latest empirical evidence regarding the factors that affect the accuracy of the auditor's opinion. Based on the background described above, the researcher chose the title **"The Influence of Professional Skepticism, Professional Ethics, and Auditor Independence on the Appropriateness of Giving the Auditor's Opinion."**



## II Theoretical Frame Work and Hypothesis

**Professional Skepticism.** Auditing Standards (2013: 230.6) suggest professional skepticism is an attitude that includes a mind that always questions and critically evaluates audit evidence. Auditors use the knowledge, abilities and skills required by the public accounting profession to carry out audits carefully and thoroughly, by upholding the principles of integrity, objectively gathering and evaluating audit evidence. Based on PSA No.4 SA Section 230 contained in SPAP 2014, it states that professional skepticism is an attitude that includes thoughts that always question and critically evaluate audit evidence. Auditors use the knowledge, skills, and abilities demanded by the public accounting profession to carry out carefully and thoroughly. With good intentions and integrity, the collection and assessment of such audit evidence. As audit evidence must be gathered and assessed during the audit process, professional skepticism must be exercised during the auditing process.

**Professional ethics.** Ethics is defined as thoughts and moral considerations that provide a basis for a person or community to take an action. So far ethics provides guidelines for a person or community to be able to determine whether an action is bad or good (Cohen et al., 2001, in Kusumawati and Syamsuddin, (2018). This statement is supported by Arens, et al. (2015: 90), who argued Ethics as a series of principles or moral values, everyone has a series of values like that, even if they pay attention or not pay attention to them explicitly. The implementation of professional work is inseparable from ethics because professional behavior is required for all professions so that the profession they live in can gain the trust of the public With high ethical awareness, an auditor tends to be professional in his duties and carry out his duties in accordance with the professional code of ethics and auditing standards, so that the audit results what is done will show more of the real situation (Widiarini and Suputra, 2017). This is supported by research by Sukendra et al, (2015) which states ethics as a rule or standard that determines the behavior of members of a profession. With high ethical awareness, an auditor tends to be professional in his duties and carry out his duties in accordance with the professional code of ethics and auditing standards, so that the results of the audit carried out will show more of the actual situation. As an auditor, the demand for public trust on the quality of the audit provided is very high, therefore ethics is an important thing that must be owned by auditors in carrying out their duties as an opinion provider on financial statements. Auditors must comply with the established code of conduct.

The audit implementation must refer to this auditing standard and the auditors must comply with the code of conduct which is an integral part of the audit standard. This code of conduct aims to regulate the relationship between: (1) auditors and their co-workers; (2) auditors and their superiors; (3) auditors with audits (object of examination); and (4) auditors with the public. (Musdalifah, 2018). There are 5 principles that must be obeyed by public accountants in the IAI Code of Ethics (2016: 10), namely: (1) Integrity by being straightforward and honest in all professional and business relationships; (2) Objectivity, namely not allowing bias, conflict of interest, or undue influence from other parties, which could override professional or business considerations; (3) Competence and prudence with professionals maintains professional knowledge and expertise at the level necessary to ensure that clients or employers will receive competent professional services based on the latest developments in practices, regulations and techniques, and act sincerely and in accordance with applicable professional techniques and standards; (4) Confidentiality by always respecting the confidentiality of information obtained from the results of professional and business relationships by not disclosing such information to third parties without clear and sufficient authority, unless there is a right or legal or professional obligation to disclose it, and not using the information. it is for the personal benefit of the Professional Accountant or a third party; and (5) Professional behavior which can be interpreted as responsibility towards the public, so that professional behavior must comply with applicable laws and regulations and avoid any behavior that reduces trust in the Professional Accountant profession.

**Independence.** Independence is defined by the Indonesian Accountants Code of Ethics 2011 as the attitude expected of a public accountant not to have a personal interest in carrying out their duties, which is against the principles of integrity and objectivity. Auditor independence is seen in an attitude of being free from the influence of others or independent of others and honestly in considering, formulating and expressing facts objectively. Independence is the main basis for public trust in the public accounting profession and also one of the most important factors for assessing the quality of audit services. Auditor independence is an important factor in producing quality audits (Mulyadi, 2006; Dalam, Mardijuwono and Subianto, 2018).

