

The relationship of auditor competence and independence on audit quality: An assessment of auditor ethics moderation and professional commitment

By Victor Pattiasina

The relationship of auditor competence and independence on audit quality: An assessment of auditor ethics moderation and professional commitment

Victor Pattiasina¹

Muhamad Yamin Noch²

Herman Surijadi³

Muhammad Amin⁴

Eduard Yohannis Tamaela⁵

Abstract

The purpose of this study is to examine and analyze the effect of auditor competence and independence on audit quality as moderated by auditor ethics and professional commitment. The population of this study is the *BPKP* Auditor Representative of *Papua* Province with census sampling as the sampling method. Data collection was carried out by direct survey. Hypothesis testing was tested empirically using Moderated Regression Analysis. The results of the study have proven that the competence and independence of auditors has a positive and significant effect on audit quality at *BPKP* Representatives of *Papua* Province. It is evidenced by the regression coefficient, which shows that the increase follows competence or independence of auditors increases, as well as the increase of audit quality. The results of this study also show that the interaction or influence of auditor ethics does not moderate the effect of auditor competence on audit quality at *BPKP* Representatives of *Papua* Province. Moreover, the interaction of professional commitment does not moderate the effect of auditor independence on audit quality. It is believed that the factor caused the phenomena is that the auditors of *BPKP* Representative of *Papua* Province have good values or fundamental principles of ethics as well as professional commitment. The values that have been held so far are relatively relevant or have a lot in common with the auditors' ethics and professional commitment.

Keywords: competence; independence; ethics; professional commitment; audit quality

JEL Classification: H83, M41, M42

Introduction

Legal issues, especially those related to corruption, collusion and nepotism in all their practices such as abuse of authority, bribery, facilitation payments, illegal fees, payment based on collusion and nepotism and the use of state money for personal gain have become the public's attention (Tan and Swan, 2020; Nahuway and Tamaela, 2020; Najib, 2013; Tamaela et al., 2020). As the example, the Enron case shocked the world because of the bankruptcy of the financial statements (Holt and Eccles, 2003). It is predicted that the Enron scandal will have an impact on various aspects. First, the emergence of public doubts about financial information; second, regulatory bodies will be more stringent in dealing with financial reports and public accountant office (or *KAP*); and third, serious attention to the need to separate consulting services and audit services (Ludigdo, 2005). Christiawan (2002) states that audit quality is determined by two things, namely competence and independence. However, the competence and independence of the auditor will be related to auditor ethics (Samadara, 2020). Lastanti (2005) and Pattiasina (2017) define that expertise as someone who has extensive knowledge and procedural skills shown in the audit experience. Consistently, Setyani (2015) show that auditor competence affects audit quality at the Inspectorate of *Boyalali* Regency which support Aini (2009) and Samsi et al. (2013) who prove that competence has a positive and significant effect on audit quality. However, it turns out that other researchers convey results that are not in line with the results of the study above, such as those presented by Indriyanto and Nasikin (2014) which find that auditors'

educational background, audit experience, auditor training hours and audit structure did not affect the quality of the audits carried out by the Audit Board of the Republic of Indonesia (or *BPK RI*) Representatives of *Bangka Belitung* Province. Another factor that has the potential to affect audit quality is auditor independence. Aini (2009) and Setyani (2015) stated that auditor independence affects audit quality and is also in line with other research results by In and Asyik (2019) which also stated that independence affects audit quality. In addition to competency and independence factors, auditors are also required to have ethics in auditing financial statements. Ethics itself aims to help humans act freely but can be accounted for (Najib, 2013). This study is an extension of the conceptual model of previous studies, including Aini (2009), Hapsari (2011), Arianingtyas (2014), Gasperz (2014), In and Asyik (2019), Samsi et al. (2013), and Setyani (2015). Based on those findings, this study determines the auditor ethics and auditor commitment as moderating variables that will affect the relationship between auditor competence, auditor independence, and audit quality. The motivation and objectives of this study include: first, this study is conducted at Financial and Development Supervisory Agency (or *BPKP*) Representatives of *Papua* Province to test whether auditor competence and auditor independence affect audit quality with auditor ethics and auditor commitment as moderating variables. The ethics and commitment of the auditors, especially at the *BPKP* Representative of *Papua* Province, have never been studied. Second, auditor ethics and auditor commitment which also act as moderating variables in moderating the influence between auditor competence and auditor independence on audit quality, in this study the researcher tried to test several behavioral development theories, namely auditor competence and auditor independence on audit quality by performing moderating regression analysis (MRA). Also, auditor ethics and auditor commitment are interesting to study because ethical decisions play an important role in which auditors will always be faced with making ethical decisions when performing their duties to audit financial statements.

