

The Model of Audit Knowledge, Professionalism, Accountability and Independence of the Quality of Auditor Work

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Abstract. This research aims to identify the model of audit knowledge, professionalism, accountability and independence of the quality of auditor work. Specifically this research aims to prove the influence of audit knowledge, professional commitment, accountability, and independence on the quality of auditor work. The population of this research are auditors working in the public accounting firms (KAP) and in the Audit Board of Indonesia (BPK) Central Java representative office. There were 100 questionnaire sheets sent directly to the auditors working in KAP Semarang and BPK Central Java representative office. The questionnaires were sent and given for two months, and the researchers also visited the auditors in person. To complete the data and discussion, a depth interview to the auditors who were randomly selected was conducted. In this case, the hypothesis testing was done using multiple regression to analyze the relationship between the dependent variable (quality of auditor work) and the independent variables (audit knowledge, professional commitment, accountability, and independence). The general form of the formula for multiple linear regression in this research is: $Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$. The results of this research can prove the hypothesis, that the four independent variables (audit knowledge, professional commitment, accountability, and independence) have a significant positive influence on the quality of auditor work. There are positive and significant influences of professional commitment and accountability on the quality of auditor work. Meanwhile, audit knowledge and independence have no positive influence on the quality of auditor work.

Keywords: audit knowledge, professional commitment, accountability, independence.

1. Introduction

Accountants always face ethical dilemmas that involve choices between conflicting values. Ethical dilemmas in auditing setting, for instance, can occur when auditors and clients disagree on some function specifications and audit objectives. In this situation, the clients can influence the audit process carried out by the auditors. The clients can pressure the auditors to take actions that violate the inspection standards. Because an auditor is sworn by the professional code of ethics based which an auditor must be independent and objective, it makes the scope of the auditors limited by ethical values. The auditor might face a conflict situation; to fulfill the client's demands which means violating ethics, otherwise the auditor may be dismissed in the next audit assignment if the client's wishes are not fulfilled. Because professional considerations are based on individual values and beliefs, moral awareness plays an important role in making audit decisions.

Accountants are demanded to work more professionally and responsively with changes in business conditions in order to survive in business competition. Accountants must make decisions where they face two forces, namely increasing competition for clients and also the threat to legal agreements from stakeholders. To be able to survive in the new environment, they must continue to improve ethical considerations in the decision-making process as well as these two forces that can threaten the survival of the company if making unethical decisions.

In addition to being professionals who have a professional commitment, the auditors must have sufficient knowledge in their profession to support their work in carrying out each audit. Auditors who work based on their knowledge will provide more satisfying results than those without having sufficient knowledge in their duties. The higher the level of their education, the more trainings are followed, and the more extensive audit knowledge the auditors have, that in turns increases the auditors' quality of work [6].

In Arens [4], the first general standard statement declares that the audit should be conducted by one person or more who have sufficient technical expertise as an auditor. This sufficient technical expertise cannot be obtained by newly graduated accountants except through years of experiences. An auditor must follow sufficient technical trainings to support his knowledge.

For auditors it is very important to convince clients and users of financial statements about quality of their work. The quality of auditor work can be influenced by the sense of accountability that the auditors have in completing their obligations that will be accountable to their environment [1].

Interest in audit quality is getting increased after the Enron financial scandal that caused the bankruptcy of Artur Andersen public accounting firm in 2001. The scandal that was followed by a number of large companies in the United States that reported financial difficulties, has caused a crisis of public confidence in corporate governance and audits of public companies in United States [2]. In Indonesia there are also various

financial cases in companies that go public. These cases occurred because the issuers and auditors violated capital market legislation.

In the development, ethical cases that occurred in Indonesia such as PT Bank Century Tbk was handled by the Century Bank Case Audit Team, I Nyoman Wara and Novy GA Pelenkahu from the Audit Board of Indonesia or BPK. I Nyoman Wara explained that the targets of the follow-up investigation were securities transactions, credit provision, L/C, foreign currency cash and operating expenses, affiliated third party funds, unaffiliated third party funds, and transactions related to PT Anta Boga Delta Securitas. Whilst, the purpose of the follow-up investigation was to find suspicious transactions and/or conflict with laws and regulations that harmed the banks / state / society. In fact, until now this case has not finished. This shows that the audit quality of the auditor is questionable.

