

## **THE EFFECT OF AUDITOR PROFESSIONAL SKEPTICISM, LOCUS OF CONTROL, AND INDEPENDENCE ON AUDIT QUALITY**

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### **ABSTRACT**

*This study aims to determine the Influence: (1) Skepticism of Professional Auditors on Audit Quality. (2) Locus of Control on Audit Quality. (3) Independence of Audit Quality. (4) Professional Skepticism of Auditors, Locus of Control and Independence simultaneously on Audit Quality. The sample in this research is 7 KAP in Tangerang and Tangerang Selatan by using convenience sampling method with respondent as much as 71 auditor and the questionnaire which returned as many as 69 respondents so that the questionnaire can be processed as much as 69 respondents. Data collection techniques were conducted using questionnaires. Data analysis collected using Statistical Product and Service Solution (SPSS) program for windows 24.0, Data analysis used is data quality test, classical assumption test, regression model test (f test), correlation test, coefficient of determination test (R<sup>2</sup>), multiple linear regression test, and hypothesis test. The results of this study showed that: (1) Professional Skepticism Auditor positively affect the Quality Audit. (2) Locus of Control has a positive effect on Audit Quality. (3) Independence positively affects the Quality of Audit. (4) Professional Skepticism Auditor, Locus of Control and Independence simultaneously have a positive effect on Audit Quality.*

*Keywords: Professional Skepticism Auditor, Locus of Control, Audit Quality Independence.*

### **1. INTRODUCTION**

The emergence and development of the public accounting profession in a country is in line with the development of companies and various forms of corporate legal entities in that country. If companies in a developing country are such that they not only require capital from their owners, but start to need capital from creditors and if various companies in the form of limited liability companies arise from the public, public accounting services will be needed and developed.

The skepticism that must be possessed by the auditor can not only be used in conducting audits and preparing reports, but in carrying out field work and to obtain sufficient competent audit evidence then an auditor is also obliged to uphold skepticism in order to improve the quality of the reports produced (Ade Wisteri, 2015 ). Professional standards of public accountants define professional skepticism as auditor attitudes that include thoughts that always question and critically evaluate audit evidence (IAI, 2001). The auditing standard requires that auditors have an attitude of professional skepticism in evaluating and gathering audit evidence, especially related to the assignment of

detecting fraud. However, in reality auditors often do not have professional skepticism in conducting the audit process. Professional skepticism must be owned and applied by the auditor as the profession responsible for the opinions given in the financial statements. The emergence of financial scandals that occurred in Indonesia due to fraud committed in the presentation of financial statements is no less intense than scandals in the international sphere. The second general standard in PSA No. 4 states that public confidence will decrease if an auditor's mental attitude is reduced due to things that can interfere with an auditor's independence. Therefore, to ensure that financial statements are free from material misstatements, an accounting check is required by the auditor as an independent party.

### **2. LITERATURE REVIEW**

#### **Professional Auditor Skepticism Attitudes**

Fair according to the Big Indonesian According to Karyono (2013), Professional Skepticism is "Professional Skepticism is an attitude that includes a mind that always questions in critically evaluating audit evidence.

An auditor is demanded by the public accountant profession to carry out carefully and thoroughly, with good intentions and integrity, objective collection and evaluation of audit evidence ". Based on the above definition it can be concluded that professional skepticism is an attitude that must be possessed by professional auditors. So this is an attitude that balances suspicion and trust. This balance of trust between suspicion and suspicion is illustrated in the audit plan with the audit procedure chosen. Skepticism comes from the word skeptic which means lack of trust or doubt.

An audit of financial statements based on auditing standards established by the Indonesian Institute of Accountants must be planned and carried out with an attitude of professional skepticism. The auditor shows his professional skepticism by thinking skeptically or showing unbelievable behavior. Additional audits and direct inquiries are a form of auditor behavior in following up auditor's doubts about the client. As an individual characteristic, skepticism can be in the form of inheritance (trait), which is a stable and long-lasting aspect in an individual and also situational (state), namely a temporary condition that is affected by the situation (hurt, 2010 in Rahmantika Ananda, 2014). While the phrases in the auditing process, namely the first, there is information and criteria that have been set. Second, gathering and evaluating evidence. Third, it is handled by competent and independent auditors. Finally, just prepare an audit report. It can be explained from this that skeptical auditors will continue to look for and dig up available evidence so that the auditor is sufficient to carry out his work to audit, is not easy to believe and is quickly satisfied with what has been seen and presented in plain sight, so that he can find errors material errors or fraud, and in the end can provide the results of an appropriate audit opinion according to a description of the actual state of a company. Professional skepticism is an option to fulfill the auditor's professional obligations to prevent or reduce the consequences that can be detrimental to the behavior of others. The fact is Professional Skepticism in auditing is very important because:

1. Professional skepticism is a requirement that the auditor must have listed in the audit standard (SPAP).
2. International audit companies require the application of professional skepticism in their audit methodology.

