

THE INFLUENCE OF AUDITOR COMPETENCE, AUDITOR PROFESSIONAL ETHICS, AND AUDITOR INDEPENDENCE ON INTERNAL AUDIT QUALITY

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ABSTRACT

This study aims to analyze the influence of Auditor Competence, Auditor Professional Ethics, and Auditor Independence on Internal Audit Quality. This research is classified as quantitative research with a descriptive and verificative approach. Data collection techniques were obtained through field research, literature research, and questionnaire distribution to 130 respondents. The sampling technique used non-probability sampling with saturated sampling. Data analysis used multiple linear regression analysis and moderating regression analysis with data processing using IBM SPSS 26. The results showed that in the partial t-test, it was found that (1) Auditor Competence has a positive and significant effect on Internal Audit Quality, (2) Auditor Professional Ethics has a positive and significant effect on Internal Audit Quality, (3) Auditor Independence has no positive effect on Internal Audit Quality. Meanwhile, the simultaneous F-test results showed that Auditor Competence, Auditor Professional Ethics, and Auditor Independence simultaneously influence Internal Audit Quality. Furthermore, the coefficient of determination test results indicated that Auditor Competence, Auditor Professional Ethics, and Auditor Independence simultaneously influence Internal Audit Quality by 85.4%.

Keywords: auditor competence; auditor professional ethics; auditor independence; internal audit quality

INTRODUCTION

Government Internal Auditors, or more commonly known as the Government Internal Supervisory Apparatus (APIP), carry out internal supervision within the central government and/or regional government environment. One of them is the Financial and Development Supervisory Agency (BPKP). BPKP is a government internal supervisory apparatus that operates under and is responsible to the President with the

duty of administering government affairs in the field of state/regional financial supervision and national development. In carrying out its duties and obligations, BPKP must comply with the code of ethics and audit standards.

The existence of the APIP Code of Ethics and APIP Audit Standards still gives rise to fraudulent practices such as corruption and embezzlement cases. This phenomenon impacts the commitment of government internal auditors to the code of ethics and audit standards, particularly

in examining financial reports so that audit quality can be maintained and improved.

A phenomenon emerged involving the Director of Financial Accountability Supervision for Village Government Governance at BPKP (Wasis Prabowo), who was examined by the Corruption Eradication Commission (KPK) regarding alleged funds flow for conditioning audit results at PT Amarta Karya (Persero) or PT Amka. Wasis was examined as part of the investigation into an alleged corruption case at PT Amka and Money Laundering Crime (TPPU) with the suspect being the former President Director of PT Amka, Catur Prabowo. "From the series of evidence in the investigation process of the alleged fictitious procurement corruption case at PT Amka with the suspect CP, the investigation team found additional alleged criminal acts in the form of money laundering," said Ali Fikri at the KPK Red and White Building, South Jakarta, Monday (21/8/2023). Ali stated that Catur Prabowo was suspected of having placed, spent, and changed forms with the aim of concealing the origin of his corruption proceeds as stipulated in Article 3 of the TPPU Law. Consequently, the KPK named Catur Prabowo as a TPPU suspect. This suspect determination is a follow-up to the case of alleged fictitious project procurement

corruption at PT Amarta Karya or PT Amka. (Source: www.TribunNews.com 2023)

This case demonstrates that the quality of government internal audit remains inadequate. The basic principles and general standards of Government Internal Audit Standards state that auditors must have adequate independence and competence in carrying out their duties as Government Internal Auditors. Several prior studies have examined factors influencing Internal Audit Quality Among them, Anci Fadelly (2020) found that competence independence, professionalism, and ethics each have a partial effect on audit quality at the BPKP Representative Office of Jambi Province. In light of the phenomenon described above, this study aims to:" (1) To determine the partial influence of Auditor Competence, Auditor Professional Ethics, and Auditor Independence on Audit Quality at the BPKP Representative Office of West Java Province. (2) To determine the simultaneous influence of Auditor Competence, Auditor Professional Ethics, and Auditor Independence on Internal Audit Quality at the BPKP Representative Office of West Java Province.

LITERATUR REVIEW

Definition of Auditing

According to Agoes (2017:4), auditing is: "A critical and systematic examination, conducted by an independent party, of financial statements prepared by management, along with accounting records and supporting evidence, with the objective of providing an opinion on the fairness of those financial statements."