This problem is important to investigate because it views the phenomenon of the low quality of auditor work. Audit knowledge, professional commitment, accountability, and independence are key factors that should be considered by the auditors to ensure the quality of their work. This research is a replication of Riani, Febri's (2013) [6] research about the influence of audit knowledge, accountability and independence on the quality of auditor work. Empirically this present research is deemed necessary to conduct. Given that the enormous influence of audit knowledge, accountability, and independence as factors that affect audit quality, this will affect public confidence and service auditor users. This research is expected to be able to find the model of audit knowledge, professionalism, accountability and independence of quality of auditor work. The difference between this research and the previous one is the addition of professional commitment factor as one of the independent variables due to the importance of professional commitment for the auditors in carrying out their duties. The next difference is in the target of samples that are not limited to the auditors from the Audit Board of Indonesia or BPK, but also to the independent auditors from the public accounting firms or KAP. The purpose of this research is to identify the model of audit knowledge, professionalism, accountability and independence of the quality of auditor work. Based on the aforementioned background of problem then this research specifically aims to identify the influence of audit knowledge, professional commitment, accountability and independence on the quality of auditor work.

2. Method

The research population were all auditors working in BPK and independent auditors from a number of KAP. The research data were collected through questionnaires. The research respondents, hence, were the auditors of BPK in the Central Java representative office and the auditors of KAP Semarang. To fulfill an adequate quota of samples, the researchers sent 100 questionnaire sheets to the respondents who worked in KAP (Table 1) and in BPK Central Java representative office randomly.

Table 1. Public Accounting Firms (KAP) in Semarang City

NO.	NAMES OF FIRMS	ADDRESSES
1	KAP Drs. Benny Gunawan	Jl. Puri Anjasmara Blok DD 1/3 Semarang
2.	KAP Sugeng Pamudji Drs	Perum Pondok Bukit Agung Jl. Bukit Agung Blok AA No.1 Semaran3g 50269
3	KAP Darsono & Budi Cahyo	Jl. Mugas In No. 65 Semarang 50221
4.	KAP Drs Tarmizi Achmad	Jl Dewi Sartika Raya No.7 Semarang 50221
5.	KAP Ruchendir Mardjit & Rushendi	Jl. Kingdom Bear No. 48 Semarang
6.	KAP Idjang Soetikno	Jl. Durian Raya No. 20 Kav A3 Perum Durian Mediterania Villa Banyumanik Semarang 50263
7	KAP Yulianti	Jl. Karang kebon Selatan 238 Semarang 50124
8.	Bayudi Watu & Rekan KAP	Jl. Dr. Wahidin No. 85 Semarang 50253
9	KAP HANANTA	Jl. Sisingamangaraja No. 20-23 Semarang 50252
10	KAP Erwan Sugandi	Jl. Tegalsari Barat V No. 24 Semarang 50251

The type of data in this research was subject data which were used as primary data. In this research the data were obtained by distributing questionnaires to the BPK auditors in Central Java representative office and the auditors from the KAP. The primary data were gained by conducting field research using the questionnaires. The researchers sent the questionnaires directly to the respondents as well as met the respondents to conduct in-depth interviews. To avoid the low number of questionnaires returned, the researchers also sent a confirmation letter to the respondents to remind them about the questionnaires that had been sent earlier and asked them to fill in immediately. The deadline for submission was two months later (2016). The researchers also offered a summary of the research results to the respondents if they desired.

Further, to test the quality of data, testing reliability and validity should be done. An instrument is declared valid if the correlation between each indicator to the total construct score shows a significant result. Besides, an instrument is reliable if the cronbach alpha value is above 0.60 [3]. Classical assumption tests were also used in this research to avoid any deviation in a regression model. The classical assumption tests consisted of residual normality test, multicollinearity and heteroscedasticity. Residual normality test was carried out using the Kolmogorov Smirnov method by looking at the significance at 0.05. If the significance value generated was > 0.05, the data were normally distributed.