Literature review

Theory of planned behavior

The theory of planned behavior (TPB) is a further development of the theory of reasoned action (TRA). Ajzen (2005) developed TPB by adding a construct that did not yet exist in TRA which called perceived behavioral control. This construct is added in TPB to control individual behavior which is limited by its shortcomings and limitations from the lack of resources used to carry out the behavior.

Ajzen (2005) states that the theory of planned behavior (TPB) have two features as follows. First, this theory assumes that perceived behavior control has motivational implications for interest. People believing that they do not have the available resources or do not have the opportunity to perform certain behaviors may not develop strong intentional behavior to do so. Even though they have a positive attitude towards their behavior and believe that others will agree if they do this behavior. Thus it is hoped that there will be a relationship between perceived behavioral control and intention that is not mediated by attitudes. The second feature is the possibility of a direct relationship between perceived behavioral control and behavior. In many instances, the performance of a behavior depends not only on the motivation to perform it but also on sufficient control over the behavior. Thus, perceived behavior control can influence behavior indirectly through intention, and can also predict behavior directly.

According to Ajzen (2005), the theory of planned behavior explicitly concerns the possibility that behavior is not completely under full control so the concept of perceived behavior control is added to address this kind of behavior. If all behavior can be fully controlled by the individual, that is, behavior control that is close to the maximum, then the theory of planned behavior returns to a theory of reasoned action.

Quality of audit

Francis (2004) defines that audit quality as the possibility (joint probability) where an auditor finds and reports about a violation in his client's accounting system. The ability to find material misstatements in the auditee's financial statements depends on the competence of the auditors, while the willingness to report the findings of these misstatements depends on their independence. AAA Financial Accounting Committee as followed by Christiawan (2002) states that audit quality is determined by two things, namely competence (expertise) and independence. Both of these have a direct effect on audit quality. Furthermore, the perceptions of users of financial statements on audit quality are a function of their perceptions of the independence and expertise of auditors. Based on the above definition of the quality of the audit, it may be concluded that the quality of the audit is a possibility that the auditor may, when auditing the client's financial statements, identify infringements that have occurred in the client's accounting system and report them to the audited financial report.

Competence

Lastanti (2005) defines expertise or competence as someone who has extensive knowledge and procedural skills that are shown in audit experience, so it can be interpreted that the competence of an auditor is an auditor with sufficient and explicit knowledge and experience who can audit objectively, accurately, and carefully (Tammubua and Pattiasina, 2019). The need for audits to be carried out by *BPKP* uses the State Financial Audit Standards (SFAS) as stipulated in the Regulation of the Supreme Audit Agency of the Republic of Indonesia Number 1 of 2007. The first statement of the SFAS general standard is "collective auditors must have adequate professional skills to carry out audit tasks". According to Francis (2004), competence is not only influenced by formal education but many other factors that influence it, namely knowledge and experience.

Independence

According to Mulyadi (2008:26), independence is a mental attitude that is free from influence, not controlled by other parties, and it does not depend on others. Independence also means the existence of honesty within the auditor in considering facts and the existence of an objective, impartial considerations within the auditor in formulating and expressing his opinion. Auditors often encounter difficulties in maintaining an independent mental attitude. SFAS in the second general standard statement states "in all matters relating to examination work, the examining and examining organizations must be free in their mental attitude and appearance from personal, external, and organizational disturbances that can affect their independence". Based on this second general standard statement, the examining organization and its examiners (auditors) are responsible for maintaining their independence in such a way that opinions, conclusions, considerations or recommendations from the results of the examination carried out are impartial and are considered impartial by any party (Wulandari and Tjahjono, 2011; Seralurin et al., 2020).

Professional commitment

Jeffrey et al. (1996) state that commitment to the profession is the intensity of identification and involvement of individuals with their profession. This identification requires some level of agreement between individuals with the goals and values that exist in the profession, including moral and ethical values. Jeffrey et al. (1996) examine the relationship between professional commitment, ethical understanding, and obedience to rules. The results show that accountants who have a strong professional commitment, their behavior leads to obedience to regulations compared to accountants who have low professional commitment.

Research model

Figure 1 shows the conceptual research model which built based on the phenomena that occur, the problems and research objectives to be achieved, the relationship between the theoretically researched variables and the study of previous studies. The conceptual model of the current research is shown below.