Audit Objectives

According to Arens et al (2017:158), the audit objective is: "To provide users of financial statements with an opinion given by the auditor as to whether the financial statements are presented fairly, in all material respects, in accordance with the applicable financial accounting framework. This auditor's opinion increases the confidence of users concerned with the financial statements."

Types of Auditors

According to Mulyadi (2018:28), these are independent auditor, internal Auditor, and government auditor

Government Auditor

According to Usman (2024:29), a Government Auditor is: "A professional auditor who works in government institutions whose main duty is to carry out audits of financial accountability

presented by organizational units or government entities or financial accountability submitted to the government."

Government Internal Audit Objectives

According to the Indonesian Government Internal Audit Standards (2014): "To assist all management leaders in carrying out their responsibilities by providing analysis, assessments, suggestions, and comments regarding the activities being examined."

Definition of APIP Audit Standards

APIP Audit Standards according to PER/05/M.PAN/03/2008 are criteria or minimum quality measures for conducting audit activities that must be followed by the Government Internal Supervisory Apparatus (APIP).

APIP Audit Standards

According to PER/05/M.PAN/03/2008: (1) Basic Principles: Auditor Obligations, APIP Obligations; (2) General Standards: Vision, mission, objectives, authority, and responsibility, Independence and Objectivity, Expertise, Professional care, Compliance with the code of ethics

Internal Audit Quality

According to the State Government Finance Standards (SPKN), (2017:59): "Internal Audit Quality is a systematic and independent examination

to determine whether the quality of activities and achievement of results are in accordance with the designed plan and can be implemented effectively in achieving objectives."

Internal Audit Quality Indicators

According to the State Government Finance Standards (SPKN), (2017:62), these are: Timely, Complete, Accurate, Objective, Convincing, Clear, and Concise

Auditor Competence

According to Dito, et al (2019:83): "Auditor Competence is a set of abilities, knowledge, attitudes, and values possessed by an auditor in carrying out audit tasks."

Auditor Competence Indicators

According to Dito, et al (2019:96), these are: Auditor experience, Auditor education

Auditor Professional Ethics

According to Arens et al (2017:99): "Auditor Professional Ethics are standards, principles, interpretations of ethical regulations, and ethical rules that an auditor must follow, such as professional responsibility, public interest, integrity, objectivity and auditor independence, due care, and the scope and nature of services in examining financial statements."

Auditor Professional Ethics Indicators

According to Arens et al (2017:99), these are: Responsibility, Public Interest, Integrity, Objectivity and Independence, Due Care, Scope and Nature of Services

Auditor Independence

According to Mulyadi (2018:26-27): "Auditor Independence is a mental attitude that is free from influence, not controlled by other parties, and not dependent on others. Independence also means honesty within the auditor in considering facts and objective, impartial consideration in formulating and expressing their opinion."

Auditor Independence Indicators

According to Mulyadi (2018:57), these are: Fair attitude, Free from conflicts of interest, Disclosure, of conditions according to facts. Based on the description above, a conclusion can be drawn as a framework of thinking as follows:

Hypotheses

According to Sugiyono (2022:63), "A hypothesis is a temporary answer to the research problem formulation, where the research problem formulation has been stated in the form of a statement."

Based on the theory and background of the problems previously raised, the hypotheses to be tested in this study include:

H₁: There is an influence of Auditor Competence on Internal Audit Quality

H₂: There is an influence of Auditor Professional Ethics on Internal Audit Quality

H₃: There is an influence of Auditor Independence on Internal Audit Quality

H₄: There is an influence of Auditor Competence, Auditor Professional Ethics, and Auditor Independence on Internal Audit Quality

RESEARCH METHOD

The method used in this study is a quantitative method with descriptive and verificative approaches. According to Sugiyono (2022:8), "Quantitative research method is a research method based on the philosophy of positivism, used to research a specific population or sample, data collection using quantitative or statistical instruments, with the aim of describing and testing predetermined hypotheses."

The population in this study consists of Auditors at the BPKP Representative Office of West Java Province. In this study, the population is 130 people.

Sample selection used purposive sampling method. The number of samples in this study is 130 Auditors located at the BPKP Representative Office of West Java Province. Data collection methods used in this study employed two approaches: literature research and field research.