This statement is supported by Agoes (2017: 33) which states that the independence of public accountants is the main basis for public trust in the public accounting profession and is one of the most important factors for assessing the quality of audit services. Furthermore Mulyadi, (2011) classifies auditor independence into three aspects, namely: (1) Independence in fact, which can be interpreted as independence in the form of honesty within the auditor when considering various facts he finds in his audit; (2) Independence in appearance, is independence viewed from the point of view of other parties who know the information concerned with the auditor. (3) Independence viewed from the point of view of expertise. A person can consider facts well, if he has expertise regarding the audit of these facts. The competence of the auditor determines whether or not the auditor is independent in considering the facts being audited. Auditors who lose their independence may produce reports that are not in accordance with facts, so that they cannot be used as a basis for decision making. The greater the auditor independence, the better the audit quality (Supriyono, 1988, Dalam, Mardijuwono and Subianto, 2018). It can be stated that independence refers to the attitudes and behavior of auditors who are free from external influences in making decisions. This can lead to more objective decisions based on facts found in the field.

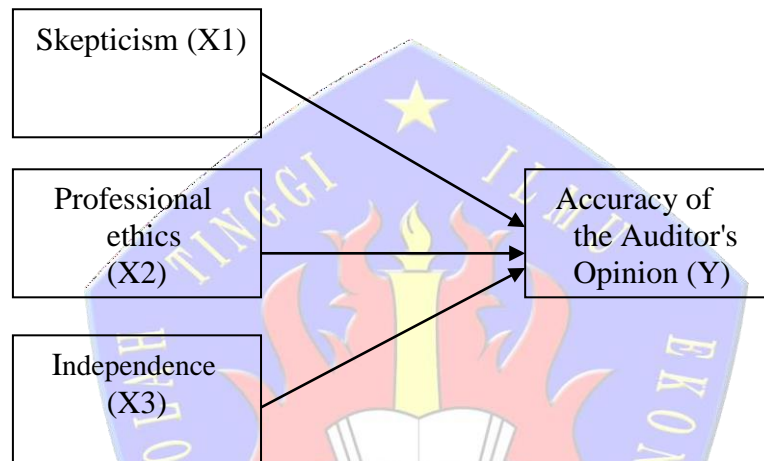
### **Accuracy of the Opinion by the Auditor.**

#### ***Audit Opinion.***

The final stage in the audit process is that the auditor provides his opinion on the fairness of an audited financial report in accordance with generally accepted accounting principles (Pelu, et al. 2018). According to Agoes, an audit opinion (2018) is an opinion about the fairness of financial statements prepared by management and is the responsibility of management. This is supported by Suryani's research, (2017) which states that the audit opinion is issued by an external auditor which contains the fairness of the presentation of the company's financial statements where the auditor conducts the audit. The audit opinion is published in the opinion paragraph that is included in the audit report section. Therefore, the audit opinion is an inherent part of the audit report. The audit report informs the users of information about what the auditor did. Public Accountant Professional Standards (SPAP, 2013), states that an auditor is considered appropriate in giving an opinion if the auditor has met the criteria in the applicable Public Accountant Professional Standards and must be supported by competent evidence and prepared with reporting standards in the Public Accountant Professional Standards (SPAP). , 2011: SA 150.1 & 150.2).

### Frame Work

This study uses variables of professional skepticism, professional ethics, and independence in predicting the accuracy of the auditor's opinion giving. The effect of each independent variable on the dependent variable can be described in the following framework:



Picture 1: Research Model Framework

### Hipotesis

- 1) Professional Skepticism affects the Accuracy of Providing Opinions by the Auditor
- 2) Professional Ethics affect the Accuracy of Providing Opinions by the Auditor
- 3) Auditor Independence affects the Accuracy of Providing Opinions by the Auditor

### III Research Methodology

**Population and Sample.** The population of this research is independent auditors who work at several public accounting firms (KAP) in the DKI Jakarta area. The population in this study are all independent auditors who work at several public accounting firms (KAP) in the DKI Jakarta area which are registered at the Indonesian Institute of Certified Public Accountants (IAPI).

**Data Analysis Method.** Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) approach was chosen to be used in this study. The consideration of using PLS analysis is because: (1) PLS is a component-based approach and does not really consider sample size (Hair, 2017); (2) Evaluating theoretical structural models and measurement models can be analyzed simultaneously; (3) PLS can accommodate variable indicators, both formative and reflective indicators.

### IV Result

**Descriptive Analysis of Respondents.** Respondents in this study are independent auditors who work at several public accounting firms (KAP) in the DKI Jakarta area. The research instrument used in this research is an online questionnaire distributed by researchers via google form. Respondents were grouped based on gender, age, education level, and years of service at KAP.

