

The Influence of Professional Ethics, Competence, and Work Experience on Audit Quality: Evidence from Public Sector Auditors

Fitri Agustina¹, Rindu Rika Gamayuni², Mega Metalia³, Aica Diana Putri⁴

{[fitriagustina@darmajaya.ac.id](mailto:fitriagustina@ darmajaya.ac.id)¹, rindu.gamayuni@gmail.com², mega.metalia@feb.unila.ac.id³, aicadianaputri8@gmail.com⁴}

University of Lampung, Lampung, Indonesia¹²³

IIB Darmajaya, Lampung, Indonesia⁴

Abstract. This research explores how professional ethics, competence, independence, and work experience affect the quality of audits conducted at the Lampung provincial representative office of BPK RI. The study utilised purposive sampling to select 37 auditors as respondents. Data collection was based on questionnaires, and a quantitative research design was applied. The analysed variables included professional ethics, competence, independence, work experience, and audit quality. The data were processed using multiple linear regression through SPSS version 23. The results indicate that both professional ethics and work experience significantly contribute to improving audit quality, whereas competence and independence were found to have no significant impact

Keywords: Professional ethics, competence, independence, work experience, audit quality

1 Introduction

The Supreme Audit Board of Indonesia (BPK) is an independent institution whose authority is defined by the People's Consultative Assembly Decree of the Republic of Indonesia No. X/MPR/2001. Its primary responsibility is to supervise the management and accountability of state finances. This positions BPK as a key player in ensuring that state financial administration is conducted appropriately to support the creation of a fair and prosperous society. To achieve this, audits of state financial reports are expected to adhere to the applicable standards [1]. As a public audit institution, BPK is expected to produce high-quality audits.

Various factors influence the audit quality of BPK auditors, including professional ethics, competence, independence, and work experience. Among these, professional ethics are crucial in fostering auditors' integrity, enabling them to deliver objective reports that are not influenced by external interests [2]. In this context, auditors who uphold professional ethics will be able to produce high-quality audits because they will not be influenced by external or internal pressures.

Competence is the technical ability and knowledge possessed by the auditor to conduct an audit objectively, effectively, and efficiently. Auditors with high competence should have a deep understanding of audit standards, applicable regulations, and relevant industry knowledge, so

that they can correctly identify problems and provide appropriate recommendations [3]. In this regard, high competence is a prerequisite for auditors to be able to provide appropriate and accurate assessments of the audited financial statements.

Furthermore, independency is another important factor that determines audit quality. Independent auditors will not have any interest in the audited entity, so that they can provide objective and unbiased audit opinions. Failure to maintain independency can cause auditors to lose public trust and can reduce the value of the audit itself [4]. That is why, independency must not only be owned by the auditors, but must also be reflected in the policies and culture of the audit organization.

Next, work experience is also a factor that affects audit quality. Auditors who have more work experience will be better able to recognize and handle complex problems compared to auditors who are less experienced. Work experience allows auditors to continue to learn from previous cases, expand their understanding of best audit practices, and improve their ability to produce high-quality audits [5].

Based on the explanation above, this research centres on examining how professional ethics, competence, independence, and work experience affect audit quality, with an empirical investigation conducted on auditors at the BPK Representative Office in Lampung Province. The findings of this study aim to support efforts to enhance audit quality at BPK and offer valuable insights into key factors that can be reinforced to achieve superior audit performance.

2 Literature Review

2.1 Theory of Planned Behaviour

Theory of Planned Behavior was developed by [6] which explains a person's intention to behave. It is explained in this theory that people will think about the consequences of their actions before they take action or refrain from doing the action. In the context of auditing, the auditor's intention to carry out a high-quality audit can be influenced by their attitudes towards professional ethics (e.g., commitment to integrity and transparency), norms held by colleagues and society (e.g., norms of independence), and their perceptions of their ability to carry out audit tasks competently.

2.2 Audit Qualit

The Indonesian Institute of Certified Public Accountants defines audit quality as a critical measure that ensures audits are consistently performed in alignment with professional standards and relevant laws and regulations. Maintaining high audit quality not only supports compliance but also shields auditors from potential legal risks. Similarly [7] describes audit quality as a process designed to confirm adherence to generally accepted auditing standards in every audit. Achieving the desired level of quality is essential and requires auditors to possess extensive experience, strong competence, independence, and strict adherence to the professional code of ethics.

