THE INFLUENCE OF INDEPENDENCE, PROFESSIONALISM AND GOOD GOVERNANCE ON INTERNAL AUDIT QUALITY

Studies at the Inspectorate of West Bandung Regency

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ABSTRACT

The purpose of this study was to determine the effect of independence, professionalism and good governance of internal auditors on internal audit quality. Data collection was carried out through field research and library research and distributing questionnaires to 52 respondents. Sampling using Non-probability Sampling with Saturated Sampling. To measure the effect of the sample used classical assumption test analysis, multiple linear regression analysis and the coefficient of determination as well as hypothesis testing. Data processing uses the Statistical Product and Service Solution application version 25. The results showed that testing the hypothesis (t test) obtained the following results: (1) Auditor independence has no effect on internal audit quality where count (-0.857) is smaller than table 2.010 with a significance level (-0.857) > 0.05 (2) Auditor professionalism has a positive effect on internal audit quality where count is 10.981 greater than table 2.010 and a significance value of 0.000 < 0.05 (3) Good Governance has an effect on internal audit quality where count is 9.715 less than table 2.010 and a significance level of 0.000 < 0.05. The results of hypothesis testing (f test) independence, internal auditor professionalism and good governance have a positive effect on internal audit quality where the count is 413.551 greater than the table 2.802 with a significance level of 0.000 < 0.05.

Keywords: Effect of Auditor Independence, Auditor Professionalism, Good Governance, Internal Audit Quality

INTRODUCTION

The widespread practices of KKN (corruption, collusion, and nepotism) in the life of the public bureaucracy further tarnishes the image of the government in the eyes of the public towards the public bureaucracy. We need to realize that the implementation of public services is still faced with a government system that is not yet effective and efficient and the quality of the human resources of the apparatus is inadequate. One way to raise the good image of the government in the eyes of the public is to increase the level of public accountability of local government to stakeholders in the sense of the wider community with efforts to quality audits produced by the regional inspectorate to produce appropriate recommendations and forms of oversight to be maximized again so that when the BPK inspecting LKPD is expected to minimize audit findings revealed by the Supreme Audit Agency (BPK). (Fikriani Nurkhaifah Iswanto, 2019).

Audit Quality is a systematic and independent examination to determine whether the quality of activities and
achievement of results are in accordance with the plans that have been designed and can be carried out effectively in achieving goals. (Bastian, 2014: 270).

In conducting an audit, an auditor must know and understand audit standards in order to produce a quality audit. The Indonesian Institute of Accountants (IAI) states auditing standards and quality control standards. The Government Internal Supervisory Apparatus Audit Standard (SA-APIP) is the Government Internal Supervisory Apparatus Audit Standard compiled by the Financial and Development Supervisory Agency (BPKP). This standard includes standards related to the characteristics of organizations and individuals who carry out oversight of performance audits and investigative audits. (Muhammad Kadhafi, 2013: 54-63)

LITERATURE REVIEW

Government Audits

According to Mulyadi and Kanaka in Sunyoto (2014: 29) government auditors are:

"Professional auditors working in government agencies whose main task is to audit financial accountability presented by organizational units or government entities or financial accountability addressed to the government."

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Based on the description above, the writer can conclude that government auditors are auditors who work in government agencies and have financial accountability directed to the government.

Independence

According to the State Financial Audit Standards (2017: 27) Independence is "An attitude and action in carrying out an audit to be impartial to and seen as impartial to anyone, and not influenced and seen as not influenced by anyone."

According to Mulyadi (2014:26-27) Independence is:

“A mental attitude that is free from influence, not controlled by other parties, not dependent on other people. Independence also means that there is honesty within the auditor in considering facts and there are objective considerations that are impartial in the auditor's self in formulating and expressing his opinion."
According to Indonesian Government Internal Audit Standards AIP):

Independence is “Freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities objectively.”

Based on the description above, the writer can conclude that independence is an important mental attitude for the auditor in carrying out his duties so that the auditor has freedom. This freedom is used during the process of conducting an audit so that in conducting an audit, the opinion given by the auditor is the original opinion of the auditor without any influence or intervention from any party.

Professionalism

According to the State Financial Audit Standards (2017:16) Professionalism is:

"Professional ability, expertise and commitment in carrying out duties accompanied by the principles of due care, thoroughness and accuracy, and guided by the standards and provisions of laws and regulations. The examiner's professional attitude is manifested by always being professional skepticism (Professional Skepticism) during the examination process and prioritizing the principle of professional judgment (Professional Judgment).