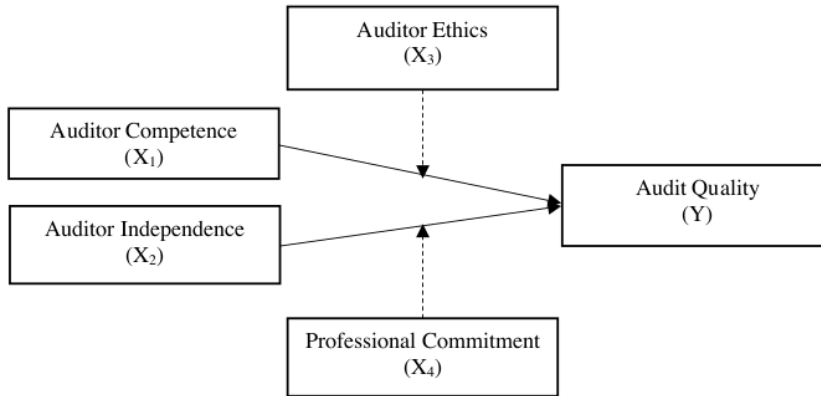


Figure 1. Research model

Based on the main research model picture above, this study has 3 research models (derived from the main research model)

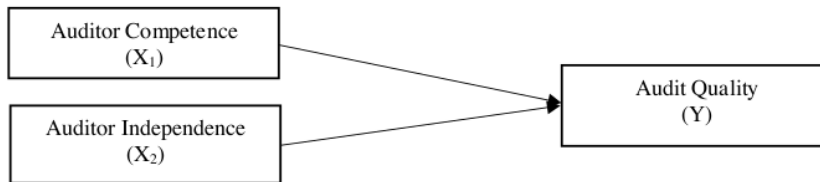


Figure 2. Research model 1

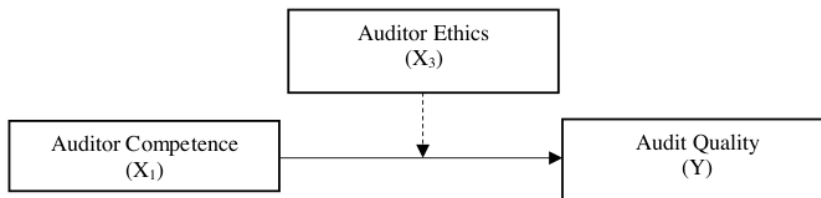


Figure 2. Research model 2

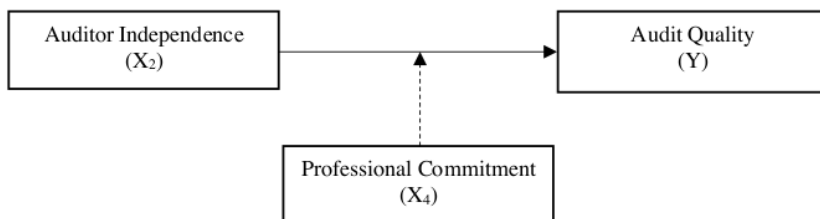


Figure 3. Research model 3

Hypothesis development

The effect of auditor competence on audit quality

Francis (2004) states that generally there are five types of knowledge that auditors must have, namely: (1) general auditing knowledge; (2) functional areas; (3) accounting issues; (4) specific industries; and (5) general business knowledge and problem-solving. General auditing knowledge, such as audit risk, audit procedures are mostly obtained from universities, partly from training and experience. Mayangsari (2003) states that experienced auditors have the advantage of detecting errors, understanding errors accurately, and finding the causes of errors. Auditors who have experience will have a better understanding and are better able to provide reasonable explanations for errors in the financial statements. Christiawan (2002) states that the higher the competence of the auditors, the better the quality of the audit results which is consistent with Aprianti (2010), Samsi et al. (2013), and Tjun et al. (2012). Based on this explanation, the hypothesis built as follows.

H1: Auditor competence has a positive effect on audit quality.

The effect of auditor independence on audit quality

Wulandari and Tjahjono (2011) state that *BPKP* as the government's internal auditor is often questioned for its independence because of the political involvement in all lines of government in Indonesia, meaning that independence is essential in conducting audits. Meanwhile, Christiawan (2002) finds that independence has a significant effect on audit quality where the auditor must be able to collect any information needed in making audit decisions where an independent attitude must support this. Consistently, the similar results also found by Alim et al. (2007), Najib (2013), and Samsi et al. (2013). Based on this explanation, the hypothesis built as follows.