Additionally, hypothesis testing was done using multiple regression to analyze the relationship between the dependent variable (the quality of auditor work) and the independent variables (audit knowledge, professional commitment, accountability, and independence). Based on the previous research, the following hypotheses can be formulated:

H1: audit knowledge has a significant positive influence on the quality of auditor work.

H2: professional commitment has a significant positive influence on the quality of auditor work.

H3: accountability has a significant positive influence on the quality of auditor work.

H 4: independence has a significant positive influence on the quality of auditor work.

The general form of the formula for multiple linear regression applied in this research is:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

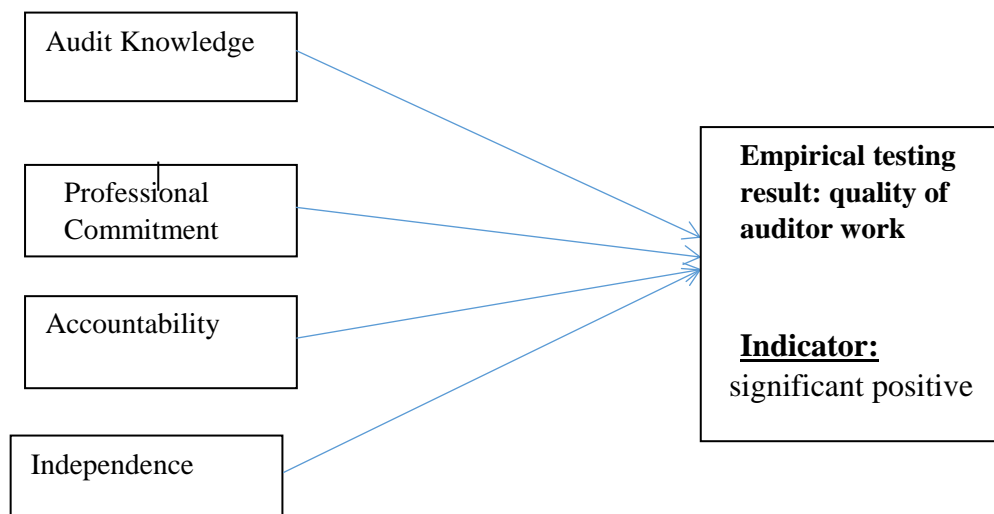


Figure 1. Research Model

3. Results and Discussion

The following presents how the respondents' responses regarding the quality of auditor work, auditor knowledge, professional commitment, accountability and independence. The variables are presented in Table 2 that shows the mean, the minimum and maximum values, and the standard of deviation. One variable has low responses if the mean is in the interval from 1 to 2.3 while the variable that gets moderate responses if the mean is in the interval from 2.3 to 3.7 and the variable gets high responses if the mean is in the interval from 3.7 to 5. The following table is a complete descriptive statistics regarding the budget participation variable question.

Table 2 . Respondents' Answer Scores Based on Research Variables

Variables	N	n	Max	Mean	Standard of Deviation
Quality of Auditor Work (Y)	47	4	5	4.38	0.353
Auditor Knowledge (X1)	47	4	5	4.52	0.416
Professional Commitment (X2)	47	2	5	3.78	0.644
Accountability (X3)	47	3	5	4.37	0.422
Independence (X4)	47	4	5	4.51	0.316

Based on Table 2. The mean values of all variables are at intervals from 3.7 to 5. Thus all variables are perceived high by the respondents. The highest mean value of 4.52 is achieved by auditor knowledge variable, meaning that of the five variables examined, auditor knowledge is perceived highest by the respondents. The second highest mean value of 4.51 is achieved by the independence variable and followed by the quality of auditor work variable with the mean value of 4.38. Then the fourth rank is accountability variable with the mean value of 4.37. The variable that is perceived the lowest one is professional commitment with the mean value of 3.78 which is still in the high category.