3. Professional skepticism is part of the education and training of auditors.
4. Academic and professional literature in the field of auditing emphasizes the importance of Professional Skepticism. (Karyono, 2013).

### **Locus of Control**

Locus of control is one aspect of personality characteristics possessed by each individual and can be divided into internal locus of control and external locus of control. Internal control will be seen through the ability to work and work actions related to the success and failure of employees while doing work. While external controls are employees who feel that there are controls outside themselves that support the results of the work they do such as the work environment (Maulana, 2012 in Francis, et al, 2017). The term locus of control appears in Rotter's social learning theory which states that there are several factors that influence a person in learning, one of which is expectancy, which means someone's expectations or expectations that reinforcement will emerge in certain situations.

The concept of expectancy is what gave birth to the term locus of control. Locus of control is an internal factor that influences the decline in audit quality. Locus of control is a person's level of confidence about the extent to which they can control the factors that influence the success or failure they experience (Haugesti Diana, et al, 2016). By knowing the locus of control of the characteristics of an auditor it can be estimated whether an auditor is more likely to take action to reduce audit quality or not under certain conditions. Based on the above understanding, it can be said that locus of control is a person's belief about the existence of self control, and how much control he has on the successes and failures he experiences and the situation or events that exist in his life. Locus of control is one aspect of personality characteristics possessed by each individual and can be divided into internal locus of control and external locus of control. Internal control will be seen through the ability to work and work actions related to the success and failure of employees while doing work. While external controls are employees who feel that there are controls outside themselves that support the results of the work they do such as the work environment.

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### **Independent**

According to the 2001 Public Accountant Professional Standards section 220 PSA No.04 Paragraph 2 (in Aulia Agustin, 2013), independence means it is not easily influenced because it carries out its work in the public interest (differentiated in terms of practice as an internal auditor). Thus, he is not justified in favor of the interests of anyone, because no matter how perfect the technical expertise he has, he will lose the impartiality which is the most important to maintain freedom of opinion. Independence in Restu and Nastia (2013) is a mental attitude expected from a public accountant to not be easily influenced in carrying out their duties. Independence can be proxied into four sub-variables, namely the first long relationship with the client (audit tenure), where the Indonesian government limits the auditor's tenure to a maximum of only 3 years for the same client, while for the Public Accounting Firm (KAP) may be up to 5 years.

This is done so that the auditor is not too close to the client so as to prevent accounting scandals. Because if the auditor is too close to the client it will make the auditor satisfied with what he has done so that the audit procedure he does will be less strict and depend on management's statement. So if the longer the relationship with the client (audit tenure) the higher the auditor independence. The second is the pressure from the client, this can arise in situations of conflict between the auditor and the client where the auditor and the client do not agree with some of the results of financial statement testing. So that makes the client try to influence the auditor to take actions that violate auditing standards, including in giving opinions that are not in accordance with the client's circumstances. So if the lower the pressure from the client the higher the auditor independence. The third is a review of peer auditors (peer review), this is done as a way to monitor auditors in order to improve the quality of accounting and auditing services that require transparency of work. Usually peer review is conducted by peer auditors in one Public Accounting Firm (KAP). So the higher the peer review, the higher the auditor's independence. The last is non-audit services, which means here there are accounting firms that provide services other than auditing such as management consulting and taxation services. This can result in the auditor losing independence because directly the auditor will be involved in

client management activities. So if the lower the non-audit services, the higher the auditor's independence. Mautz and Sharaf in Mathius (2015) propose three dimensions of auditor independence:

1. Independence of undesired controls or influences in the selection of audit techniques and procedures and the extent of their application.
2. Independence from undesired controls or influences in the selection of areas, activities, personal relationships, and managerial policies to be tested.
3. Independence from controls or unexpected effects in the delivery of facts discovered from testing or in the delivery of recommendations or opinions as a result of a test.