Data analysis techniques used in this study are descriptive statistical analysis and verificative statistical analysis, namely classical assumption testing,

multiple linear regression analysis, product moment correlation coefficient analysis, and coefficient of determination analysis. Meanwhile, hypothesis testing used in this study includes partial testing (t-test) and simultaneous testing (F-test).

RESULT AND DISCUSSION

Based on descriptive analysis, the Internal Audit Quality variable is in the good category. BPKP auditors of West Java Province are able to present their reports concisely, because complete but concise reports will achieve better results and can help current improvements.

Auditor Competence variable is in the less favorable category. BPKP auditors of West Java Province are still not effective in auditor education. In terms of professional assignments, each member determines their own competence or assesses whether the education, guidance, and considerations needed are adequate for the responsibilities they must fulfill.

Auditor Professional Ethics variable is in the good category. BPKP auditors of West Java Province are able to serve the public interest, respect public trust, and are free from other business relationship interests. Auditor Independence variable is in the good category. BPKP auditors of West Java Province are able to disclose information according to examinations and establish

acceptable evidence based on facts found.

Verificative Statistical Analysis Classical Assumption Testing

Normality Test

The Normality Test is used to determine whether the data is normally distributed or not. To detect whether residuals are normally distributed, the Kolmogorov Smirnov Test is used. The basis for decision-making in the Kolmogorov Smirnov Test is that if the probability is ≥ 0.05 , then the data can be declared normally distributed. The following are the results of the normality test using the Kolmogorov Smirnov Test.

Table 1. One Sample Kolmogorov Smirnov Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		130
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	3,99176108
Most Extreme Differences	Absolute	,048
	Positive	,042
	Negative	-,048
Test Statistic		,048
Asymp. Sig. (2-tailed)		,200^{c,d}

To ensure that the regression model used is normally distributed, the researcher tested normality using the Normal P-P plot of regression standardized residual approach. The basis for decision-making in the Probability Plot Residual test is that if the Probability Plot

Residual is around the horizontal line, then the error can be said to be normally distributed.

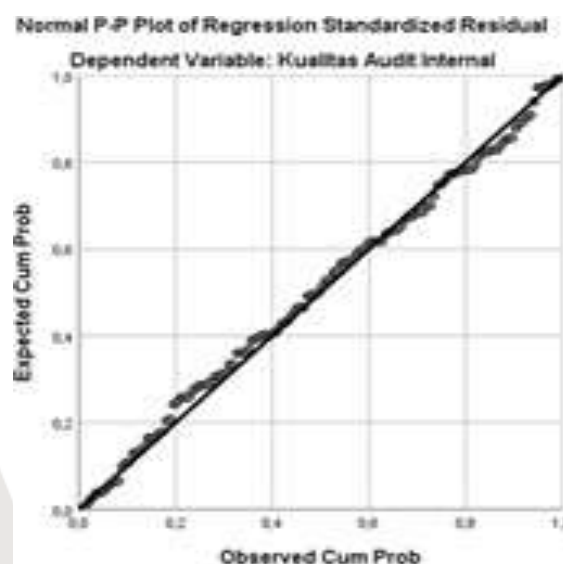


Figure 1. Normal P-P Plot of Regression Standardized Residual

The Kolmogorov-Smirnov test results show a significance value greater than 0.05 or $0.200 > 0.05$, so it can be concluded that the variables are normally distributed. Additionally, the distribution of points on the Normal P-P Plot of Regression Standardized Residual shows that the points are scattered around the horizontal line. Thus, the processed data is normally distributed.

Multicollinearity Test

The Multicollinearity Test aims to test whether there is a correlation between independent variables in the regression model. The method to detect the presence of multicollinearity is by observing the Variance Inflation Factor (VIF) and tolerance values. The commonly used cut-

off values to indicate multicollinearity are tolerance > 0.1 or VIF < 10. The following

are the results of the VIF multicollinearity test using SPSS 26.0.