#### Variable Descriptive Analysis.

**Descriptive Variable of Professional Skepticism.** Professional skepticism is an attitude of auditors who do not easily believe management's statements, but are objective in accordance with the audit evidence found during the auditing. This study adapts the measurement model of R. Kathy Hurr, (2010), which consists of 4 indicators. The results of the respondents' answers

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are explained as follows: The first question "Auditors gather complete information before acting on a problem". The results of the respondents' answers showed an average of 4.55 with a minimum score of 1 and a maximum of 5 and a standard deviation of 0.65. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

The second question is "The auditor takes time when making decisions". The results of the respondents' answers showed an average of 4.31 with a minimum score of 1 and a maximum of 5 and a standard deviation of 0.76. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous. service at KAP.

The third question is "The auditor does not make decisions quickly". The results of the respondents' answers showed an average of 3.85 with a minimum score of 1 and a maximum of 5 and a standard deviation of 1.14. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

The fourth question "The auditor often questions various things he has seen or heard". The results of the respondents' answers showed an average of 4.31 with a minimum score of 1 and a maximum of 5 and a standard deviation of 0.75. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

The fifth question is "The actions that people take and the reasons for these actions are very interesting for the auditor to know". The results of the respondents' answers showed an average of 4.22 with a minimum score of 1 and a maximum of 5 and a standard deviation of 0.81. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

**Table 1:** Descriptive Variable of Professional Skepticism

No	Pertanyaan	Mean	Median	Std. Dev	Min	Max
1	Auditors collect complete information before acting on a problem	4,55	5,00	0,65	2,00	5,00
2	Auditors take time when making decisions.	4,31	4,00	0,76	2,00	5,00
3	Auditors don't make decisions quickly	3,85	4,00	1,14	1,00	5,00
4	Auditors often question various things they have seen or heard	4,31	4,00	0,75	2,00	5,00
5	The actions that people take and the reasons for those actions are very interesting for the auditor to know	4,22	4,00	0,81	1,00	5,00

Source: Field data processed (2020)

**Descriptive Variable of Professional Ethics.** Ethics is a set of principles or values that serve as guidelines for a person or community to determine whether an action is good or bad. Every implementation of professional work must have a code of ethics that must be obeyed, as well as with auditors. The auditing process by auditors must be in accordance with the code of ethics and auditing standards so that the profession that is carried out gets the trust of the public. This research adapts the measurement model Feronika Dwi Kurniasih, (2005) which consists of 4 indicators. The results of the respondents' answers are explained as follows:



**Table 2:** Descriptive Variable of Professional Ethics

No	Pertanyaan	Mean	Median	Std. Dev	Min	Max
1	The auditor accepts assignments given by clients, even if they are not in accordance with professional skills	2,94	3,00	1,10	1,00	5,00
2	The company you work for facilitates the improvement of your professional skills	3,80	4,00	1,02	1,00	5,00
3	Your company provides all the information the auditor needs in the auditing process	4,11	4,00	0,88	1,00	5,00
4	The selection of KAP is based on credibility considerations	4,02	4,00	0,84	1,00	5,00

Source: Field data processed (2020)

The first question "The auditor accepts the assignment given by the client, even though it is not in accordance with professional skills". The results of the respondents' answers showed an average of 2.94 with a minimum score of 1 and a maximum of 5 and a standard deviation of 1.10. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

The second question "The company where you work facilitates the improvement of your professional skills". The results of the respondents' answers show an average of 3.80 with a minimum score of 1 and a maximum of 5 and a standard deviation of 1.02. The standard deviation value that is smaller than the average score indicates that the respondent's answer is relatively homogeneous.

The third question "Your company provides all the information required by the auditor in the auditing process". The results of the respondents' answers showed an average of 4.11 with a minimum score of 1 and a maximum of 5 and a standard deviation of 0.88. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

The fourth question is "The selection of KAP is based on credibility considerations". The results of the respondents' answers showed an average of 4.02 with a minimum score of 1 and a maximum of 5 and a standard deviation of 0.84. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

**Descriptive Variable Independence.** Independence is a free attitude, without the influence of others or not depending on the results of other people's decisions. Auditors are required to be independent in considering, formulating, and objectively disclosing facts. This study adapts the measurement model of Toufiq Agung Pratomo Sugito Putra (2017) and Sukrisno Agoes (2012) which consists of 4 indicators. The results of the respondents' answers are explained as follows:

**Table 3:** Descriptive Variable Independence

No	Pertanyaan	Mean	Median	Std. Dev	Min	Max
1	When auditing auditors cannot be influenced by your leadership	3,92	4,00	1,08	1,00	5,00
2	Management does not interfere in the work of auditors	3,93	4,00	1,06	1,00	5,00
3	The auditor's decision is not negotiable by your company	3,65	4,00	1,13	1,00	5,00
4	The company once imposed sanctions on auditors	2,79	3,00	1,26	1,00	5,00



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The first question "When auditing auditors cannot be influenced by your leadership". The results of the respondents' answers showed an average of 3.92 with a minimum score of 1 and a maximum of 5 and a standard deviation of 1.08. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

The second question is "The management does not interfere in the work of the auditors". The results of the respondents' answers show an average of 3.93 with a minimum score of 1 and a maximum of 5 and a standard deviation of 1.06. The standard deviation value that is smaller than the average score indicates that the respondent's answer is relatively homogeneous.

The third question is "The auditor's decision is not negotiable by your company". The results of the respondents' answers showed an average of 3.65 with a minimum score of 1 and a maximum of 5 and a standard deviation of 1.13. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

The fourth question is "The company has given sanctions to auditors". The results of the respondents' answers showed an average of 2.79 with a minimum score of 1 and a maximum of 5 and a standard deviation of 1.26. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

**Descriptive Variable Accuracy of Providing Auditor Opinion.** Final Stage The auditing process is the issuance of an audit opinion by the auditor on the results of the examination of the company's financial statements based on the level of materiality. The accuracy of giving the auditor's opinion must be based on the applicable SPAP, supported by adequate evidence and prepared in accordance with the reporting standards in the SPAP. This study adapts the measurement model Pamungkas, (2015) & Dilaga, (2015) which consists of 4 indicators. The results of the respondents' answers are explained as follows:

**Table 4:** Descriptive Variable Accuracy of Providing Auditor Opinion

No	Pertanyaan	Mean	Median	Std. Dev	Min	Max
1	Your company provides the information support needed by the auditor in carrying out his duties	4,35	5,00	0,78	2,00	5,00
2	Your company provides complete records and books required by the auditor as evidence supporting an opinion on the fairness of the company's financial statements	4,35	5,00	0,81	1,00	5,00
3	Your company gives the auditors discretion to evaluate the performance of the internal auditors as a matter of consideration for providing opinions	4,20	4,00	0,80	2,00	5,00
4	Your company is cooperative when there are audit findings	4,36	5,00	0,80	1,00	5,00

Source: Field data processed (2020)

The first question "Your company provides information support needed by the auditor in carrying out his duties". The results of the respondents' answers showed an average of 4.35 with a minimum score of 1 and a maximum of 5 and a standard deviation of 0.78. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

The second question "Your company provides complete records and books required by the auditor as supporting evidence of an opinion on the fairness of the company's financial

statements". The results of the respondents' answers show an average of 4.35 with a minimum score of 1 and a maximum of 5 and a standard deviation of 0.81. The standard deviation value that is smaller than the average score indicates that the respondent's answer is relatively homogeneous.

The third question "Your company gives the auditors discretion to evaluate the performance of the internal auditors as one of the considerations for providing opinions". The results of the respondents' answers showed an average of 4.20 with a minimum score of 1 and a maximum of 5 and a standard deviation of 0.80. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

The fourth question is "Your company is cooperative when there are audit findings". The results of the respondents' answers showed an average of 4.36 with a minimum score of 1 and a maximum of 5 and a standard deviation of 0.80. The standard deviation value that is smaller than the average score indicates that the respondents' answers are relatively homogeneous.

#### **SEM-PLS analysis.**

##### **Evaluation of the Measurement Model.**

Evaluation of the measurement model was carried out to check internal consistency and construct validity (convergent validity and discriminatory validity) as determined by Hair et al. (2014). The first stage, internal consistency is evaluated using Cronbach's  $\alpha$  coefficient and construct reliability (CR).

**Table 5: Internal Consistency and Construct Reliability**

	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
<b>SKP</b>	0,716	0,821	0,535
<b>ETK</b>	0,695	0,828	0,618
<b>IND</b>	0,844	0,905	0,760
<b>KPO</b>	0,889	0,923	0,751

Source: Field data processed (2020)

The analysis showed that all latent variables had met the internal consistency requirements, namely the value of  $CA > 0.70$ ,  $CR > 0.70$ , and  $AVE > 0.50$ . It can be concluded that the measurement model has met the reliability requirements so that it is generally accepted.

