

RELATIONSHIP OF INDEPENDENCE AND COMPETENCE IN DETERMINING AUDIT QUALITY EMPIRICAL STUDY OF GOVERNMENTAL INTERNAL AUDITORS IN THE PEKALONGAN CHARISIDENTS

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ABSTRACT

The increase in demand for financial statement audit services is in line with the opening of financial scandals both in the private sector and the private / government sector. Audit is the process of examining financial statements and aims to increase the accountability of companies both private and government agencies to stakeholders. An audit is usually carried out by a competent and independent person. This independence and competency factor is a controller for the auditor, so that the quality of the audit conducted. The purpose of this study is to provide empirical evidence that independence and competence affect the quality of internal auditors in local governments in the former Pekalongan residency. Analyzes were performed using validity and reliability tests, classic assumption tests and multiple linear regression analysis. The results showed that independence and competence had a significant positive effect on the quality of audits carried out by local government internal auditors.

Keywords: Government Internal Auditors, Independence, Competence

1. INTRODUCTION

The globalization of business has made increasing the auditor's services. Because of the demands of stakeholders to provide quality financial information, both in private companies and government agencies. Consequently, auditors should maintain the audit services provided to the client company. Auditing is the process of collecting and evaluating evidence of information and determining the degree of conformity between information with predefined criteria. Auditing should be done by competent and independent persons (Arens, et al, 2008).

Basuki and Krisna (2006) stated that the quality of audits is a very complex issue. It is declared complex because of the many factors that can affect the quality of the audit, depending on the viewpoint of each party. The difference in measurement of the quality of the audit has led to the difficulty of fixing the audit quality, so that it will be sensitive to the individual conduct of the audit.

The audit quality is reviewed from the Persepsian usually seen from independence and competence. Mulyadi (2002) defines

independence as the free State of influence, not controlled by other parties, not dependent on others and independent public accountants should public accountants be unaffected and not influenced by Various strengths originating from outside the accountant in consideration of the fact it encountered in the examination. Previous independence studies have been conducted by Indriyanti Linting (2013) stating that independence has a positive effect on the quality of the audit. This means that the higher the independence of an internal auditor will result in an improved audit quality.

The second factor that may affect the quality of audits is competence. Auditors need a competency in conducting checks on financial statements. According to Suraida (2005) Competence is the professional expertise that is owned by auditors as a result of formal education, professional examinations and participation in training, seminars and symposiums. Auditor competence is measured through the knowledge owned, the active participation in the training, seminars and workshops. This is in line with the obligation for auditors to upgrade their knowledge

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through an ongoing education program (PPL). The previous research has been conducted by Taufiq Efendy (2010), the results showed a positive effect on the audit quality of Inspectorate.

The explanation above provides a research footing to formulate the following problems: (1) How is the independence effect on the quality of audit conducted by the government internal Auditor?., (2) How the competency influences the quality of audit Internal auditor?. While the purpose of this research is to provide empirical evidence of the influence of independence and competence for determining the quality of audits conducted by government internal auditors.

2. LITERATURE REVIEW

Audit quality is the result of the performance of Auditors obtained after conducting financial report inspection process in accordance with accounting and auditing standards. Modern business demands the financial report of a company to be examined by an independent outside of the company namely auditors. Consequently, auditors have a high responsibility to provide the results of inspection of the company's financial statements to the stakeholders in a qualified. The good quality of audits can be achieved if the auditor implements the standards and principles of audit, being freely unbiased, compliant with the law and adhering to the professional code of ethics.

Audit quality is the result of an auditor's examination of financial statements and auditors' willingness to report a substantial misstatement contained in the client's financial statements. DeAngelo (1981) defines the audit quality as a possibility for an auditor to find evidence and report any violations in the accounting system of its client companies. Elfarini (2007) said that the quality of audits is the entire probability of auditors as long as audit the client's financial statements, find errors occurring in the client's accounting system and disclose them in financial statements Audited.

Independence Relationship With Audit Quality

Independence is a mental attitude that auditors must have as a party that independently cannot be influenced by any party that may affect his or her audit results. Auditors must have the ability to collect all necessary information in the decision-making of the audit results in the independent auditor's report. The results of the audit are made based on findings collected without

being affected by the interested parties with the financial statements. The results of the research of Indriyanti Linting (2013) stating that the independence positively affects the quality of the audit. That is, the attitude to conduct financial report checks as per the standards and followed by a willingness to report the findings of violations, will result in an improved quality of audits. So the first hypothesis was proposed:

H1: Independence has significant effect on audit quality

Competency Relationship With Audit Quality

Competence is a professional expertise that is owned by auditors as a result of formal education, professional exams and participation in training, seminars, symposiums and workshops.

