

# **The Effect of Government Internal Auditor's Competency and Professionalism on Audit Quality (Case Study on the Auditor of the DKI Jakarta Financial and Development Supervisory Agency)**

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## **Abstract**

Developments in all sectors at this time have quite affected the profession of independent auditors, in this case government auditors. Government auditors are auditors who work in government agencies whose main task is to audit the financial accountability of various organizational units within the government. This auditing is carried out by government auditors, one of which is the Internal Auditor who works at the BPKP Finance and Development Supervisory Agency (BPKP). The purpose of this study was to determine the effect of Competence and Professionalism of Government Internal Auditors on Audit Quality at Representatives of the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta. The results of this study indicate that there is a simultaneous influence of Competence and Professionalism of Government Internal Auditors on Audit Quality at Representatives of the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta. This is indicated by the calculated F value of 11.752 which is greater than the F table of 3.42 and indicated by the sig of 0.000 which is smaller than 0.05. From the results of the calculation of determination (R<sup>2</sup>) that is equal to 0.763 which means that the Competence and Professionalism of the Government's Internal Auditor simultaneously affect the Quality of Audit at the Representative of the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta by 76.3%.

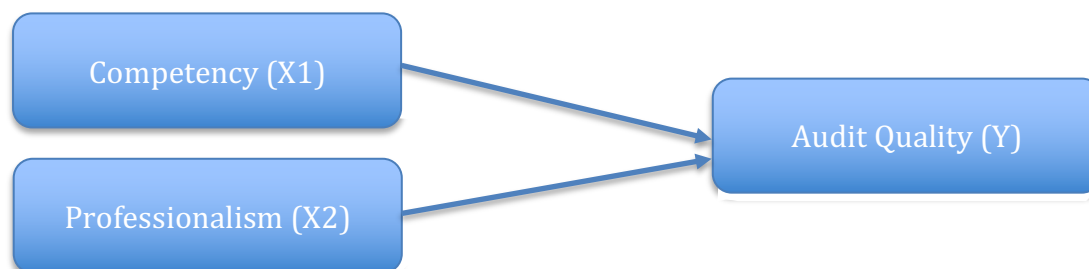
*Keywords: Auditor Competence, Professionalism, and Quality.*

## **1. Introduction**

Auditors are actors or groups of people who play an important role in maintaining or controlling the public interest in fields related to finance. The auditor's responsibility is to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error. One of the benefits of an auditor is to provide reliable and accurate information for decision making. Financial statements that have been audited by a fairness auditor will be more reliable than unaudited financial statements. Stakeholders expect that the audited financial statements are free from material misstatement and that the truth can be trusted to serve as a basis for decision making.

Accountants or auditors are generally grouped into 3 categories, namely public auditors, government auditors, and internal auditors. A public accountant or also called an independent auditor is a person or part of a Public Accounting Firm (KAP) that provides auditing services to a company in a professional manner. Government auditors are auditors who work to audit government agencies. Government auditors are divided into two groups, namely Government External Auditors and Government Internal Auditors. The Government's External Auditor is carried out by the Supreme Audit Agency (BPK). The Supreme Audit Agency (BPK) is an agency that works directly to implement the constitution and is not subject to the government, so it is expected to work independently. The Government Internal Auditor or better known as the Government Internal Supervisory Apparatus (APIP) is carried out by the Financial and Development Supervisory Agency (BPKP). BPKP is directly responsible to the President and its task is to carry out government affairs in the field of supervision of state/regional finance and national development.

Government internal accountants are expected to be clean, orderly, and authoritative in carrying out their duties and functions in accordance with applicable regulations. The provisions that apply in Indonesia for government internal auditors consist of the APIP Audit Standards and the APIP Code of Ethics. The intended Audit Standard is to maintain the criteria and quality in the implementation of the audit, while the Code of Ethics is intended so that the government's internal auditors can maintain behavior in the implementation of the audit. The existence of the APIP Audit Standards and the APIP Code of Ethics still lead to fraudulent practices such as the practice of corruption, collusion, and nepotism as well as fraud. Of course, this threat has an impact on the commitment of the government's internal auditors to audit standards and codes of ethics, especially in the examination of financial statements so that audit quality can be maintained and improved. Audit quality is very important because a good and good audit quality will produce fair financial reports and can also be trusted by stakeholders for decision making. Competence alone is not enough for government internal auditors to carry out and carry out their duties. It is not easy for auditors to maintain a professional attitude. Various facilities obtained in the examination can affect the professionalism of the auditor.



**Figure 1. Research Model**

Hypothesis is a provisional statement or assumption, assumption or opinion that may or may not be true. Based on the description of the framework of thought, for this reason, the author establishes an allegation on the influence of competence and professionalism on audit quality in this study.