2.3 Professional Ethics

A code of ethics is an agreement that regulates the moral behavior of a particular group in society to be enforced within a certain period, with written provisions that are expected to be adhered to by all members of the group [8]. To enhance their performance, auditors must consistently uphold professional ethics. Adherence to the code of ethics is integral to the auditor's role and responsibilities. Auditor ethics should be grounded in employees' trust in organizational values, their commitment to achieving organizational objectives, and their loyalty to remain part of the organization. Upholding professional ethics fosters a sense of belonging among auditors and strengthens public confidence in the profession [8].

2.4 Competence

Auditor competence is a fundamental requirement for producing high-quality audit reports, which must also be supported by adequate knowledge, skills, experience, and education [9]. Competence, in this context, refers to the ability or capacity to perform various tasks within a job, determined by both intellectual and physical factors [10]. Audit quality can only be ensured if auditors demonstrate a high level of competence. As the auditing profession continues to evolve, it is essential for auditors to continually enhance their competence to meet the demands of their professional responsibilities.

2.5 Independency

According to [11] independence is defined as a mindset that is free from external influence or control and does not rely on others. It also encompasses the auditors' integrity in assessing facts and making objective, unbiased judgments when formulating and expressing their opinions. The purpose of requiring auditors to be independent is to provide sufficient competent evidence for an adequate basis for them in formulating an opinion. The nature of most evidence is obtained, partially, from the concept of selective testing of audited data, which relates to considerations about the areas to be tested—the nature, timing, and extent of testing to be performed [12].

2.6 Work Experience

According to [13] work experience refers to the knowledge, skills, and abilities gained by employees from their previous roles. It serves as a foundation for employees to navigate situations effectively, take calculated risks, handle challenges responsibly, and communicate efficiently with various stakeholders to sustain productivity and performance, ultimately shaping them into competent professionals in their field. As noted by [3], experienced auditors tend to perform better due to their extensive knowledge base and superior ability to organize and utilize that knowledge effectively. These qualities significantly contribute to the growth of an employee's expertise. The diverse experiences an employee acquires play a crucial role in how they execute their tasks.

2.7 The Relationship between Professional Ethics and Audit Quality

The Theory of Planned Behavior provides insight into how professional ethics influence audit quality. According to this theory, one of the key factors shaping an individual's behavioral intentions is Subjective Norms. This concept refers to normative beliefs about adhering to established norms and how these perceptions influence a person's decision to act or refrain from

acting [6] This suggests that auditors adhere to professional ethics to minimize the risk of violating their professional responsibilities. Research by [14] demonstrates that professional ethics positively and significantly impact audit quality, leading to the formulation of the following hypothesis:

H1: Professional ethics affects audit quality

2.8 The Relationship between Competence and Audit Quality

Behavioral Control, reflects a person's perception of having the skills or opportunities necessary to successfully perform a task or activity. This theory helps identify the specific skills related to auditor competence, ensuring that auditors with sufficient competence are capable of completing their audit tasks effectively [8]. Auditor competence is widely recognized as a fundamental requirement for producing high-quality audit reports, which also relies on adequate knowledge, skills, experience, and education [9]. Research conducted by [15] confirms that competence has a positive and significant impact on audit quality, leading to the formulation of the following hypothesis:

H2: Competence affects audit quality

2.9 The Relationship between Independency and Audit Quality

Independence is a critical factor in ensuring the credibility and reliability of an audit. It refers to the auditor's ability to remain impartial and unbiased while performing audit tasks, evaluating findings, and preparing audit reports. This impartiality allows auditors to provide objective assessments that stakeholders can trust. The higher the level of independence demonstrated by auditors, the greater the quality and reliability of the audit outcomes. Independence also protects the integrity of the audit process, helping to avoid conflicts of interest and external pressures that could compromise audit results. Research conducted by [15] provides empirical support for this idea, showing that independence has a positive and significant impact on audit quality. This highlights the essential role of independence in maintaining the effectiveness of audits and ensuring they meet professional and regulatory standards, leading to the formulation of the following hypothesis:

H3: Independence affects audit quality

2.10 The Relationship between Work Experience and Audit Quality

As previously discussed, work experience represents the variety of roles and tasks an individual has undertaken, offering valuable opportunities to enhance their skills and improve their job performance [15]. Experience equips individuals with practical knowledge, problem-solving abilities, and familiarity with industry-specific challenges, enabling them to perform tasks more effectively and efficiently. In the context of auditing, experienced auditors are often better equipped to identify discrepancies, handle complex situations, and ensure compliance with relevant standards. Research conducted by [15] confirms that work experience has a positive and significant impact on audit quality, highlighting its role as a crucial factor in producing reliable and high-quality audits. This relationship underscores the importance of continuous skill development and exposure to diverse auditing scenarios to further enhance the capabilities of auditors. Based on this, the following hypothesis is proposed:

H4: Work experience affects audit quality

Building on the theoretical foundation outlined above, the research framework is structured as follows:

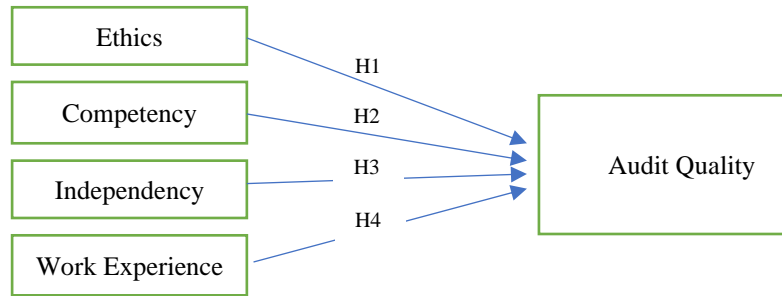


Fig. 1. Research Framework

3 Research Methods

The population and sample in this study consisted of auditors working at the Supreme Audit Institution of the Republic of Indonesia (BPK), Lampung Representative Office. Primary data were gathered through questionnaires distributed to these auditors, with the sample chosen using a purposive sampling method. The data were analyzed using SPSS version 23, enabling statistical processes such as descriptive analysis, data quality assessment, classical assumption tests, multiple regression analysis, and hypothesis testing. Multiple linear regression was employed to assess both the direction and extent of the influence of independent variables on the dependent variable. This analysis explored the effects of professional ethics, competence, independence, and work experience on audit quality. The multiple linear regression model can be expressed using the following formula.

$$Y = \alpha + \beta_1 .X_1 + \beta_1 .X_2 + \beta_1 .X_3 + \beta_1 .X_4 + e$$

Information:

α = constant value

β_1 = regression coefficient

X1 = Professional Ethics

X2 = Competence

X3 = Independence

X4 = Work Experience

The data for this study were obtained by distributing questionnaires directly to the respondents, namely, auditors currently employed at the Supreme Audit Institution of the Republic of Indonesia (BPK), Lampung Representative Office. A total of 60 questionnaires were distributed, of which 42 were returned, and 37 were deemed valid for processing.

3.1 Data Quality Test Results

Validity Test

Validity testing of the variables in this study was declared valid because all question items had r -Statistic $>$ r -Table (0.324) at $n = 37 - 2 = 35$ with a significance level of 0.05. Thus, it can be concluded that further testing can be continued.

Reliability Test

Table 1. Reliability Testing Results

Variables	Cronbach Alpha	Reliability	Information
Professional Ethics	0,864	0,60	Reliable
Competence	0,741	0,60	Reliable
Independency	0,789	0,60	Reliable
Work Experience	0,748	0,60	Reliable
Audit Quality	0,804	0,60	Reliable

Source: Processed data on SPSS V.23, 2023

Based on table 1, it can be concluded that the variables of Professional Ethics, Competence, Independence, Work Experience and Audit Quality are reliable because they have a Cronbach Alpha value $>$ 0.60, [16] and [17], so that the variables in the study are worthy of being continued to the next test.

Multicollinearity Test

Table 2. Multicollinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	12.778	8.051		1.587	.122		
	Professional Ethics	.230	.101	.313	2.284	.029	.749	1.335
	Competence	-.038	.176	-.034	-.215	.831	.570	1.754
	Independency	.303	.182	.284	1.665	.106	.485	2.062
	Work Experience	.358	.145	.366	2.467	.019	.643	1.556

Source: Processed data on SPSS V.23, 2023

Based on table 2, it is known that the tolerance values on the independent variables are Professional Ethics (0.749) with a VIF value of 1.335, Competence (0.570) with a VIF value of 1.754, Independence (0.485) with a VIF value of 2.062, and Work Experience (0.643) with a

VIF value of 1.556. So, based on these results, it is concluded that there is no multicollinearity because all tolerance values are > 0.10 and all VIF values < 10 .

