Effect of Independence, Professionalism and Experience on Audit Quality

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Keywords : Audit Quality, Independence, Experience, Professionalism.

Abstract : This study aims to examine and analyze the influence of independence, professionalism, and experience on audit quality in the city of Medan. This research was conducted with a population and samples taken with saturated techniques which used the entire population as a sample. This study uses a questionnaire distribution technique. The data analysis model uses multiple linear regression, validation test, reliability test, normality test, multicolonierity test, and others to get the desired results assisted by the SPSS program. The results of the research on independence and experience have a significant effect on audit quality at KAP in Medan city, while professionalism does not have a significant effect on audit quality in KAP in Medan city.

1   INTRODUCTION

A phenomenon that violates the professional code of ethics related to auditors in Medan is in the Corruption Court in Medan District Court, namely the case of the Head of KAP Hasnil M Yasin & his Partners regarding the misappropriation of 2001 and 2002 PPh in Langkat Regency with Sekda Langkat Surya Djahisa. Regarding the Public Prosecutor's Service (JPU) indictment, Hasnil was accused of carrying out corruption that cost the State more than Rp 1 billion. Attorney Choirun Prapat, revealed that Surya Djahisa when he served as Head of Finance for the Langkat Regency Government assigned Hasnil M Yasin & Partners to make changes to the amount of PPh article 21 in fiscal 2001 and 2002 to be aligned with the latest rates. The Langkat Regency Government receives a compensation budget of Rp. I5.9 billion. Based on the contract agreement, KAP Hasnil M Yasin & Partners received an honorarium of 20% from 5.9 billion, namely Rp. 1.19 billion. Hasnil received approximately 400 million and Surya Djahisa received Rp. 793 million. Because of the defendant's actions, the State suffered a loss of Rp. 1.193 billion. The related numbers are in line with those calculated by the North Sumatra BPKP. Like Surya Djahisa who was previously tried, the prosecutor accused Hasnil of diverting his authority to increase the wealth of himself and other parties. This makes the editor's ethical actions in conditions of audit problems raise doubts from various parties due to disobedience to professional ethics and audit guidelines as a public accountant.

2   LITERATURE REVIEW

The Theory of the Effect of Independence on Audit Quality
An important component for public accountants is independence, that is, auditors are required to be honest, difficult to be influenced and not take sides and have no interest in any party. Honesty is meant towards management and company leaders, as well as to the public and other interested parties and who place their trust in an auditor.

Auditors are considered not independent if they have a relationship (such as family or friend relations) through the auditee that causes suspicion if the related auditor will take sides or not be independent. So that the

auditor must be free according to the reality and avoid conditions that cause other parties to be unsure of the auditor's freedom.

We will measure this independence variable using the instruments proposed by Mautz and Sharaf (1980), namely: independence of audit programs, investigations and in reporting the audit.

The Theory of the Effect of Professionalism on Audit Quality

Professionalism can be interpreted as the attitude of members of the profession who are truly deep in and serious about their profession. A professional attitude is very meaningful for an auditor to be able to foster a sense of trust from the public or report users. Because the auditor will be responsible for the opinion he gives. Professionalism has a direct or indirect effect on audit quality (Baotham, 2007).

The definition related to professionalism for auditors based on Hidayatullah (2009) includes five aspects, namely: dedication to the profession, social responsibility, independence, belief in professional ethics and interaction with colleagues. Besides professionalism, every public accountant should adhere to the professional ethics set by the Indonesian Institute of Public Accountants (IAPI), so that unhealthy competition conditions can be avoided. (Tri Suyanti, 2019).

We can measure this variable using the variables of dedication to the profession, obligation to the profession, independence, and trust in the profession and fellow professions.

The Theory of the Effect of Experience on Audit Quality

Namely, the auditor's experience in auditing financial reporting. This experience can be known from the time or how many audits he did. Auditors with high experience will have more knowledge and structure of memory than those with less experience. So that the more experience and professionalism of the auditors, so that the decisions that are determined will be more "accountable". Auditors who have high quality are considered to be able to provide a high level of credibility for the user of the audit report (Tri Suyanti, 2019).