- H1 There is an Influence of Competence of Government Internal Auditors on Audit Quality at the Financial Supervisory Agency and Representative Development of DKI Jakarta Province.
- H2 There is an influence of the Professionalism of the Government's Internal Auditor on the Quality of Audit in the Financial Supervisory Agency and Representative Development of DKI Jakarta Province

- H3 There is an Influence of Competence and Professionalism of Government Internal Auditors on Audit Quality at the Financial Supervisory Agency and Representative Development of DKI Jakarta Province

## **2. Methodology**

This research was conducted at the Representative of the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta, which is located at Jl. Scout No.33, RT.10/RW.8, North Utan Kayu, Kec. Matraman, East Jakarta City, Special Capital Region of Jakarta. This research was conducted in March-May 2021. The population in this study are internal auditors who work at the Representatives of the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta and the total population is 50 people. The sample that the writer took were 27 auditors in the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta. There is 1 questionnaire that is incomplete in filling so that the questionnaire that can be used by researchers is only 26 respondents.

### **Classical Assumption Test**

#### *Normality Test*

The decision-making methods for the normality test are: One Kolmogorov-Smirnov. method If significant (Asymp.sig) > 0.05 then the residual data is not normally distributed and if significant (Asymp.sig) < 0.05 then the residual data is not normally distributed. Normal Probability Plots. Method If the data spreads around the diagonal line and follows the diagonal direction, then the residuals are normally distributed. Meanwhile, if the data spreads away from the diagonal line or does not follow the diagonal direction, then the residuals are not normally distributed. For normality test decision making, the researcher uses the first method, which is to compare the results of the SPSS test with the minimum value that has been determined in the One Kolmogorov-Smirnov technique.

#### *Multicollinearity Test*

To test multicollinearity by looking at the VIF value of each independent variable, if the VIF value is < 10, it can be concluded that the data is free from multicollinearity symptoms.

#### *Heteroscedasticity Test*

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation.

### **Multiple Linear Regression Analysis**

Multiple regression equation can be formulated as follows:

$$Y = a + b1.x1 + b2.x2$$

Description:

- Y = Dependent Variable
- A = Price Constant
- b1 = First Regression Coefficient

- b1 = Second Regression Coefficient
- X1 = First Independent Variable
- X2 = Second Independent Variable

**Hypothesis Test**

*Simple Regression Coefficient Test (t Test)*

This test is used to determine whether the independent variable has a significant effect on the dependent variable. If  $t_{count} < t_{table}$ , then H1 is accepted (no effect). If  $t_{count} > t_{table}$ , then H1 is rejected (there is an effect). While the decision making with probability is as follows: If the significance  $>$ , then H1 is accepted (no effect). If the significance  $<$ , then H1 is rejected (there is an effect). In making decisions on hypothesis testing, the researcher uses the first method, which is to see the results of the SPSS test which are compared between the calculated t value and the t table value.

*Coefficient of Determination Test (R2)*

The coefficient of determination shows the percentage of variation in the dependent variable. R2 is equal to 0, meaning that there is no percentage of influence given by the independent variable to the dependent variable, or the variation of the independent variable that will be used in the model does not explain the slightest variation in the dependent variable. If R2 is equal to one (1), it means that the percentage of influence given by the independent variable on the dependent variable is perfect, or the independent variable which in the study explains 100% of the variation in the related variable.

**3. Result and Discussion**

**Normality Test**

The following table shows the results of normality testing using SPSS 25.00 for windows.

**Table 1. Normality Test Results**

<b>One-Sample Kolmogorov-Smirnov Test</b>		
		Unstandardized Residual
N		26
Normal Parameters <sup>a,b</sup>	Mean	.000000
	Std. Deviation	2.53190683
	Most Extreme Differences	Absolute
Positive		.146
Negative		-.077
Test Statistic		.146
Asymp. Sig. (2-tailed)		.162 <sup>c,d</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Based on table 1, it is known that the significance value of Asymp. Sig. (2-tailed) of 0.162 is greater than 0.05. So according to the basis for decision making in the Kolmogorov-Smirnov normality test above, it can be concluded that the data are normally distributed. Thus, the assumptions or requirements for normality in the regression model have been met.

**Multicollinearity Test**

The table below shows the results of multicollinearity testing using SPSS 25.00 for windows.