Heteroscedasticity Test Results

Table 3. Heteroscedasticity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.164	5.235		.986	.331
Professional Ethics	.084	.065	.251	1.283	.209
Competence	-.163	.115	-.319	-1.420	.165
Independency	.094	.118	.193	.793	.434
Working Experience	-.052	.094	-.116	-.549	.587

Source: Processed data on SPSS V.23, 2023

Based on the table above, it can be seen that the test using the Glejser method obtained results in the form of all sig. values in this research data more than the research crisis value of 0.05, which means that there is no heteroscedasticity in this research data.

Multiple Linear Regression Analysis

Table 4. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	12.778	8.051		1.587	.122
Professional Ethics	.230	.101	.313	2.284	.029
Competence	-.038	.176	-.034	-.215	.831
Independency	.303	.182	.284	1.665	.106
Work Experience	.358	.145	.366	2.467	.019

Source: Processed data on SPSS V.23, 2023

Based on the table above, it can be concluded:

The results of the professional ethics test show that $t\text{-count } 2.284 > t\text{-table } 2.036$ with a significance of $0.029 < 0.05$, so it can be concluded that H1 is accepted. This means that professional ethics have an effect on audit quality.

The results of the competency test show that $t\text{-count } -0.215 < t\text{-table } 2.036$ with a significance of $0.831 > 0.05$, so it can be concluded that H2 is rejected. This means that competence does not affect audit quality.

The results of the independence test show that $t\text{-count } 1.665 < t\text{-table } 2.036$ with a significance of $0.106 > 0.05$, so it can be concluded that H3 is rejected. This means that independence does not affect audit quality.

The results of the work experience test show that $t\text{-count } 2.467 > t\text{-table } 2.036$ with a significance of $0.019 < 0.05$, so it can be concluded that H4 is accepted. This means that work experience affects audit quality.

Results of Determination Coefficient Test (R²)

Table 5. Results of Determination Coefficient Test (R²)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.741 ^a	.549	.492	2.926	2.312

Source: Processed data on SPSS V.23, 2023

The output results in table 5 show a correlation coefficient of 0.74, this means that there is a strong relationship between the independent variable and the dependent variable, because the R value is close to 1. Meanwhile, the results of the determination coefficient (R²) are 0.549, which means that the independent variable influences the variable by 54.9%, where the rest (45.1%) is influenced by other variables outside the research model.

4 Discussions

The findings of this study indicate that professional ethics significantly influence audit quality. This aligns with the research by [14] which also concluded that professional ethics positively and significantly impact audit quality. Adhering to professional ethics aims to prevent fraud in issuing audit opinions, ensuring they are consistent with the financial statements being audited. Auditors are required to uphold the professional principles established by BPK in their work, ensuring that their audit statements align with the actual financial reports. Thus, the higher the level of professional ethics demonstrated by auditors, the better the quality of the audit results. Conversely, the competency variable in this study was found to have no significant effect on audit quality, consistent with findings from studies by [12], and [18] which also reported no relationship between competence and audit quality. However, these results differ from the findings of [15] who stated that competence positively impacts audit quality. This suggests that

an auditor's level of competence, regardless of how high, does not necessarily improve the quality of the audit. In other words, strong competence alone does not guarantee higher audit quality

Similar to the findings for the previous variable, auditor independence was also found to have no significant impact on audit quality. These results are consistent with studies by [19], [9], and [20] which concluded that independence does not significantly influence audit quality. However, this study's findings contradict those of [15] who reported that independence positively affects audit quality. The lack of a significant effect could be attributed to factors such as managerial interference or close personal relationships between auditors and auditees, which hinder the establishment of true independence in the audit process. This highlights the critical need for mechanisms that reinforce auditor independence to enhance audit quality.

The findings related to the work experience variable reveal that auditors with greater experience tend to exhibit more professional performance. This is because increased experience equips auditors with the ability to address problems more effectively. Additionally, an auditor's experience significantly influences the quality of decisions they make. These findings are consistent with prior research by [15] which demonstrated that work experience has a significant impact on audit quality. Therefore, it can be concluded that the more experienced an auditor is, the higher the quality of the audits they perform.

5 Conclusion

The study's findings indicate that (1) professional ethics influence audit quality, (2) competence does not impact audit quality, (3) independence affects audit quality, and, and (4) work experience plays a role in improving audit quality.

These findings provide a basis for further research on the factors that affect audit quality. Future research can explore other variables that affect audit quality, such as organizational culture, technological advances, or regulatory changes. Such research can provide deeper insights into how to improve audit quality in various contexts.

Future studies employing a more comprehensive methodological approach and a larger sample size could address the limitations of this research and offer greater insight into the factors influencing audit quality.

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