The indicators of independence in Rini Rosmayanti (2016) are:

1. Honesty of auditors in carrying out their duties
2. Performing other services for audit clients
3. Family and personal relationships
4. Rewards for professional services
5. Receiving goods or services from clients
6. Implementation of work

### **Audit Quality**

Based on IAI (2011) an audit conducted by an auditor can be said to be of quality if it meets generally accepted auditing requirements or standards and quality control standards. Auditing standards are used as a reference for auditors in fulfilling their professional responsibilities in carrying out audits of financial statements. De Angelo in Mathius (2015) defines audit quality, namely that qualified auditors can find violations and report violations, but by eliminating the phrase "market- assessed" which is more related to perceptions about audit quality. Audit quality also cannot be defined merely as competency without including independence because competence and independence must be present simultaneously so that the audit can be of quality. The likelihood that the auditor will find misstatement depends on the quality of the auditor's understanding (Competence) while the act of reporting misstatement depends on the

auditor's independence. Measuring audit quality is not easy because audit quality is difficult to measure objectively, so the previous researchers used various dimensions of audit quality. Audit quality relates to auditor guarantees in the form of statements that the financial statements do not present material errors or contain fraud. In addition, audit quality can be seen from the level of auditor compliance in carrying out various stages that should be carried out in an audit.

The Indonesian Institute of Accountants (IAI) states that audits by auditors are said to be of quality, if they meet auditing standards and quality control standards. Audit quality is the probability that the auditor will find and report violations in the client's accounting system based on established audit standards. Audit quality according to Public Accountant Professional Standards (SPAP) states that audits by auditors are said to be of quality if they meet auditing standards and quality control standards (Agusti et al, 2013). According to De Angelo (1981) audit quality is a probability (joint probability) where an auditor will find and report violations that exist in his client's accounting system. The indicators of audit quality in Rini Rosmayanti (2016) are:

1. Timeliness in reporting
2. Compliance with SPAP
3. Compliance with SOP

### **3. DATA AND RESEARCH TECHNIQUE ANALISYS**

#### **Types of research**

This research is a quantitative study using survey methods. Survey research is research that takes a sample from a population and uses a questionnaire as a primary data collection tool (Indriantoro and Bambang Supeno, in Andri Andarwanto, 2015). This study uses primary data in the form of public accountant perceptions of auditor professional skepticism, locus of control, independence, and audit quality. The data was collected through a questionnaire. In the questionnaire respondents were provided with five alternative answers of a qualitative nature, then quantified by giving a score on each answer using a Likert scale. For example answers strongly agree given a score of 5, agreed answers were given a score of 4, neutral answers were given a score of 3, disagreed was given a score of 2, and strongly disagreed given a score of 1.

#### **Population**

Amalia Wardani, (2013) explained that the population is the whole object of research. The population in this study were external auditors or public accountants working in the Public Accounting Firm (KAP) in the Tangerang City and South Tangerang areas, totaling 7 KAP and 71 auditors.

**Table 3.1 Daftar Kantor Akuntan Publik**

No	Nama KAP	Alamat	Kuesioner yang disebar	Kuesioner yang kembali
1	KAP Suganda Akna Sukri & Rekan	Ruko Pascal Barat No.9 Lt.2, Jl. Scientia Square Barat, Gading Serpong, Tangerang 15810	10	10
2	KAP Drs. H. Soewarno, Ak.MM. CPA.	Jl. H Abdul Gani, Komp, BPKP II No.2A Kp. Utan – Ciputat Timur, Tangsel (15412)	12	12
3	KAP Tri Bowo Yulianti	Blok C2 No. 1, Ps. Modern Kw. Niaga Bintaro – Bintaro Trade Centre. Jl. Jend. Sudirman. Pd. Jaya. Pd. Aren. Kota Tangerang Selatan. Banten 15224.	12	12
4	KAP Abdul Hamid & Khairunnas	Perkantoran Ciputat Indah Permai Blok C No. 30 Jl. Ir. Juanda No. 50 Ciputat, Kota Tangerang, Banten	10	10

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5	KAP Noor Salim, Nursehan, Sinarahardja	Komp. Perum. Larangan Indah, Jalan Anggrek III No. 28 RT.003/005, Larangan Indah, Ciledug, Kota Tangerang, Banten	12	10
6	KAP Ruslim & Ruslim	Villa Melati Mas Blok H 9 No. 60 RT.001/ RW.006 Kel. Pondok Jagung, Kec. Serpong Utara Tangerang Selatan 15326	5	5
7	KAP Made Sudarma, Thomas & Dewi	Ruko Garden Boulevard Blok U No. 9 BSD City, Serpong Tangerang Selatan	10	10
TOTAL			71	69

Sumber: Data Primer diolah (2018)

**4. RESULT AND DISCUSSION**  
**Uji Parsial (Uji t)**

T statistical test in this study aims to determine the effect of auditor professional skepticism, locus of control and independence of audit quality when tested partially.