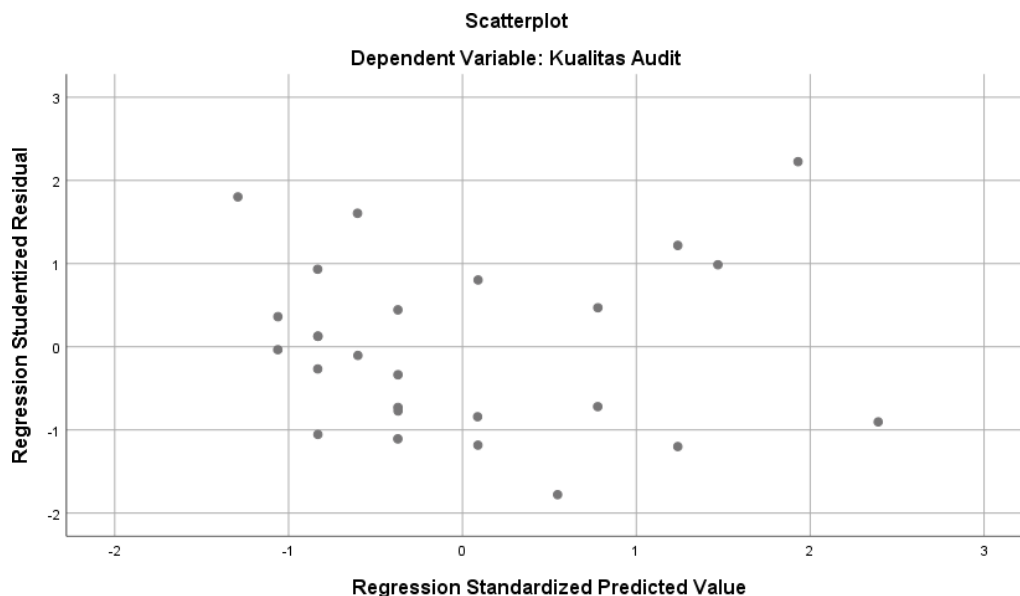
**Table 2. Multicollinearity Test Results**

Model	Collinearity Statistics		Description
	Tolerance	VIF	
Competency (X1)	0.234	4.266	Multicollinearity does not occur
Professionalism (X2)	0.234	4.266	Multicollinearity does not occur

Based on table 2, it is known that the tolerance value for the competence and professionalism variables is 0.234 which is greater than 0.10. Meanwhile, the VIF value for the competence and professionalism variables is  $4.266 < 10.00$ . So, referring to the basis of decision making in the multicollinearity test, it can be concluded that there is no multicollinearity.

**Heteroscedasticity Test**

Heteroscedasticity test is used to determine whether in a regression model there is a similarity of variance of each competency and professionalism variable on audit quality. Based on the table below shows the results of heteroscedasticity testing using SPSS 25.00 for windows.



**Figure 2. Heteroscedasticity Test Results**

Based on Figure 4.3, it can be seen that the scatterplot graph shows that the data is spread above and below the number 0 (zero) on the Y axis and none of them are in the form of a pattern in

the spread of the data. So it can be concluded that in this study there is no heteroscedasticity in the regression equation model, and it can be said that this regression model is feasible to use to predict audit quality based on the variables that influence it, namely competence and professionalism.

### Multiple Linear Regression Analysis Results

Multiple linear regression analysis was used to determine the effect of the independent variable on the dependent variable. Two independent variables, namely competence and professionalism, on the dependent variable, namely audit quality, are shown in the following table.

**Table 3. Multiple Linear Regression Analysis Results**

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	16.487	5.465		3.017	.006
	Competency	.561	.255	.791	2.617	.047
	Professionalism	.590	.251	.712	2.351	.028

Based on table 3, multiple linear regression equations are obtained with the formula:

$$Y = a + b1.x1 + b2.x2$$

$$Y = 16,487 + 0,561 + 0,590$$

Based on the results of multiple regression above, it can be concluded as follows: The a value of 16,487 is a constant or a situation when the audit quality variable has not been influenced by other variables, namely the competence variable (x1) and the professionalism variable (x2). If the independent variable does not exist, the audit quality variable does not change. The explanation above can be concluded that audit quality has an influence on competence and professionalism. The regression coefficient x1 (b1) is 0.561, indicating that the competency variable has a positive influence on audit quality, which means that every increase in 1 unit of the competency variable will affect the audit quality by 0.561, assuming that other variables are not examined in this study. So it can be concluded that competence has a positive relationship to audit quality. The regression coefficient x2 (b2) is 0.590, indicating that the professionalism variable has a positive influence on audit quality, which means that every 1 unit increase in the professionalism variable will affect audit quality by 0.590, assuming that other variables are not examined in this study. So it can be concluded that professionalism has a positive relationship to audit quality.