H2: Auditor independence has a positive effect on audit quality.

The effect of interaction of auditor competence and auditor ethics on audit quality

Competence if supported by ethical compliance can produce quality audits. It is in line with the results of research conducted by Aprianti (2010), namely the interaction of competence and ethical compliance of public accountants affects audit quality. Based on this explanation, the hypotheses built as follows.

H3: Auditor competence has a positive effect on audit quality in moderated by auditor ethics.

The effect of interaction of auditor independence and professional commitment on audit quality

Jeffrey et al. (1996) examine the relationship between independence and professional commitment, ethical understanding, and obedience to rules, showing that accountants who have strong professional commitment and independence have more behavior towards rule compliance. Based on this explanation, the hypothesis built as follows.

H4: Auditor independence has a positive effect on audit quality moderated by professional commitment.

Research methods

The method used in this research is explanatory research. The population of this study is auditors at the *BPKP* Representative of *Papua* Province with total 61 people. It is 92.4% of the total sample. The data analysis technique is carried out utilizing the research instrument test and Moderate Regression Analysis (MRA) by first testing the classical assumptions. In this study, multiple regression analysis and MRA regression used to test the equation model while also testing all hypotheses in this study, as shown below.

Equation model testing hypotheses 1 and 2;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Equation model testing hypotheses 3;

$$Y = \alpha + \beta_1 X_1 + \beta_3 X_3 + \beta_1 X_1 * X_3 + e$$

Equation model testing hypotheses 4;

$$Y = \alpha + \beta_2 X_2 + \beta_4 X_4 + \beta_2 X_2 * X_4 + e$$

The dependent variable is audit quality (Y) and the independent variables are competence (X1) and independence (X2), while auditor ethics (X3) and professional commitment (X4) are moderating variables with operational definitions and measurements as follows.

1. *Audit quality*. Audit quality acts as a joint probability, in which an auditor finds and reports about a violation in his client's accounting system. This variable is adopted from In and Asyik (2019). The measurement of this variable uses a Likert scale starting from strongly disagree with a score of 1 to strongly agree with a score of 5.
2. *Auditor competence*. Competence as someone who has extensive procedural knowledge and skills demonstrated in the audit experience. This variable is adopted from In and Asyik (2019). Measurement of this variable uses a Likert scale starting from strongly disagree with a score of 1 to strongly agree with a score of 5.
3. *Auditor independence*. Auditors must have neutral and unbiased attitude and avoid any interest in planning, implementing and reporting on the work they do. This variable is adopted from In and Asyik (2019). Measurement of this variable uses a Likert scale starting from strongly disagree with a score of 1 to strongly agree with a score of 5.
4. *Auditor ethics*. An ethics is phenomena in which the auditor must comply with a predetermined code of ethics. The audit must refer to the audit standards. This variable is adopted from In and Asyik (2019). Measurement of this variable uses a Likert scale starting from strongly disagree with a score of 1 to strongly agree with a score of 5.
5. *Professional commitment*. The professional commitment referred to in this study is the intensity of identification and involvement of individuals with their profession. This variable is adopted from Hapsari (2011). Measurement of this variable uses a Likert scale starting from strongly disagree with a score of 1 to strongly agree with a score of 5.

Results and Discussion

Research instrument quality test

Testing instruments in this study are intend to test the validity or validity of the questionnaire used by researchers. Furthermore, this test will be discussed in two parts, namely the validity test and the reliability test.

Validity testing in this study uses Product Moment Person correlation, where the validity of the instrument can be determined by comparing the Product Moment Person correlation index with a significance of 5%. The reliability test of this study uses alpha Cronbach where an instrument can be said to be reliable if it has a reliability coefficient value greater than or equal to 0.6, meaning that if $\alpha = 0.6$, the instrument can be said to be reliable. Table 1 shows the results of the validity and reliability tests. The results of the validity test above indicate that all variables are valid because the significance level is less than 0.05 and all of the variables have a coefficient above 0.60 so that all the data could be said to be reliable, which means that this data is feasible to be continued in the next stage of data processing.