**Table 6 Outer Loading**

	SKP	ETK	IND	KPO
<b>SKP1</b>	<b>0,672</b>			
<b>SKP2</b>	<b>0,707</b>			
<b>SKP4</b>	<b>0,823</b>			
<b>SKP5</b>	<b>0,715</b>			
<b>ETK2</b>		<b>0,720</b>		
<b>ETK3</b>		<b>0,875</b>		
<b>ETK4</b>		<b>0,754</b>		
<b>IND1</b>			<b>0,883</b>	
<b>IND2</b>			<b>0,856</b>	
<b>IND3</b>			<b>0,877</b>	
<b>KPO1</b>				<b>0,864</b>
<b>KPO2</b>				<b>0,891</b>
<b>KPO3</b>				<b>0,875</b>
<b>KPO4</b>				<b>0,835</b>

Source: Field data processed (2020)

Construct validity is to check convergent validity and discriminant validity. Convergent validity is assessed through the loading factor ( $\lambda$ ). As shown in Table 4.10, all loading factors are  $> 0.70$  and all AVE are greater than 0.50, the results can be considered satisfactory (Hair et al., 2011).

Discriminant validity examines the extent to which one construct differs from other constructs. The parameters recommended by Fornell-Larcker (in Hair et al., 2011) is to compare the square root of the AVE with the correlation between latent variables. The measurement model is stated to have good discriminant validity if the correlation between latent variables is lower than the AVE root. As shown in Table 2, the AVE root for all latent variables is greater than the correlation between variables. Thus it can be concluded that the scale used in this study has sufficient construct validity.

**Table 7: Discriminant Validity**

	SKP	ETK	IND	KPO
SKP	0,732			
ETK	0,473	0,786		
IND	0,261	0,436	0,872	
KPO	0,471	0,709	0,458	0,866

Data sources were processed with SMART PLS 3.2.8

Description: \* The square root of AVE

### Structural Model Evaluation.

The structural model analysis aims to test the hypothesis developed to test the effect of exogenous variables on endogenous variables. The criteria in the structural modeling process are referred to as recommendations (Hair Jr, Hult, Ringle, & Sarstedt, 2014; Hair Jr. et al., 2013), namely: (a) Evaluation of the R<sup>2</sup> value (R<sup>2</sup> level); (b) Assessing path coefficients and reporting significant relationships in the structural model; (c) reported effect size f<sup>2</sup> (0.02 = small, 0.15 = moderate, 0.35 = high); (d) The predictive relevance ranking of the model based on Q<sup>2</sup> (Q<sup>2</sup> ≥ 0 indicates the model's predictive behavior) and GoF (Goodness of Fit).

After evaluating the measurement model, the next step is to evaluate the structural model. The structural model evaluation criteria as suggested by (Hair et al., 2014) consist of R<sup>2</sup>, f<sup>2</sup> and Q<sup>2</sup>, only then check the path coefficient, and path significance. The dependent variable R<sup>2</sup> explains the amount of variance described by the model which represents the relevant predictive value with the cut-off value as follows: R<sup>2</sup> values of 0.75, 0.50, or 0.25 can be categorized as strong, moderate and weak (Hair et al., 2011).

**Table 8: R Square**

	<b>R Square</b>	<b>R Square Adjusted</b>
<b>KPO</b>	0,551	0,540

Source: Field data processed (2020)

The R<sup>2</sup> value above shows a number of 0.551, this figure can be interpreted as the ability of the model to explain variations in KPO by 55%. Based on the criteria described by Hair et al., (2011) it is in the moderate category (strong enough)

The next model evaluation is to use blindfolding to cross-validate each construct. Stone-Geisser's Q<sup>2</sup> value greater than zero indicates that exogenous constructs have predictive relevance for endogenous constructs (Hair et al., 2011). However, because the research model consists of only one structural model, the direct Q square test is calculated as follows:

$$Q^2 = 1 - R^2_1$$

$$Q^2 = 1 - 0.551^2 = 0,69$$

The Q<sup>2</sup> value from the calculation results is 0.69 (69%) indicating that in general the exogenous constructs X1, X2, X3 have a relevant predictive value of 69%.