We can measure the experience variable by using an indicator of the length of time an auditor has worked, the amount of training he has attended, and also the frequency of examination work he has done.

Audit Quality Theory

Audit quality is a description of the practice and results of the audit provided in accordance with existing requirements. Audit quality is used as an audit quality standard which is a measure of the responsibility of an auditor which can also be a measure of whether the completed audit process is good and there are no mistakes based on existing regulations.

We can measure this variable using indicators of competence and professional quality of the audit team and staff, the effectiveness of the audit process, the advantages and benefits of the audit reporting.
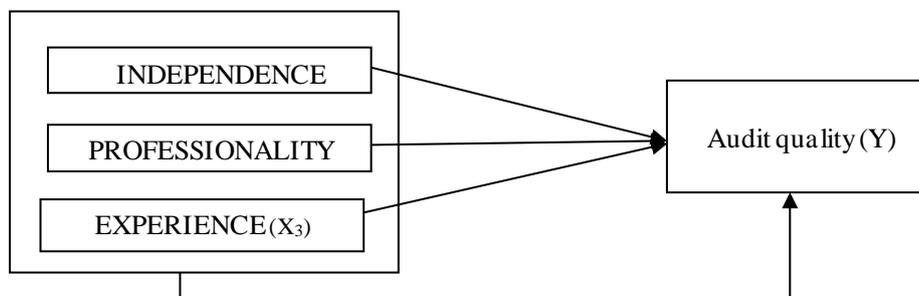
Framework

Figure 1. Framework

Hypothesis

H1 = Independence affects the quality being audited.

H2 = Experience influences the audited quality.

H3 = Professionalism does not affect the quality being audited.

H4 = Independence, experience and professionalism have an influence on audit quality.

3 METHODOLOGY

Research Approach

This research uses a qualitative approach, namely a research method that makes fundamental general principles the center of attention based on the description of the unit of phenomena found in a person's social life. The definition of a qualitative approach is a research procedure with the aim of deepening a humanitarian problem based on a comprehensive depiction arrangement in accordance with detailed responses from the informant and carried out in natural situations.

Population and Sample

The population used was auditors from KAPs in Medan City, North Sumatra, namely 21 KAPs registered with the IAI.

The sample determination using saturated sample technique, namely using all members of the population to be used as research samples.

Table 1. Sample List of Public Accountant Firms in Medan City

No	KAP Name	KAP Address	Number of Accountants
1.	KAP Drs. Selamat Sinuraya dan Rekan (Pusat)	Jl. Stasiun Kereta Api No. 3-4 (061) 4528720	8
2.	KAP Fachruddin dan Mahyuddin	Jl. Brig. Jend. Katamso No. 20G (061) 4518891	10
3.	KAP Syamsul Bahri, MM, Ak dan Rekan	Jl. Setia Budi, Komplek Setia Budi Point C-8 (061) 8228282	15
4.	KAP Dra. Meilina Pangaribuan, MM	Jl. Gaharu Simpang Bambu 3 lantai 2 No. 138 - 08116525788	10
5.	KAP Johan Malonda Mustika dan Rekan (Cab)	Jl. S. Parman No. 56 (061) 4520350	18
6.	KAP Joachim Poltak Lian Michell dan Rekan (Cab)	Komplek Setia Budi Bisnis Point Blok CC-06 (061) 8218300	15
	Total		76

Method of collecting data

In collecting research data using a questionnaire method (questionnaire), namely a method of collecting data by giving respondents several questions or written statements which will then be answered by the respondent. The variables are then measured using a Likert scale that will use the behavior, arguments and perceptions of a person or organization related to a social problem.

The Likert scale measurement value is divided into 5 points, namely:
• Strongly agree i (SS) = 5
• Agree i (S) = 4
• Doubt (R) = 3
• Disagree i (TS) = i2
• Strongly Disagree (STS) = 1

Validity test

This test is useful for measuring the validity of a questionnaire. A questionnaire is called valid if it can reveal something that is measured by comparing the correlation coefficient of each question (r). if r is greater than 0.30 then the question item is considered valid. The way to calculate r is df = n-2. Where n is the number of samples.