Determination of the decision to accept or reject the hypothesis is formulated as follows, if the significance value is less than 0,05 then Ha is accepted, conversely if the significance is greater than or equal to 0,05 then Ha is rejected.

**Tabel 4.1 Hasil Uji t Hitung**

<i>Model</i>	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>T</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
(Constant)	10.127	1.729		5.859	0.000
Skeptisisme Profesional Auditor	0.398	0.108	0.477	3.664	0.001
<i>Locus of Control</i>	0.184	0.072	0.332	2.555	0.013
Independensi	0.124	0.044	0.191	2.818	0.006

a. Dependent Variable: Kualitas Audit

Source : Self Proceed

### Uji Hipotesis Simultan (Uji f)

Testing the independent influence together on the dependent variable is done using the F test. The results of statistical calculations show the calculated F value = 55,787 with a significant value of 0,000, then the significant value obtained is smaller than 0,05. This means that the hypothesis states that simultaneously the auditor's professional skepticism, locus of control and independence variables have a positive effect on audit quality.

### Result Discussion

#### Professional Auditor Skepticism Influences Audit Quality

Based on the statistical test t that professional skepticism has a significant positive effect on audit quality. This can be interpreted that the attitude of professional skepticism can also be one of the determinants of audit quality. Thus the variable professional skepticism has a positive effect on audit quality or the hypothesis is accepted.

#### Locus of Control influences Audit Quality

Based on the significance test that the locus of control has a significant positive effect on audit quality. This can be interpreted that the locus of control can be one of the determinants of audit quality. The higher the value of the locus of control, the higher the quality of the audit produced. Thus the locus of control variable has a positive effect on audit quality or the hypothesis is accepted.

#### Independence influences Audit Quality

Based on the t test that Independence has a positive effect on audit quality. This means that the hypothesis stating that independence influences audit quality or the hypothesis is accepted. Based on the T test it is known that the higher the value of independence the higher the value of audit quality. These results indicate that auditors who have high independence tend to produce good audit quality.

#### Professional Skepticism of Auditors, Locus of Control and Independence simultaneously affect Audit Quality

Based on the F test it was found that simultaneously the auditor's professional skepticism, locus of control and independence influenced the audit quality with a significance of  $0,000 < 0,050$ . Based on the coefficient of determination stated that the magnitude of the value of the audit quality variable is determined by the

auditor's professional skepticism, locus of control and independence by 72% while the rest is explained by other factors not raised in this research such as time budget pressure, competence, and other things. Or it can be said that auditor professional skepticism, locus of control and independence have an effect of 72% on audit quality.

This result is supported by attribution theory where the three independent variables namely auditor professional skepticism, locus of control and independence together influence the audit quality. Auditors are very important to have locus of control because locus of control plays a role in motivation, different locus of control can reflect different motivations and different performance. Then the need for auditors to have professional skepticism because in order to support audit quality in the conduct of audits as well as the preparation of audit reports, examiners are required to use their professional skills carefully and thoroughly. Professional skills require the examiner to carry out professional skepticism, which is an attitude that includes thoughts that always question and critically evaluate the evidence of the examination. The examiner uses the knowledge, expertise and experience demanded by his profession to carry out evidence gathering and objective valuations regarding the adequacy, competence and relevance of the evidence. Independence means it is not easily influenced because it carries out its work in the public interest. Thus, he is not justified in favor of the interests of anyone, because no matter how perfect the technical expertise he has, he will lose the impartiality which is the most important to maintain freedom of opinion.

### 5. CONCLUSION

The results of this study showed that: (1) Professional Skepticism Auditor positively affect the Quality Audit. (2) Locus of Control has a positive effect on Audit Quality. (3) Independence positively affects the Quality of Audit. (4) Professional Skepticism Auditor, Locus of Control and Independence simultaneously have a positive effect on Audit Quality.

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