Table 2. Multicollinearity Test Results

		Coefficients ^a					Collinearity Statistics	
		Unstandardize d Coefficients		Standardize d Coefficients				
Model		B	Std. Error	Beta	t	Sig.	Toleranc e	VIF
1	(Constant)	32,089	2,416		13,279	,000		
	Competencies Auditor	1,887	,405	,350	4,655	,00	,982	1,019
	Professional ethics auditor	1,826	,402	,344	4,546	,00	,971	1,03
	Auditor Independents	,736	,465	,119	1,581	,116	,979	1,021
a. Dependent Variable: Quality Internal Audit								

The VIF calculation results show that all independent variables have values less than 10. Additionally, the tolerance calculation results show that all independent variables have values greater than 0.10, so it can be concluded that there is no multicollinearity between independent variables in the regression model

Heteroscedasticity Test

The Heteroscedasticity Test aims to test whether there is inequality of variance from the residuals of one observation to another in the regression model. If there is a specific pattern, such as points forming a regular pattern (wavy, widening then narrowing), it indicates heteroscedasticity has occurred. If there is no clear pattern and the points are scattered above and below 0 on the y-axis, then heteroscedasticity does not occur. The following are the results of the

heteroscedasticity test using SPSS 26.0:

$$Y = (32,089) + (1,887X_1) + 1,826X_2 + 0,736X_3$$

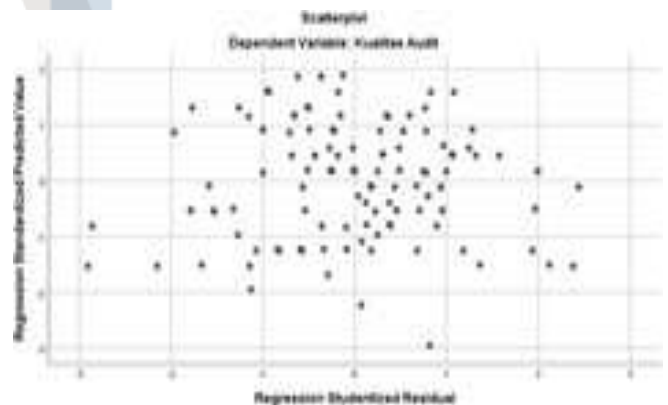


Figure 2. Normal P-P Plot of Regression Standardized Residual

The figure above shows that the points are randomly scattered and do not form a specific pattern. The points are scattered both above and below zero on the y-axis. It can be concluded that there is no heteroscedasticity in this regression model, so the regression model is suitable for further analysis.

Multiple Linear Regression Analysis

This analysis is used to determine the influence of several independent variables (X) on the dependent variable

(Y). The following are the results of the Multiple Linear Regression Test using SPSS 26.0:

Table 3. Multiple Linear Regression Analysis Results

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
1	Model	B	Std. Error	Beta		
	(Constant)	32,089	2,416		13,279	,000
	Competency Auditor	1,887	,405	,350	4,655	,000
	Professional Ethics Auditor	1,826	,402	,344	4,546	,000
	Independence Auditor	,736	,465	,119	1,581	,116

a. Dependent Variable: Internal Auditor Quality

From the regression results formulated: obtained, the following equation can be

Table 4. Product Moment Correlation Analysis Results

		Correlations			
		Quality Audit	Competences Auditor	Etika	Independence Auditor
Quality Audit	Pearson Correlation	1	,401**	,401*	,191*
	Sig. (2-tailed)		,000	,000	,030
	N	130	130	130	130
Competences Auditor	Pearson Correlation	,401**	1	,121	,077
	Sig. (2-tailed)	,000		,171	,385
	N	130	130	130	130
Etika Auditor	Pearson Correlation	,401**	,121	1	,130
	Sig. (2-tailed)	,000	,171		,140
	N	130	130	130	130
Independence Auditor	Pearson Correlation	,191*	,077	,130	1
	Sig. (2-tailed)	,030	,385	,140	
	N	130	130	130	130

** . Correlation is significant at the 0.01 level (2-tailed).
* . Correlation is significant at the 0.05 level (2-tailed).

Based on the calculation results above, it can be determined that: (1) The correlation coefficient value between Auditor Competence (X_1) and Internal Audit Quality (Y) is 0.401. This indicates a moderate level of relationship between Auditor Competence and Internal Audit Quality, which is consistent with Table 4.25 on correlation coefficient interpretation where values between 0.40 – 0.599 indicate a moderate relationship.