Multiple linear regression test was done to determine the influence of auditor knowledge, professional commitment, accountability and independence on the quality of auditor work. Multiple linear regression test included F test, t test and coefficient of determination test.

Table 3. Multiple Linear Regression Test Results

Model	Variable	Standardized Coefficients Beta	t	Sig.
1	(Constant)		2.687	0.010
	Auditor Knowledge (X1)	0.032	0.288	0.775
	Professional Commitment (X2)	0.461	3.992	0.000
	Accountability (X3)	0.425	3.167	0.003
	Independence (X4)	0.009	0.065	0.949
	F	11.386		Sig: 0.000
	R	: 0.721		
	R square	: 0.520		
	Adj. R square	: 0.475		

Source: Processed primary data, 2017

Based on Table 3, the regression coefficients of each independent variable are obtained: auditor knowledge, professional commitment, accountability and independence. Based on the results of the multiple linear regression statistical test, a regression equation is found as follows: $Y = 0.032X1 + 0.461X2 + 0.425X3 + 0.009X4$. Besides, the coefficient of determination test aims to see how much auditor knowledge, professional commitment, accountability, and independence in explaining the quality of auditor work. On the basis of Table 3, the adjusted R squared value is 0.475, meaning that the quality of auditor work can be explained by the four independent variables as much as 47.5 %, while the rest ($100\% - 47.5\% = 42.5\%$) is explained by other factors outside of the research.

The answer to the hypothesis test is based on the results of the statistical test of t calculate value in Table 3. The first hypothesis states that auditor knowledge influences the quality of auditor work. The statistical test results obtain sig. value equal to 0.775 greater than 0.05, and t calculate is 0.288 smaller than t table (± 2.0181). The value of t calculate is positive but not significant, meaning that H_0 is accepted, and H_a is rejected. There is a positive and non-significant influence of auditor knowledge variable on the quality of auditor work. Thus, the first hypothesis that states auditor knowledge has a positive influence on the quality of auditor work is rejected.

The second hypothesis states that professional commitment influences the quality of auditor work. The statistical test results obtain sig. value equal to 0.000 less than 0.05, and t calculate is equal to 3.992 greater than t table (± 2.0181). The value of t calculate is positive and significant, meaning that H_0 is rejected, and H_a is accepted. There is a positive and significant influence of the variable of professional commitment on the quality of auditor work. In conclusion, the second hypothesis which states that professional commitment has a positive

influence on the quality of auditor work is accepted. In addition, the third hypothesis states that accountability influences the quality of auditor work. The statistical test results obtain sig. value equal to 0.000 less than 0.05, and t calculate is equal to 3.167 greater than t table (± 2.0181). The value of t calculate is positive and significant, meaning that H_0 is rejected, and H_a is accepted. There is a positive and significant influence of the accountability variable on the quality of auditor work. Therefore, the third hypothesis which declares that accountability has a positive influence on the quality of auditor work is accepted.

Lastly, the fourth hypothesis states that independence influences the quality of auditor work. The statistical test results obtain sig. value equal to 0.949 greater than 0.05, and t calculate is equal to 0.065 smaller than t table (± 2.0181). The value of t calculate is positive but not significant, meaning that H_0 is accepted and H_a is rejected. In other words, there is no positive influence of the independence variable on the quality of auditor work. To sum up, the fourth hypothesis which declares that independence has a positive influence on the quality of auditor work is rejected.

4. Conclusions

This present research aims to prove empirically the influence of audit knowledge skill, professionalism, accountability, and independence on the quality of auditor work. A number of conclusions can be drawn as follows: that audit knowledge influences the quality of auditor work is rejected and that professional commitment influences the quality of auditor work is accepted.

Then, the hypotheses stating that accountability has an influence on the quality of auditor work is accepted and that independence influences the quality of auditor work is rejected. Based on the results of the research, it can be highlighted that there are positive and significant influences of professional commitment and accountability on the quality of auditor work. Meanwhile, audit knowledge and independence have no positive influence on the quality of auditor work. The research in the following years is aimed at identifying the auditor behavior model in audit conflict.

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