In addition to evaluating the R<sup>2</sup> values of all endogenous constructs, the change in R<sup>2</sup> values when a particular exogenous construct is eliminated from the model can be used to evaluate whether any omitted constructs could have a substantive impact on the endogenous constructs. This measurement is called the f<sup>2</sup> effect size (Hair et al., 2011). Guidelines for assessing f<sup>2</sup> are values 0.02 - 0.15 (small effect) 0.15 - 0.35 (moderate), and > 0.35 (large) (Cohen, 1988; Hair et al., 2011). The analysis results show the value f<sup>2</sup> = 0.046 (X1 □ Y); 0.464 (X2 □ Y); 0.054 (X3 □ Y). Effect size values ranging from 0.046– 0.464 were in the small, large, and small categories for the three lines tested.



**Table 9: F Square**

Variabel Eksogen	Y
<b>X1 SKP</b>	0,046
<b>X2 ETK</b>	<b>0,464</b>
<b>X3 IND</b>	0.054

Source: Field data processed (2020)

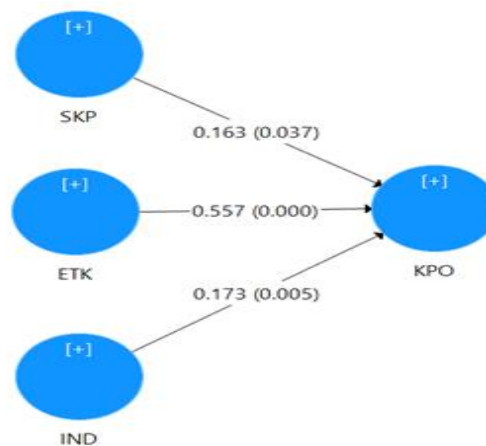
**Hypothesis Test.**

After ensuring that the model used is both the outer and the inner model, this study analyzes the hypothesis test of the model. Hypothesis testing can be done by testing the path coefficient as in the previous section. Evaluation of the structural model can be seen from the t-statistic value; if the t-statistic value is greater than 1.96 (alpha 5%) or 2.56 (alpha 1%) indicates a significant effect Table 4.14 summarizes the results of the structural model hypothesis testing of this study

**Table 10: F Square**

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
SKP -> KPO	0,163	0,078	2,096	0,037
ETK -> KPO	0,557	0,077	7,232	0,000
IND -> KPO	0,173	0,062	2,815	0,005

Source: Field data processed (2020)



The results of the analysis can be concluded as follows:

1. The coefficient value of the influence of professional skepticism on the accuracy of giving opinions is 0.163 with a p value of 0.037. Based on these results, it can be stated that professional skepticism has a positive and significant effect (p value <0.05) on the accuracy of giving the auditor's opinion.
2. The coefficient value of the influence of professional ethics on the accuracy of giving opinions is 0.557 with a p value of 0.000. Based on these results it can be stated that professional ethics has a positive and significant effect (p value <0.05) on the accuracy of giving the auditor's opinion.

3. The coefficient value of the independence influence on the accuracy of giving opinions is 0.173 with a p value of 0.005. Based on these results it can be stated that independence has a positive and significant effect (p value <0.05) on the accuracy of giving the auditor's opinion.

### Discussion

This study has three main objectives: first, to examine the effect of professional skepticism on the accuracy of giving opinions by auditors; second, examining the influence of Professional Ethics on the Appropriateness of the Opinion by the Auditor; third, examining the effect of independence on the accuracy of giving an opinion by the auditor.

### Professional Skepticism Has a Positive and Significant Effect on the Accuracy of the Auditor's Opinion

The results showed a positive coefficient value of 0.163 with t count 2.096 and p value 0.037. This positive coefficient value indicates that the higher the professional skepticism, the better the quality of the auditor's opinion. While the t value is  $2.069 > t \text{ table } (1.96 \text{ with } \alpha 0.05)$  and p value 0.037 (<0.05) proves that this effect is significant. The results of the study support the findings of Musdalifah, (2018: 63-64), Sukendra, Yuniarta, and Atmadja (2015), and Winadi and Mertha, (2017: 273) which state that professional skepticism has a positive and significant effect on the accuracy of giving an auditor's opinion.

Based on the value of outer loading, it is known that the SKP 4 indicator, namely "questioning various things seen and heard" is the strongest indicator with a loading factor of 0.823, while the lowest loading factor is SKP 1 regarding "gathering complete information before acting". From these results it can be stated that each auditor can maintain an attitude to question various things, while the effort to gather information before making a decision still needs to be improved. The implication for leaders based on these findings is the need to increase the socialization of the importance for auditors to have a skeptical attitude to encourage an increase in the quality of audit opinion when assigned.