Reliability Test

A questionnaire is declared reliable if the individual's answers to the statements or questions are consistent over time. There are 2 ways to take reliability measurements, namely repeated measure and one shot.

Normality test

Aims to test the spread of the variable whether the variable is normal or not.

Simultaneous Regression Coefficient Test (F test)

Aims to see whether the variable can simultaneously work to run the independent variable to the dependent properly. It is said good if sig is less than alpha and whether the independent variable affects the dependent variable.

T test

The t test aims to test the influence between the independent variables and other variables. The t test can be done by comparing the t count with t table by paying attention to the significance value of each t count.

Research Data Analysis Model

This research model is used to determine the effect of the independent variables and the dependent variable with multiple linear analysis formulas, namely:

$Y = a + b1X1 + b2X2 + b3X3 + e$

Where :

Y = Audit Quality

a = Constant

b1, b2, b3 = Regression Coefficient

X1 = Independence

X2 = professionalism

X3 = Experience

E = standard error

4 FINDINGS AND DISCUSSION

Validity test

The validity test was carried out in this research by comparing the calculated value with the table i for idf = n-2. As for the number of samples, there are 37 respondents and the df can be calculated with 37 -2 = 35 with df = 35 and alpha (α) = 0.05 in order to obtain r table = 0.3246. So that in conclusion, the rcount value which is more than rtabel gives a conclusion that the question or indicator is declared valid.

Reliability Test

Table 2. Results of the Reliability Test

No	Variable	r alpha	Criteria	Status
1	Independence (X1)	0.660	0.60	Reliabel
2	Professionalism (X2)	0.736	0.60	Reliabel
3	Experience (X3)	0.795	0.60	Reliabel
4	Audit quality (Y)	0.756	0.60	Reliabel

Based on table 2, it can be seen that all variables and questions are in the reliable status. This can be seen from all Croanbach's alpha values that exceed the criterion which is the benchmark, namely 0.60.

Normality Test

Table 3. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		76
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	2.60044867
Most Extreme Differences	Absolute	.078
	Positive	.078
	Negative	-.058
Kolmogorov-Smirnov Z		.681
Asymp. Sig. (2-tailed)		.742

a. Test distribution is Normal.

Based on table 3, it can be seen that the calculation results show a Kolmogorov-Smirnov value of 0.681 and a significance value of 0.742. from the calculation above the significance value is 0.742 > 0.05. so that the data used in this research are normally distributed.

Multicolonierity Test

Table 4. Coefficients

Mel		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	12.432	4.751		2.617	.011					
	Independen_X1	.409	.166	.249	2.469	.016	.553	.279	.204	.673	1.486
	Professionalism_X2	.183	.096	.182	1.907	.060	.471	.219	.158	.753	1.327
	Experience_X3	.550	.121	.444	4.542	.000	.640	.472	.376	.717	1.395

a. Dependent Variable: Audit Quality Y

Based on table 4, it can be seen that the values for tolerance and VIP indicate the absence of independent variables with a tolerance value <0.10 and a VIP value> 10. So that it can be concluded that in this research there is no multicolinierity because the variables are not related to one another.

Heteroscedasticity Test

From the graph, it can be seen that the distribution of the points randomly up or down zero (0) on the Y axis. So we can conclude that in this research the regression model can be used because there is no heteroscedasticity.

Table 5. Model Summary b

Model	R	Change Statistics

	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.712ᵃ	.507	.487	2.65407	.507	24.703	3	72	.000