### Discussion

#### *The Influence of Government Internal Auditor Competence on Audit Quality at DKI Jakarta Representative Office BPKP*

The results of this study can be seen in the hypothesis test 1 which shows the significance number is less than 0.05, namely 0.01. So that the first hypothesis which states that competence has an effect on audit quality is accepted. It can be seen from the regression equation as follows:

$$Y = 16.746 + 0.524 X1$$

Based on the above equation, it can be seen that the competency coefficient value is positive, which means that competence has a positive effect on audit quality. If the competence is higher, then the audit quality will be better. From the results of the study obtained the Adjusted R Square value of 0.387, which means that Competence affects Audit Quality by 38.7% while the remaining 62.3% is explained by other factors outside of this study. The results of this study indicate that there is a positive influence of the Competency variable on Audit Quality, so that the higher it is Competence, the better the audit quality at the Supervisory and Development Agency for DKI Jakarta Province.

*The Influence of Government Internal Auditor Professionalism on Audit Quality at DKI Jakarta Representative Office BPKP*

The results of this study can be seen in the hypothesis test 2 which shows the significance number is less than 0.005, namely 0.000. So that the second hypothesis which states that professionalism has an effect on audit quality is accepted. It can be seen from the regression equation as follows:

$$Y = 16,476 + 0,589 X2$$

Based on the above equation, it can be seen that the coefficient of Professionalism is positive, which means that Professionalism has a positive effect on Audit Quality. The higher the professionalism, the better the audit quality. From the results of the study obtained the Adjusted R Square value of 0.505 which means that Professionalism affects Audit Quality by 50.5% while the remaining 49.5% is explained by other factors outside of this study. The results of this study indicate that there is a positive influence of Professionalism on Audit Quality, so that if the Auditor has a high Professionalism attitude, the better the Audit Quality at the Supervisory Agency and Representative Development of DKI Jakarta Province.

*The Influence of Competence and Professionalism of Government Internal Auditors on Audit Quality at BPKP DKI Jakarta Representative Office*

The results of this study indicate that the calculated F value is 11.752 while the F table value is 3.42 or  $F_{\text{arithmetical}} > F_{\text{table}}$ . Then the significance value of 0.000 is less than the 0.05 significance value. With this explanation, it can be concluded that  $H_0$  is rejected and  $H_a$  is accepted. The Adjusted R Square value is 0.763. It can be concluded that 76.3% of Competence and Professionalism variables affect audit quality and the remaining 23.7% Audit Quality is influenced by other factors outside of this study. The results of this study can be concluded that there is a positive influence of Competence and Professionalism simultaneously on Audit Quality. So that the higher the competence and professionalism, the better the audit quality at the Financial and Development Supervisory Agency for the Provincial Representatives of the Special Capital Region of Jakarta.

#### **4. Conclusion**

Based on testing and discussion, this study aims to determine the effect of Competence and Professionalism of Government Internal Auditors on Audit Quality at Representatives of the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta. Based on the analysis results obtained, the researchers can conclude as follows: There is an influence of Government Internal Auditor Competence on Audit Quality at Representatives of the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta. This is indicated by a sig of 0.01 which is smaller than 0.05. From the results of data analysis obtained R Square (R<sup>2</sup>) of

0.387, which means that the Quality of Audit at the Representative of the Financial and Development Supervisory Agency for the Capital Region of Jakarta is influenced by the competence of the Government's Internal Auditor by 38.7%.

There is an influence of Government Internal Auditor Professionalism on Audit Quality at Representatives of the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta. This is indicated by a sig of 0.000 which is smaller than 0.05. From the results of data analysis obtained R Square (R<sup>2</sup>) of 0.505 which means that the Quality of Audit at the Representative of the Financial and Development Supervisory Agency for the Capital Region of Jakarta is influenced by the Competence of the Government's Internal Auditor by 50.5%. There is a simultaneous influence of the Competence and Professionalism of the Government's Internal Auditor on Audit Quality at the Representatives of the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta. This is indicated by the calculated F value of 11.752 which is greater than the F table of 3.42 and indicated by the sig of 0.000 which is smaller than 0.05. From the results of the calculation of determination (R<sup>2</sup>) that is equal to 0.763 which means that the Competence and Professionalism of the Government's Internal Auditor simultaneously affect the Quality of Audit at the Representative of the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta by 76.3%.

Based on the results of respondent data, the lowest score on the competency variable is an indicator of knowledge about the APIP code of ethics and APIP audit standards that have been set to deepen knowledge and understanding. It would be nice for an auditor to have a better understanding of the code of ethics and auditing standards by following the level of education in the field of auditing and training in understanding the code of ethics and audit standards, because this is very important when conducting an audit examination. Based on the results of the respondent's data, the lowest score on the professionalism variable is the attitude of an auditor's behavior. The performance of the auditor is still less professional in carrying out his responsibilities as an auditor. Auditors should remain professional without being influenced by a sense of kinship, humanity, togetherness or the relationship between superiors and subordinates in an agency. Competence and Professionalism have an effect on 76.3% of Audit Quality at Representatives of the Financial and Development Supervisory Agency for the Special Capital Region of Jakarta. While the remaining 23.7% is explained by other factors outside of this study.

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