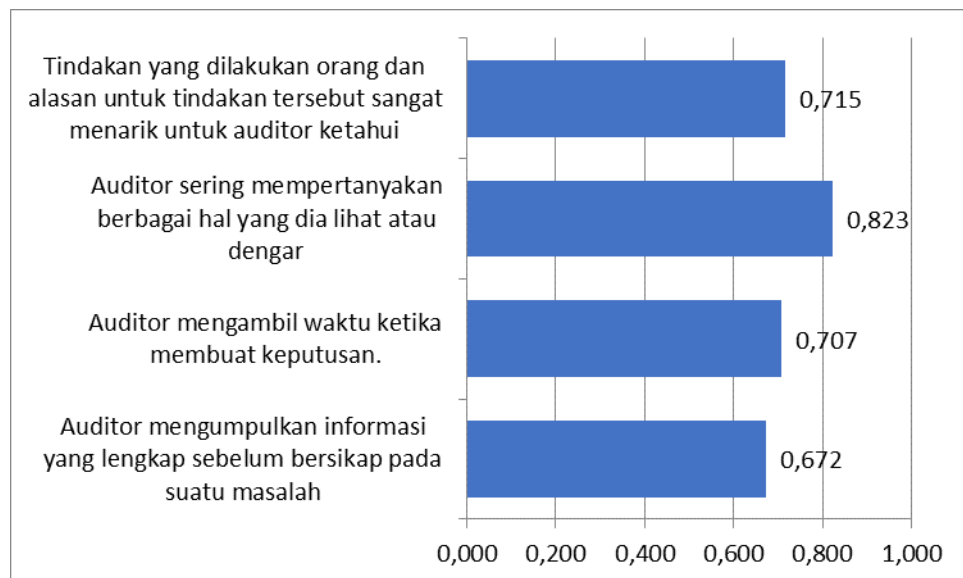


Figure 3 Loading factor for professional skepticism

### Professional Ethics Has a Positive and Significant Effect on the Accuracy of the Auditor's Opinion

The results showed a positive coefficient value of 0.557 with t count 7,232 and a p value of 0.000. This positive coefficient value indicates that the higher the professional ethics of auditors, the better the quality of auditor opinion giving. While the t value is  $7,232 > t \text{ table}$

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(1.96 with alpha 0.05) and the p value 0.000 ( $<0.05$ ) proves that this effect is significant. The results of the study are in line with Musdalifah, (2018: 63-64), Pelu, Abduh, and Hesty, (2018: 30-32), and Widiarini and Suputra, (2017: 110-112) which prove that Professional Ethics has a positive and significant effect on Accuracy of the Auditor's Opinion.

Based on the value of outer loading, it is known that the ETK 3 indicator, namely "Facility to increase the professional skills of auditors" is the strongest indicator with a loading factor of 0.875, while the lowest loading factor is ETK 2 regarding "Dual functions in audit assignments". From these results it can be stated that periodic training is needed to improve professional ethics in the Auditor profession. Mainly to avoid dual functions in the auditor's work engagement.