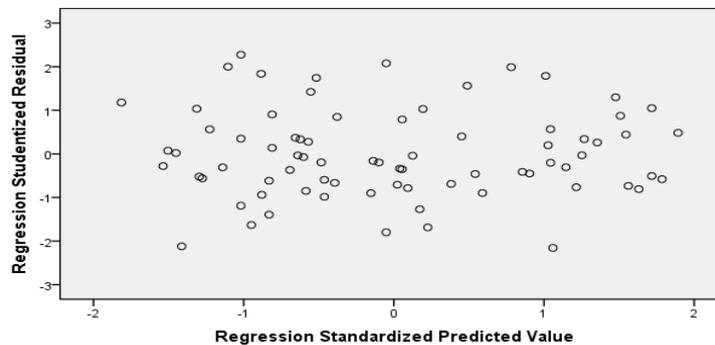a. Predictors: (Constant), Experience_X3, Professionalism_X2, Independen_X1

b. Dependent Variable: Audit Quality _Y

From the results of the table above, there is an Adjust R Square value, namely 0.487, which is equal to 48.7%. This states that the audit quality variable can be explained by the independence variable, professionalism, and experience worth 48.7% while the remaining 51.3% can be explained by other variables outside of this research.

Figure 2. Heteroscedasticity Test

F test

Table 6. ANOVA b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	522.022	3	174.007	24.703	.000ᵃ
	Residual	507.175	72	7.044		
	Total	1029.197	75			

a. Predictors: (Constant), Experience_X3, Professionalism_X2, Independen_X1

b. Dependent Variable: Audit Quality _Y

From the table above, it can be seen that the f test results are 24,703. This test also tests simultaneously whether the independence, professionalism, and experience variables can run the audit quality variable which can be known to be a significant value of 0.00 <0.05, this proves that the independence, professionalism, and experience variables have a significant effect on audit quality.

Multiple Regression Model

Table 7. Multiple Regression Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	12.432	4.751		2.617	.011
	Independen_X1	.409	.166	.249	2.469	.016
	Professionalism_X2	.183	.096	.182	1.907	.060
	Experience_X3	.550	.121	.444	4.542	.000

a. Dependent Variable: Audit Quality_Y

From the related table, we get multiple linear results with the formula, namely
$$Y = 12,432 + 0.409\,(X1) + 0.181\,(X2) + 0.550\,(X3) + e$$
Where :
Y = Audit Quality
a I = Constants
X1 = Independence
X2 = Professionalism
X3 = Experience
e = Standard Error

The influence of independence on quality is audited

From the results of the research that has been carried out above with all the tests that have been carried out, the results obtained are X1 0.016 <0.05. These results prove that independence affects audit quality and states if H1 is accepted. Independence is one of the most influential aspects to encourage auditors to make auditors better. The better the audit quality, the more reliable the results issued by the auditors will be. This research is in line with Endang Sri Utami's research which states that independence affects the quality of auditors.

Effect of professionalism on audit quality

From the research that has been done and the tests that have been done, the following results are X2 of 0.060 > 0.05, so from the results it can be concluded that professionalism does not affect audit quality, meaning that H2 is rejected. Preference is often considered less influential in the results of an auditor's performance even though in fact the more professional a person is, the better his work results will be. This research is not in accordance with the research conducted by Made Herman Mahardika, Nyoman Trisna Herawati, and I Made Prradana Adi Putra who stated in their research that professionalism has a significant effect on audit quality.

Effect of experience on audit quality

From the results of research that has been carried out and tested, the following results are obtained X3 0.000 <0.05, so based on the results it is stated that experience has a significant influence on audit quality, which means that H3 is accepted. Auditor experience will be one of the most important aspects for an auditor, the longer the work experience of an auditor in carrying out the task, the better the results will be, in the sense that an auditor with a lot of experience will have a good reputation as well. This research is in line with the research of Made Herman Mahardika, Nyoman Trisna Herawati, and I Made Pradana Adi Putra which concluded that experience has a significant effect. This result is not the same as the research conducted by Fadil Ilhamsyah, which states that experience does not affect audit quality.

5 CONCLUSION

This research was conducted to determine whether independence, professionalism and experience have an effect on audit quality and after conducting research we have obtained the results according to what we have tested, namely independence has a significant effect on audit quality, professionalism does not significantly affect audit quality and experience affects quality. audit. All results obtained are based on test results using SPSS. It is hoped that the next researcher will add independent variables in order to get better results and add years of

research in order to obtain more satisfying results. For future researchers to conduct research in a different place from this research place in order to get varying results.

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