Table 1. Results of Validity and Reliability Tests

Variable	Total item	Validity			Reliability	
		r	Sig.	Note	Alpha coefficient	Note
Auditor Competence (X ₁)	5	0.703 – 0.893	0.000	Valid	0.875	Reliable
Auditor Independence (X ₂)	6	0.752 – 0.834	0.000	Valid	0.888	Reliable
Auditor Ethics (X ₃)	5	0.768 – 0.845	0.000	Valid	0.863	Reliable
Professional Commitment (X ₄)	6	0.682 – 0.883	0.000	Valid	0.892	Reliable
Audit Quality (Y)	8	0.564 – 0.865	0.000	Valid	0.884	Reliable

Classic assumption tests

Normality test. Table 2 presents the result of Kolmogorov Smirnov test as normality test for this study. This test compares the distribution of data with the distribution selected. Testing the normality of a data using the Kolmogorov Smirnov test is done by comparing the value of D count and the amount of D table with the criteria if D count > from D table then the data is said to be normally distributed. The result shows that the Kolmogorov Smirnov value is 0.771, which is the D count. Based on the Kolmogorov Smirnov test, it is known that the value of the D table is 0.172. These results indicate that D count > D table (0.771 > 0.172) means that the residual error is normally distributed.

Table 2. Normality test: One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual – Model 1	Unstandardized Residual – Model 2	Unstandardized Residual – Model 3
N		61	61	61
Normal Parameters ^b	Mean	0.0000000	0.0000000	0.0000000
	Std. Deviation	0.68753907	0.02117943	0.02251012
	Most Absolute	0.099	0.138	0.105
Extreme Differences	Positive	0.099	0.081	0.105
	Negative	-0.080	-0.138	-0.087
Kolmogorov-Smirnov Z		0.771	0.138	0.105
Asymp. Sig. (2-tailed)		0.591	0.006	0.094

a. Test distribution is Normal.

b. Calculated from data.

Heteroscedasticity test. Heteroscedasticity testing in this study is carried out using the Glejser test which regress the residual absolute value of the independent variable (Ghozali, 2005:48). Table 3 shows that none of the independent variables statistically affect the dependent variable which means that the regression model does not contain heteroscedasticity as the magnitude of the probability is above 0.05 as the level of confidence.

Table 3. Heteroscedasticity Test: Glejser Test

Variable	Model 1	Model 2	Model 3
Auditor Competence (X ₁)	0.737	0.049	
Auditor Independence (X ₂)	0.605		0.039
Auditor Ethics (X ₃)		0.043	
Professional Commitment (X ₄)			0.040
Auditor Ethics Moderation (X ₁ .X ₃)		-0.01	
Professional Commitment Moderation (X ₂ .X ₄)			-0.01

Dependent variables are absolute residual of Model 1, absolute residual of Model 2, and absolute residual of Model 3.

3. Multicollinearity

The multicollinearity test of this study uses the Variance Inflation Factor (VIF) value or the variance increase factor. If the VIF value is greater than 10, there will be multicollinearity, on the other hand, if the VIF is smaller than 10, there will be no multicollinearity. Table 4 presents that the tolerance value is close to 1 and that the VIF value is below 10, which means that there is no multicollinearity between the independent variables in this analysis.

Table 4. Multicollinearity Test Results

Variable	Model 1		Model 2		Model 3	
	Tolerance	VIF	Tolerance	VIF	Tolerance	VIF
Auditor Competence (X ₁)	0.281	3.555	0.342	2.927		
Auditor Independence (X ₂)	0.281	3.555			0.242	4.126
Auditor Ethics (X ₃)			0.357	2.800		
Professional Commitment (X ₄)					0.228	4.385
Auditor Ethics Moderation (X ₁ .X ₃)			0.780	1.282		
Professional Commitment Moderation (X ₂ .X ₄)					0.774	1.293

Hypothesis Equation Models Test

The results of hypothesis testing (hypotheses 1, 2, 3 and 4) using multiple regression analysis in the first equation are shown in the following table.

Table 5. Hypothesis Equation Models Test

Variable	Model 1	Model 2	Model 3
Auditor Competence (X ₁)	0.737*	0.847*	
Auditor Independence (X ₂)	0.605*		0.595*
Auditor Ethics (X ₃)		0.621*	
Professional Commitment (X ₄)			0.614*
Auditor Ethics Moderation (X ₁ .X ₃)		-0.003	
Professional Commitment Moderation (X ₂ .X ₄)			-0.004
Adjusted R Square	0.957	0.951	0.944

* is significant at 5%. Dependent variable is Audit Quality (Y)

1 The first hypothesis proposed in this study is that the competence of auditors affects audit quality. Based on the table above, it is known that the t value is 10,414 which is greater than the t table of 1,999 with a significance of 0.000 which is also smaller than the p-value 0.05 so that H_a is accepted and H₀ is rejected, meaning that the hypothesis is accepted or auditor competence has a positive and significant effect on audit quality at *BPKP Representatives of Papua Province*.