Improvement of Auditor competence is also required by professional association through Continuing Education Program (PPL). A competent auditor will do the job easily, sooner or possibly to make mistakes smaller. Competence can also be interpreted that the auditor has adequate knowledge and skills to conduct financial report inspection process. So auditors are able to produce quality audits. Prior research related to the competence conducted by Taufiq Efendy (2010), the results showed a positive influence on the quality of audit of inspectorate apparatus. Based on the explanation above, the hypothesis is formulated as follows:

H2: Competence has significant effect on audit quality

The research Model can be described as follows:

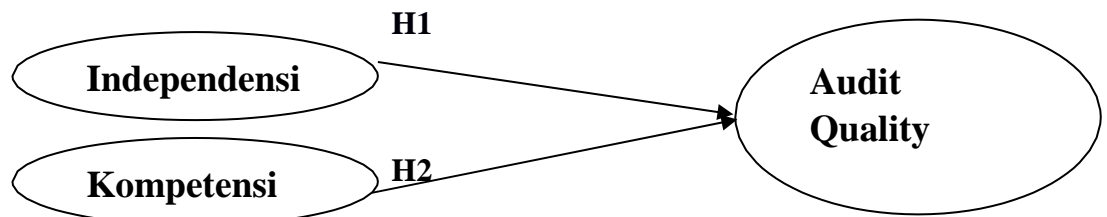


Figure 1. Research Model

3. RESEARCH METHODS

The free variables in this study are independence and competence. The independency variable is measured using indicators (1) internal interference and (2) external interference. Competency variables are measured using indicators (1) of accounting and auditing standard mastery capabilities, (2) Government insights. While variables tied in this research are audit quality using indicators (1) Accuracy of audit findings, (2) skepticism, (3) value of recommendation, (4) Clarity of the report, (5) Benefits of Audit, (6) Follow-up audit results. The research Data is taken using questionnaires. The research object is the internal auditor of the government in the former Karisidenan of Pekalongan. Research samples were taken using purposive sampling techniques. The criteria for sampling research are as

follows: (1) The Auditor works in the Inspectorate of Pekalongan, (2) Auditors who perform the work in the field of auditing, (3) It has been working at least 2 years in the Inspectorate, (4) Minimum S1 education. Test analysis in this study using a classical assumption test consisting of normality test, multicholinergic test and Heterokedasitas test. Test data validity, hypothesis testing and multiple linear regression tests.

4. RESULTS AND DISCUSSION

Research Object

The object of this research is the auditor from the Office of the Inspectorate of Pekalongan in this case is represented by several offices of the Inspectorate of Pekalongan, which is the city of Pekalongan, Batang Regency, Regency of Pemasang and Brebes regency.

Table 1 List of Auditors Inspectorate of Pekalongan Residency

No	Kuesioner	Amount
1.	Inspektorate Pekalongan regency	3
2.	Inspektorate Batang regency	8
3.	Inspektorate Pemasang regency	16
4.	Inspektorate Brebes regency	10
	Total	37

Source: Primary Data that was processed from 2019

Validity Test And Reliability Test

The validity test in this study was intended to measure the extent of the accuracy of the research measuring instrument on the actual content or meaning measured (Ghozali, 2013). A

question item is said to be valid if item correlation value with a significant total score at significance level is 0.05.

Table 2 Variable Validity testing

No	Variable	Question Item	Sig	Keterangan
1.	Independence (X1)	X1_1	0.000	Valid
		X1_2	0.000	Valid
		X1_3	0.002	Valid
		X1_4	0.000	Valid
		X1_5	0.000	Valid
		X1_6	0.000	Valid
2.	Competence (X2)	X2_1	0.000	Valid
		X2_2	0.000	Valid
		X2_3	0.000	Valid
		X2_4	0.000	Valid
		X2_5	0.000	Valid
3.	Quality Audit (Y)	Y1	0.000	Valid
		Y2	0.000	Valid
		Y3	0.008	Valid
		Y4	0.000	Valid
		Y5	0.000	Valid
		Y6	0.000	Valid
		Y7	0.000	Valid
		Y8	0.007	Valid

Source: SPSS-Processed Output 2019

Reliability tests are intended to test the consistency of questionnaires in measuring a similar contract or stability of questionnaires. The reliability of

research instruments in research is tested using Cronbach's coefficient of Alpha. If the value of the alpha coefficient is greater than 0.70 then it is concluded that the research instrument is reliable or reliable (Ghozali; 2013).

Table 3 Reliability Testing Results

No	Variable	Cronbach Alpha	Nunally	Descriptions
1.	Independence	0.756	0.60	Reliable
2.	competence	0,628	0.60	Reliable
3.	Audit Quality	0,728	0.60	Reliable

Source: SPSS-Processed Output 2019

Classic Assumption Test

The classical Asusmsi test was conducted to test the data meeting the criteria BLUE (Blue, linear, Unbias, Estimate), (Ghozali,2013). Test the classic assumption in the study consists of tests of normality,

multicollinearity and Heterokedasitas. The normality test is performed to determine whether in a regression model, dependent variables and independent variables both have normal or no distribution.