According to Agoes (2017:72) Professionalism is:

"Important things that must be maintained in carrying out the quality of their duties as an auditor, it is necessary to maintain independence from the interests of various parties, pay attention to integrity and objectivity, not allow misstatements to occur, and be impartial to any part."

Based on the description above, the authors can conclude that the professionalism of internal auditors is a business and credibility that must be possessed by auditors in carrying out their duties and responsibilities.

Good governance

The word Governance has translations such as; administration of government affairs, governance, government governance. There are also those that mean: government, direction, coaching, management, management and public administration. (Fikriania Nurkhafifah Iswanto, 2019).

According to Bastian (2014: 143) Good Governance is "Good Governance can be interpreted as a resource management mechanism with substance and implementation that is directed to achieve efficient and effective development in a fair manner."
According to Mardiasmo (2018:22) Good Governance is:

"An implementation of solid and responsible development management that is in line with the principles of democracy and an efficient market, avoiding misallocation of investment funds, and preventing corruption both politically and administratively, implementing budgetary discipline and creating a legal and political framework for the growth of business activities."

Based on the above understanding, the authors can conclude that Good Governance is the concept of governance in achieving a solid and responsible management of development through the formulation of policies to create good governance. Audit Quality

According to Bastian (2014; 270) Quality Audit is "a systematic and independent examination to determine whether the quality of activities and achievement of results is in accordance with plans that have been designed and can be carried out effectively in achieving goals."

The definition of Audit Quality according to Financial Auditing Standards (SPKN, 2017: 62) is "Audit Quality means the quality of an auditor's actions in carrying out an audit based on predetermined auditing standards and reporting audit results based on the adequacy of available evidence to parties who have an interest."

According to Arens (2012; 105) Audit Quality is:

"How does an audit detect material reporting errors in financial statements. The detection aspect is a reflection of Auditor Competence while reporting is a reflection of the auditor's ethical integrity, certain independence.

Based on the theory above, the authors can conclude that audit quality is an auditing standard that has been established to detect material reporting errors in financial statements.

RESEARCH METHODS

The research method is made through steps starting from operational variables, determining and types of data sources, data collection methods and ending with technical analysis and hypothesis testing. In this study the authors used quantitative research methods with descriptive and verification approaches. According to Sugiyono (2019: 16) quantitative research methods can be interpreted as: "Research methods based on the philosophy of positivism, are used to examine certain populations or samples, sampling techniques are generally carried out
randomly, data collection uses research instruments, data analysis is quantitative/statistical with the aim of testing the hypotheses that have been set.

RESEARCH RESULTS AND DISCUSSION

1. Audit quality means the quality of an auditor's actions in carrying out an audit based on predetermined auditing standards and reporting audit results based on the adequacy of available evidence to interested parties. The highest actual score is 237 on a clear indicator, namely the report presented must be detailed and clear, then it can help the government for current improvements, and the lowest actual score for the internal audit quality variable is 167 on a concise indicator, namely the auditor's report contains the words used to convey The main topic relates to the object examined. The total score of respondents' responses from 14 statements on the internal audit quality variable, namely 3,109 or 85.4%, is included in the very good category. So it can be concluded that the implementation of audit quality at the Regional Inspectorate of West Bandung Regency has been carried out very well.

2. Auditor independence is "an attitude and action in carrying out an examination to be impartial to and seen as impartial to anyone, and not to be influenced and not seen to be influenced by anyone" (SPKN 2017:27). The highest actual score is 255 on the indicator of disclosing conditions according to facts, that is, the auditor is able to identify subjective findings, and the lowest actual score on the auditor independence variable is 222 on the indicator of being fair, namely the auditor must cooperate actively with the leadership of each regional SKPD during the audit activity. The total value of the respondent's response score from the 6 statements on the auditor independence variable, which is equal to 1,417 or 90.8%, is included in the very good category. So it can be concluded that the implementation of auditor competence at the Inspectorate of West Bandung Regency has been carried out very well.

3. Auditor professionalism is "important things that must be maintained in carrying out the quality of their duties as an auditor, it is necessary to maintain independence from the interests of various parties, pay attention to integrity and objectivity, not allow misstatements to occur, and be impartial to any part" (Agoes 2017: 72 ). The highest actual score of 234 on the indicator of professional responsibility, namely internal auditors must be responsible for undergoing education to maintain their expertise, and the lowest
actual score of the auditor's professionalism variable of 220 on the integrity indicator, internal auditors have an understanding of the basis of various knowledge. The total score of respondents' responses from 8 statements on the variable of auditor professionalism is 1,823 or 87.6% included in the very good category. So it can be concluded that the implementation of auditor professionalism at the Regional Inspectorate of West Bandung Regency has been carried out very well.