The second hypothesis proposed in this study is that auditor independence affects audit quality. Based on the results of the above analysis, it is known that the t-value of the auditor independence coefficient is 9,710, which is greater than the t-table of 1,999. Next, the value of 0.000, which is also lower than the p-value of 0,01 means H_a is accepted, and H₀ is rejected. The hypothesis is accepted since the auditor's independence has a positive effect and significant impact on audit quality at *BPKP Representatives of Papua Province*. The above results also indicate that the level of determination or feasibility of this research model is 0.957 or 95.7 per cent, which means that the quality of the audit can be explained very well by the competence and independence variables of the auditor. In comparison, other variables outside this research model explain only 4.3 percent.

The third hypothesis proposed is that auditor competence affects audit quality moderated by auditor ethics. Based on the results of the analysis, it is known that the moderation t value of auditors' ethics is -0.003 with a significance of 0.812 which is greater

than the p-value 0.05 so that H_a is rejected or H_0 is accepted, which means that the hypothesis is rejected or auditor ethics does not moderate the effect of auditor competence on audit quality at *BPKP* Representative of *Papua* Province.

The final hypothesis proposed is that auditor independence has an effect on audit quality moderated by professional commitment. Based on the results of the analysis, it is known that the moderate t value of professional commitment is -0.004 with a significance of 0.631 which is greater than the p-value 0.05 so that H_a is rejected or H_0 is accepted, which means that the hypothesis is rejected or professional commitment does not moderate the effect of auditor independence on audit quality *BPKP* Representative of *Papua* Province.

Discussion

Effect of Auditor Competence on Audit Quality at *BPKP* Representatives of *Papua* Province

The results of the above analysis prove that the competence of auditors at *BPKP* Representatives of *Papua* Province has a positive and significant effect on audit quality. This can be proven by the regression coefficient, which shows that if the competence of auditors at *BPKP* Representatives of *Papua* Province increases, the increase will be followed by an increase in audit quality. Thus it can be said that increasing the competence of auditors will improve audit quality at *BPKP* Representatives of *Papua* Province.

This finding shows that the higher the competence of an auditor, the higher the quality of the resulting audit. It is in line with the opinion of Christiawan (2002), which states that the higher the competence of auditors, the better the quality of the audit results. Another opinion is also by Efendy, (2010) which states that in government auditing, auditors are required to have and improve their abilities or expertise not only in audit methods and techniques but all matters relating to governance such as organizations, functions, programs and government activities.

Competence absolutely must be possessed by professional jobs such as; doctors, health workers, accountants, teachers and lecturers. Especially for an auditor, in completing an audit job, the auditor is required to have the expertise, which consists of elements of experience and knowledge.

Auditors must also have both general and specific knowledge, which includes knowledge of the area of auditing, accounting, and the characteristics of their clients, as stated by Suraida, (2005) that the inherent competence of an auditor is related to the professional expertise possessed by auditors as a result of formal education, professional examinations and participation in training, seminars and symposia. The results of this study are in line with the results of empirical studies by Ari (2009), Arianingtyas (2014), In and Asyik (2019), and Setyani (2015) which states that auditor competence has a positive and significant effect on the resulting audit quality.

The Effect of Auditor Independence on Audit Quality at *BPKP* Representatives of *Papua* Province

Similar to the above test, the results of the regression analysis also prove that the independence of auditors at *BPKP* Representatives of *Papua* Province has a positive and significant effect on audit quality. This can be proven by the regression coefficient, which shows if the independence of auditors at the *BPKP* Representatives of *Papua* Province increases, then the increase will be followed by an increase in audit quality. Thus it can be said that increased auditor independence will improve audit quality at *BPKP* Representatives of *Papua* Province. The results of the analysis also show that the audit quality is proven to be influenced by the independence of the *BPKP* Representative of *Papua* Province auditors.

These results also illustrate that the better the independence of the auditors, the better the quality level of the results of the audit.

Independence must exist and be attached to an audience (Pattiasina et al., 2019). Moreover, the existence of an organization. The independence of *BPKP* as the government's internal auditor is often questioned because of the political involvement in all lines of government in Indonesia (Wulandari and Tjahjono, 2011). Another factor is the fact that there is cooperation with the object of examination that is too long and repetitive, which can cause vulnerability to the auditor's independence. Not to mention that the various facilities provided by the object of examination during the assignment can affect the objectivity of the auditor, and the auditor can be dishonest in disclosing facts that show the low integrity of the auditor (Alim et al., 2007).