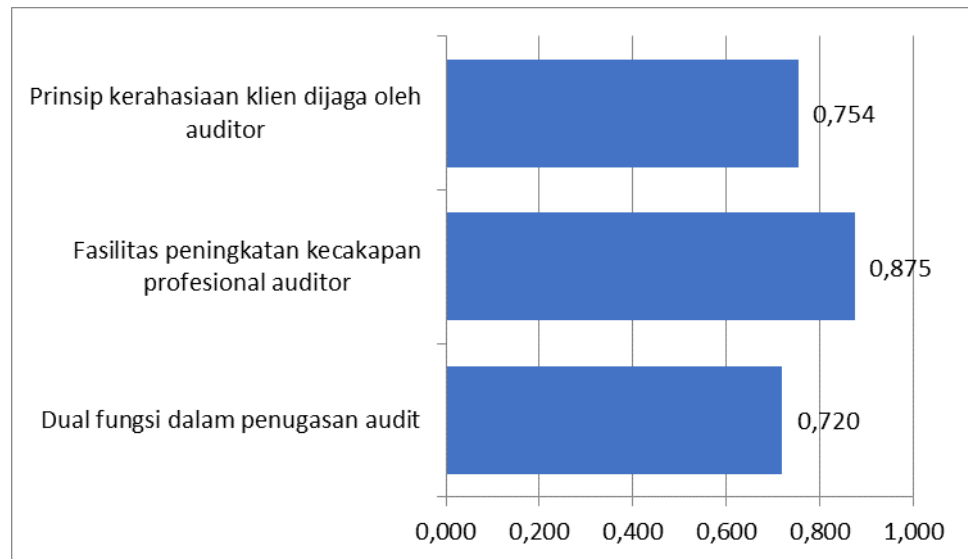


Figure 4 Loading factor of Professional Ethics

### Independence Has a Positive and Significant Effect on the Accuracy of the Auditor's Opinion

The results showed a positive coefficient value of 0.173 with t count 2.815 and p value 0.005. This positive coefficient value indicates that the higher the professional skepticism, the better the quality of the auditor's opinion. While the t value is  $2.815 > t$  table (1.96 with alpha 0.05) and p value 0.005 ( $<0.05$ ) proves that this effect is significant. The results of the study support the findings of Winadi and Mertha, (2017: 273) and Mardijuwono and Subianto, (2018: 2-10) which state that professional skepticism has a positive and significant effect on the accuracy of giving an auditor's opinion.

Based on the value of outer loading, it is known that the IND 1 indicator which is "Free from leadership intervention" is the strongest indicator with a loading factor of 0.883, while the lowest loading factor is IND 2 concerning "Free from management intervention". From these results it can be stated that in each engagement, the auditor must be based on auditing standards and the auditor's code of ethics and free from the influence of the KAP leadership and the management of the client company where the auditor is auditing. An independent auditor will be better able to produce a higher quality opinion or opinion.

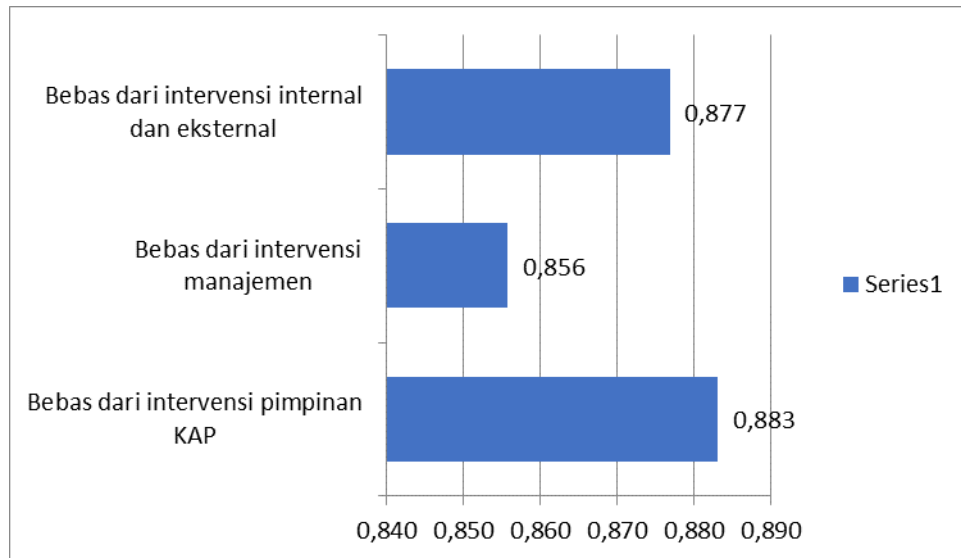


Figure 5 Loading factor of independence

## V Conclusion, Impication and Limitation

**Conclusion.** The results showed that professional ethics is the dominant factor in determining the accuracy of giving opinions, then independence and finally professional skepticism. Based on this conclusion, efforts to improve the quality of the accuracy of giving opinions can be prioritized on increasing the understanding and compliance of editors to professional ethics. Efforts that can be made by the leadership of a public accounting firm are to conduct continuous outreach and training to auditors on the importance of the attitude and personality of the editor based on ethical rules that have been regulated in the auditors' professional ethics..

**Implications.** The results showed that professional ethics is the dominant factor in determining the accuracy of giving opinions, then independence and finally professional skepticism. Based on this conclusion, efforts to improve the quality of the accuracy of giving opinions can be prioritized on increasing the understanding and compliance of editors to professional ethics. Efforts that can be made by the leadership of a public accounting firm are to conduct continuous outreach and training to auditors on the importance of the attitude and personality of the editor based on ethical rules that have been regulated in the auditors' professional ethics..

**Research Limitations.** This study is limited to the sample size and limited time in data collection. In addition, the instrument used was an online questionnaire via google form so that some information such as the origin of the KAP and the research area could not be collected completely. Future studies are suggested to increase the sample size, extend the observation period, and use mixed data collection methods (Online and Offline) to provide more generalizable research results.

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