4. Good Governance is "Good Governance can be interpreted as a resource management mechanism with substance and implementation directed at achieving efficient and effective development in a fair manner" (Bastian 2014:143). The highest actual score is 260 on the principle of supervision indicator, that is, the auditor performs verification tests on an appropriate scope, and the lowest actual score on the auditor's independence variable is 222 on the principle indicator of foresight, namely, the implementation of the Inspectorate of West Bandung Regency has a far-reaching vision. The total score of respondents' responses from 6 statements on the auditor independence variable is 4,632 or 89.1% included in the very agree/very good category. So it can be concluded that the implementation of good governance at the Regional Inspectorate of West Bandung Regency has been carried out very well.

5. The partial effect of the independent variable on the dependent variable

a. Effect of Auditor Independence on Internal Audit Quality

The results of testing hypothesis 1 have a count of (-0.857) and a table of 2.010, then count < table ((-0.857) <2.018) and a significance value of (-0.857) smaller than the error tolerance α = 0.05 ((-0.857 )> 0.05) means that auditor independence does not affect the quality of internal audit at the Regional Inspectorate of West Bandung Regency partially. These results are in line with research conducted by Anci (2020) which concluded that independence has no effect on audit quality. The author concludes that this is because some auditors already feel independent in the audit inspection procedures they carry out, so they do not need reviews from other auditor colleagues.

b. The Effect of Auditor Professionalism on Internal Audit Quality

The results of testing hypothesis 2 have a count of 10.981 and a table of 2.010, then count < table (10.981> 2.010) and a significance value of 0.000 less than the error tolerance α = 0.05 (0.000 <0.05)
meaning that professionalism affects quality internal audit on the Regional Inspectorate of West Bandung Regency partially. These results are in line with research conducted by Clara (2018) which concluded that professionalism influences internal audit quality. resulting audits.

c. The Effect of Good Governance on Internal Audit Quality

The results of testing hypothesis 3 have a count of 9.714 and a table of 2.010, then count < table (9.715 < 2.010) and a significance value of 0.000 is greater than the error tolerance $\alpha = 0.05$ (0.000 > 0.05) meaning that good governance has an effect on audit quality at the Regional Inspectorate of West Bandung Regency partially. These results are in line with research conducted by Miranda (2018) which concluded that good governance has an effect on audit quality. The authors can conclude that the significant effect of good governance on internal audit quality in this study is that the better government transparency and compliance with regulations in conducting budget reporting, the better resulting audit quality.

6. Simultaneous Effect of Independent Variables on Dependent Variables

Auditor independence, auditor professionalism and good governance have a positive and significant effect on internal audit quality at the Regional Inspectorate of West Bandung Regency simultaneously. Judging from the count test of 413.551, greater than table 2.802, then count > table (413.551 > 2.802) with a significant level of 0.000 so a significance result of 0.000 < 0.05 means $H_4$ is accepted. Then the correlation coefficient is 0.981 or 98.1 % which means that there is a very strong relationship between auditor independence, auditor professionalism, and good governance on internal audit quality. Then a determination coefficient of 0.963 or 96.3% is in the very good category, while the remaining 3.7% is explained in other variables that are not proposed in this study.

CONCLUSION

Based on the results of the research and discussion, the researchers draw the following conclusions:

1. The results of the descriptive analysis show that audit quality at the Inspectorate of West Bandung Regency is in the Very Good category and for independence, professionalism and good governance auditors are already in the very good category.

2. The results of the Verification Analysis show that the partial effect of Auditor independence has no influence on Audit Independence.
Quality. It can be seen from the t value of the Auditor Independence variable of (-0.857) with a significant level of (-0.857) > 0.05) this means that H1 is rejected. Partially the effect that the professionalism of the Auditor has an influence on Audit Quality, seen from the t value of the variable Auditor professionalism of 10.981 with a significant level of 0.000 <0.05 this means H2 is accepted. The partial effect is that good governance has an influence on audit quality, seen from the t value of the good governance variable of 9.715 with a significant level of 0.000 <0.05 this means H3 is accepted. The influence of auditor independence, auditor professionalism and good governance have a positive and significant effect on the quality of internal audit at the Regional Inspectorate of West Bandung Regency simultaneously. Judging from the count test of 413.551, greater than table 2.802, then count>table (413.551>2.802) with a significant level of 0.000 so a significance result of 0.000 <0.05 means H4 is accepted.

REFERENCES

Book


Journals