Table 4 Test result normality
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		37
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.79174954
Most Extreme Differences	Absolute	.086
	Positive	.086
	Negative	-.063
Test Statistic		.086
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

The test result normality in table 4 indicates that all variables achieve the normality indicated with a significance value greater than 0.05. The multicholinarity test aims to test whether the regression model is found in correlation between free variables. A good regression Model should not occur in correlation between free variables. To detect that there is no multicollinearity in the regression can be seen from the tolerance value and the Variance Inflating Factor (VIF) value. All independent variables have a value of tolerance > 0.1 and a VIF of < 10, meaning that both of these independent variables do not have a multicollinearity relationship.

Heterokedastisity Test aims to test whether the value in a regression model happens to have a residual variance inequality of another observation (Ghozali,2013). Test more convincing that the model has heterokedastisity or not then carried out a glejser test, glejser fleals the absolute residual value of independent variables. If the probability of significance above the level of trust 5% can be concluded the regression model does not contain heterokedastisity. Heterokedasitas test can be seen in the table below:

Table 5 Results of the Glejser test
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
	B	Std. Error			
I (Constant)	4.941	2.240		2.206	.035
INDEPENDENSI	.064	.268	.100	.239	.813
KOMPETENSI	-.156	.212	-.195	-.737	.467

a. Dependent Variable: ABS_RES2

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From the results of Glejser test above it can be seen that none of the statistically significant independent variables affect the absolute variable unstandardized residual. This is demonstrated by the probability of significance which is all above 0.05. It was concluded that there were no symptoms of heterokedastisity.

Effect of Independence on Quality of Audit

Independence is the attitude of an impartial auditor, has no personal interest, and is not easily influenced by the parties concerned in providing opinion or conclusion, so that the opinion or conclusion Based on high integrity and objectivity. Or in other words, free one from the influence of the subjective view of the other parties that are concerned so that it can convey the opinion of what is.

From the results of the study showed that independence using the T test obtained a value of 2.264 with a significant rate of 0.031. Because the significance rate is smaller than 0.05 ($\alpha = 5\%$). Thus the first hypothesis states that independence has a significant effect on the quality of Audit received. The positive influence of the independence variable on audit quality. This means that if the auditor is able to maintain its independence, the auditor will not be easily influenced by any party. The Auditor will still conduct the audit procedure in accordance with the auditing standards and report the audit results in accordance with the facts. Independence is one of the most important characteristics of an auditor and is the basis of the principle of integrity and objectivity. So that the inspectorate is absolutely independence during its professional assignments. An auditor who has a high independent attitude, then the quality of the audit produced will be better. Because the audit results are made based on findings collected without being affected by the interested parties with the financial report so that it will produce a quality audit.

The results of this research are in line with the research conducted by Indriyanti Linting (2013) stating that the independence positively affects the quality of the audit. This research is not in line with the research conducted by Taufik Effendy (2010) stating that independence has no effect on the quality of Audit.

Effect of Competency on Audit Quality

Competence is a professional expertise owned by auditors as a result of formal education, professional examinations and participation in training, seminars and symposiums. From the results of the study showed that competence by using Test T obtained a value of 1.972 with a

significant rate of 0.048. Since the significance rate is less than 0.05 ($\alpha = 5\%$), thus the second hypothesis states that the competency has a significant effect on the quality of Audit received.

An auditor who has an examination duty in the government sector is required to have knowledge relating to the administration of the government. With extensive insight, high level of education, and training in the field of accounting and knowledge owned during the auditor, is the basis used in carrying out the audit task to achieve good audit quality and can Accounted for. A competent auditor will do the job easily and quickly, so that the quality of the audit results will increase. The higher the competency of an auditor, the better the quality of the audit.

This research is in line with the research conducted by Taufiq Efendy (2010), the results showed a positive effect on the audit quality of Inspectorate. The research is also in line with the research of Alim DKK (2007), which states the competency directly affects the quality of Audit.

5. CONCLUSION AND SUGGESTION

Conclusion

Based on the results of data analysis and the discussion that has been done, it can be concluded as follows:

1. The independence variable in the partial test obtained a calculated t value of 2.264 with a significant rate of 0.031 because the significance rate is less than 0.05 ($\alpha = 5\%$), hence the independence variable (X1) has a significant influence on quality Audit (Y). This means an auditor who has an impartial attitude and conducts the audit process in accordance with the standards of auditing and accounting standards, the quality of audit provided will be maintained quality.
2. Competency variable in partial test obtained calculated t value of 1.972 with a significant rate of 0.048 because the significance rate is less than 0.05 ($\alpha = 5\%$), then the competency variable (X2) has a significant influence on quality Audit (Y). It means that auditors who have adequate knowledge, skills and expertise in the field of audit in the government sector will be able to do the audit of good and quality financial statements.

Advice

This study only tested two factors of perception that allegedly had an influence on the quality of auditing. Further research can add motivational variables as one of the controllers of the auditor's behavior in conducting audits. This

research also only samples limited to internal auditors located in the Local government agency of the former Karisidenan district of Pekalongan. So that further research can expand the samples for all internal auditors around the local government in Indonesia.

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