The explanation above shows that the independence of an auditor must be upheld because an independent auditor is an impartial auditor or cannot be presumed to be impartial so that it does not harm any party (Pusdiklatwas, 2009). Real independence, which includes the attitude of independence in planning the audit program, the performance of auditors in verifying their work, and preparing reports. The results of this study are in line with the results of empirical studies by Alim et al. (2007), Aini (2009), Arianityas (2014), In and Asyik (2019), Samsi et al. (2013), and Setyani (2015) which states that auditor independence has a positive and significant effect on audit quality.

The Effect of Auditor Competence on Audit Quality at *BPKP* Representatives of Papua Province in Moderation by Auditor Ethics

The test results concerning whether there is a moderating effect of auditor ethics on the effect of auditor competence on audit quality shows that in fact, auditor ethics does not moderate the effect of auditor competence on audit quality at *BPKP* Representatives of Papua Province. It can be interpreted that the effect or moderating effect of auditors' ethics is proven not to increase or strengthen the influence of the auditors' competence of *BPKP* Representatives of Papua Province on the quality of the audit results they produce.

The findings of this study are consistent with the results of research by Aprianti (2010) but contrary to the findings of the study presented by In and Asyik (2019), which states that the influence of auditor ethics moderate the effect of auditor competence on the quality of audit results. Auditor ethics that do not moderate the effect of auditor competence on audit quality at *BPKP* Representatives of Papua Province, according to researchers, is relatively due to various factors, including:

- a) Basically, the auditors of the *BPKP* Representatives of Papua Province have good ethical values or principles, namely; integrity, objectivity and they uphold the confidentiality of the resulting audit information. This is evidenced by the respondent's answer to the item X3.4 with the most massive mean or average value of 4.31, which states that "the auditor's code of ethics is in line with the noble values of auditors that I already have". It means that auditors at *BPKP* Representatives of Papua Province indirectly acknowledge that the noble values of an auditor's code of ethics such as; they already have integrity, objectivity, confidentiality and competence or it can be said that it is not because of a code of ethics that forces auditors to have integrity, objectivity, confidentiality and competence.
- b) It can further be explained that the ethical values referred to above are in the form of behaviour; honest, courageous, wise and responsible (integrity); uphold impartiality (the element of objectivity); respect the value of confidentiality and ownership of information (confidentiality) already exists and is owned by the *BPKP* Auditor Representative of Papua Province. This means that these values are in them not because of professional demands that force or require them to have high values according to the Regulation of the Minister of

Management and Bureaucracy Reforms (or *Permenpan*) number PER/04/M.PAN/03/2008 mentioned above.

c) The competence needed to support the quality of good audit results is relatively owned by the *BPKP* auditors for the *Papua* Province Representative Office. The better competence such as having knowledge, skills, experience, having technical competences in auditing, accounting, government administration and communication, having a Functional Auditor Position (JFA) certification and participating in continuing professional education and training will have the potential to produce good quality audits.

Effect of Auditor Independence on Audit Quality at *BPKP* Representatives of *Papua* Province in Moderation by Professional Commitment

In line with the above findings, the test results regarding the effect or moderating effect of professional commitment on the effect of auditor independence on audit quality prove that in fact, professional commitment does not moderate the effect of auditor independence on audit quality at *BPKP* Representatives of *Papua* Province. It can be interpreted that the effect or effect of moderating professional commitment is proven not to increase the magnitude of the influence of the independence of the *BPKP* Representatives of *Papua* Province auditors on audit quality.

It is in line with the effect of auditor ethics which does not moderate the effect of auditor competence on audit quality at *BPKP* Representatives of *Papua* Province. It is said to be in line because the *BPKP* auditors for the Representatives of *Papua* Province will have an adequate level of involvement with their profession. This involvement means that they will earnestly or work wholeheartedly in carrying out their duties and responsibilities as auditors. These findings are not in line with Jeffrey et al. (1996) who examined the relationship between independence and professional commitment, ethical understanding and obedience to rules, showing that accountants who have strong professional commitment and independence have more behaviour towards compliance with rules.