The correlation coefficient value between Auditor Professional Ethics (X_2) and Internal Audit Quality (Y) is 0.401. This indicates a moderate level of relationship between Auditor Professional Ethics and Internal Audit Quality, which is consistent with Table 4.25 on correlation coefficient interpretation where values between 0.40 – 0.599 indicate a moderate relationship.

The correlation coefficient value between Auditor Independence (X_3) and Internal Audit Quality (Y) is 0.191. This indicates a very weak level of relationship Auditor Independence and Internal Audit Quality, which is consistent with Table 4.25 on correlation coefficient interpretation where values between 0.00 – 0.199 indicate a very weak relationship

between Auditor Independence and Internal Audit Quality, which is consistent with Table 4.25 on correlation coefficient interpretation where values between 0.00 – 0.199 indicate a very weak relationship.

Coefficient of Determination Analysis (R^2)

The Coefficient of Determination Analysis is used to predict how much contribution the independent variables have on the dependent variable

Table 5. Coefficient of Determination Analysis Results

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,924 ^a	,854	,851	1,08237

The Coefficient of Determination Analysis (R^2) results obtained are as follows:

$$Kd = 0.854 \times 100\% \\ = 85.4\%$$

Hypothesis Testing (t-test)

The t-test tests the regression coefficients partially. This test is conducted to determine the significance level of the partial role. The partial test results are as follows

Table 6. t-test Results

		Coefficients ^a		t	Sig.
		Unstandardized Coefficients	Standardized Coefficients		
	Model	B	Std. Error	Beta	
1	(Constant)	32,089	2,416		13,279 ,000
	Competences Auditor	1,887	,405	,350	4,655 ,000
	Auditor Professional Ethics	1,826	,402	,344	4,546 ,000
	Independence Auditor	,736	,465	,119	1,581 ,116

a. Dependent Variable: Quality Audit

Based on the t-test analysis results, the following output was obtained:

Testing of Auditor Competence Variable

The t-value for Auditor Competence was 4.655 and the t-table value was - 1.978 and 1.978 with a sig value of 0.000. Since the t-value > t-table, H_0 is rejected and H_1 is accepted, meaning that Auditor Competence (X1) influences Internal Audit Quality (Y).

Testing of Auditor Professional Ethics Variable

The t-value for Auditor Professional Ethics was 4.546 and the t-table value was -1.978 and 1.978 with a sig value of 0.000. Since the t-value > t-table, H_0 is rejected and H_2 is accepted, meaning that Auditor Professional Ethics (X2) influences Internal Audit Quality (Y).

Testing of Auditor Independence Variable

The t-value for Auditor Independence was 1.581 and the t-table value was - 1.978 and 1.978 with a sig value of 0.116. Since the t-value < t-table, H_0 is accepted and H_3 is rejected, meaning that Auditor Independence (X3) does not influence Internal Audit Quality (Y).

Simultaneous Testing (F-test)

In the simultaneous test, the influence of all independent variables together on the dependent variable will be tested.

Tabel 7. F-test Results

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	884,617	3	294,872	18,075	,000b
	Residual	2055,506	126	16,314		
	Total	2940,123	129			

^a. Dependent Variable: Quality Audit

^b. Predictors: (Constant), Independency Auditor, Competences Auditor, Ethics of the Auditor Profession

The simultaneous hypothesis test results (F-test) obtained an F-value of 18.075 with a p-value (sig) of 0.000 at $\alpha = 5\%$ and degrees of freedom with $df_1 = 3$ (4-1) and $df_2 = 125$, thus the F-table value obtained is 2.677. Since F-value > F-table ($18.075 > 2.677$), H_0 is rejected and H_4 is accepted, meaning that Auditor Competence (X1), Auditor Professional Ethics (X2), and Auditor Independence (X3) simultaneously influence Internal Audit Quality (Y)

CONCLUSION

Based on the research results that have been conducted, the following findings were obtained: Partial influence of independent variables on the dependent variable: Auditor Competence has an influence on Internal Audit, Auditor Professional Ethics has an influence on Internal Audit Quality, Auditor Independence has no influence on Internal Audit Quality. The simultaneous influence of Auditor Competence, Auditor

Professional Ethics, and Auditor Independence has a positive and significant effect on Internal Audit Quality at the BPKP Representative Office of West Java Province. The coefficient of determination is 0.854 or 85.4%, which falls into the very good category, while the remaining 14.6% is explained by other variables not included in this study.

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