Conclusion

Based on the discussion of the research results it is concluded that;

1. Auditor competence is proven to have a positive and significant effect on audit quality. This can be proven by the regression coefficient, which shows that if the competence of auditors increases, the increase will be followed by an increase in audit quality. Thus it can be said that increasing the competence of auditors will improve audit quality at *BPKP* Representatives of *Papua* Province.
2. Auditor independence has a positive and significant effect on audit quality. This can be proven by the regression coefficient, which shows that if auditor independence increases, the increase will be followed by an increase in audit quality. Thus it can be said that increased auditor independence will improve audit quality at *BPKP* Representatives of *Papua* Province.
3. The interaction or influence of auditor ethics does not moderate the effect of auditor competence on audit quality. It can be interpreted that the effect or moderating effect of auditor ethics is proven not to increase the magnitude of the influence of the auditor competence of *BPKP* Representatives of *Papua* Province on the resulting audit quality.
4. The interaction or influence of professional commitment does not moderate the effect of auditor independence on audit quality. It can be interpreted that the effect or moderating effect of professional commitment is proven not to increase the magnitude of the influence of the independence of the *BPKP* Representative of *Papua* Province auditors on the quality of the resulting audit.

5. Theoretically, the impact of auditors' competence and independence on audit quality, especially at *BPKP* representatives of *Papua* Province, mediated by ethics and professional commitment of auditors, proves that the good quality of audits at *BPKP* representatives of *Papua* Province is not only determined by the competence and independence of auditors but through mediated interactions by ethics and commitment professional auditors will then produce better audit quality so that these findings support the TPB theory.

Suggestions

The suggestions proposed through this study are as follows;

1. Increasing the competence of auditors is necessary to continue through education and training. Besides, it is also necessary to support periodic outreach to improve the auditor's understanding of the organizational structure, functions, programs and activities of the government when carrying out the audit function in government institutions. The activities referred to above will, of course, support the formation of useful competence for auditors.
2. The existing independence should be maintained or if it can be further improved. Increasing the relative independence of auditors can potentially be achieved through the participation of *BPKP* leaders. This means that if the leadership is able always to provide direction, motivation or experiences related to the independence that must be attached to the auditor, the opportunity to increase the independence of the *BPKP* Representative of *Papua* Province auditors will potentially be even better.
3. This study only uses a questionnaire to determine the level of competence and independence of the *BPKP* Representative of *Papua* Province auditors so that the possibility of knowing weaknesses such as wrong answer choices, dishonesty and lack of seriousness in answering questions may occur. To reduce this weakness, it is suggested that after the results of the questionnaire are obtained, it should be followed by an interview to prove the honesty level of filling out the questionnaire.

Research Limitations

Limitations encountered during this research include;

1. The sample under study is limited to the auditors only. It will be more interesting if the perceptions of the supervisor and the auditee are also examined.
2. There are still many variables measuring audit quality that are not analyzed in this research model.

Implications of Future Research

The implications of future research that can be recommended through this research include;

1. This research in measuring the quality of audit results is limited to a few variables while the other variables that are not researched are relatively numerous, so that further research may use other variables such as monetary rewards, locus of control or audit experience. Future research should not only use perceptions from auditors but can also use perceptions from supervisors or auditors as recommended by Kalbers and Fogarty, (1995) in Larasati & Laksito (2013).
2. It is recommended that further research needs to add samples that can be obtained from *BPKP* of other provinces with the sampling method using area methods such as covering *Maluku*, *North Maluku* and *West Papua* Provinces (eastern Indonesia) so that the justification of the research results can be relatively better.
3. Future research should also consider using Agency Theory to describe whether there is a relationship of interest between the auditor and the auditee (in this case the government). The implication can be in the form of a work contract that regulates the proportion of rights and obligations of each party by maximizing utility so that the agent is expected to act in ways

that are in accordance with the interests of the principal. On the other hand, the principal has the potential to provide appropriate incentives to the agent so that an optimal work contract is achieved. The essence of Agency Theory is the design of appropriate contracts to align the interests of the principal and agent in the event of a conflict of interest. In this study, the government acts as the principal, while the auditor is the agent.

The relationship of auditor competence and independence on audit quality: An assessment of auditor ethics moderation and professional commitment

ORIGINALITY REPORT

14%

SIMILARITY INDEX

MATCHED SOURCE

1 repositori.ukdc.ac.id 330 words — **5%**
Internet

★repositori.ukdc.ac.id 5%
Internet

EXCLUDE QUOTES OFF

EXCLUDE MATCHES OFF

EXCLUDE BIBLIOGRAPHY OFF