

The Influence of the Role of Auditor Characteristics on the Quality of Audits in Public Accounting Firms in Medan City

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ABSTRACT

This research is a study conducted to determine the influence of auditor competence, motivation and ethics on the quality of audits at a Public Accounting Firm (KAP) in Medan City. This research uses a quantitative approach with secondary data sources processed from the company's financial statements published in www.idx.co.id. The sample collection technique in this study is to use the slovin formula technique, with a population of 185 auditors so that it has a total sample of 64 respondents. The analysis carried out in this study includes descriptive statistical analysis, data quality test (validity and reliability test), classical assumption test (normality, multicholnearity, and heteroskedasticity test), multiple linear regression analysis and hypothesis testing with t test and determination coefficient test (R^2). The software used to conduct this research is SPSS version 22. Based on the results of the study, it was concluded that Competence has a significant influence on Audit Quality in Public Accountants in Medan City, Auditor Ethics has a significant influence on Audit Quality in Public Accountants in Medan City, Motivation has a significant influence on Audit Quality in Public Accountants in Medan City and Competence, Auditor Ethics and Motivation have a significant influence on Audit Quality in Public Accountants in Medan City.

Keywords: Competence, Motivation, Auditor Ethics and Audit Quality

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INTRODUCTION

Based on the above case there was a discrepancy between the first general standard of PSA No.04 (SA Section 210) which states "the audit shall be carried out by one or more persons who have sufficient technical expertise and training as an auditor". then auditors who do not have an accounting education background are doubtful to have sufficient technical expertise and training. Furthermore, the case that still occurs in the city of Medan and is related to auditor ethics based on the Financial Professional Development Center (PPPK) in (Hutapea, 2018) is the sanction of freezing the license of a public accountant by the Secretary General a.n. Minister of Finance where the Public Accountant (AP) Melina Pangaribuan as the head of the Public Accounting Firm (KAP) Dra. Melina Pangaribuan, M.M. located in the city of Medan has been subject to a suspension sanction for 12 (twelve) months because the person concerned has not fully complied with the professional code of ethics in terms of receiving and implementing audit engagements against PT. Jui Shin Indonesia for the 2015 financial year which has been audited by other public accountants, and has not fully complied with the Audit Standards – SPAP, especially regarding the absence of evidence on sales accounts, Cost of Goods Sold, and Tax Payables in the implementation of audits of PT. SPAP's financial statements. Jui Shin Indonesia financial year 2015.

In the matters above, it can be concluded that the competence, motivation, and ethics of auditors, are very influential factors in determining the quality of audits that will be produced in order to realize a good supervisory system and in accordance with what has been mandated in the law.

In this study, the author also found differences in research results or gaps from previous studies, as for previous research that had been conducted by Adwiya syah and Rotinsulu (2018), Tjahyono and Adawiyah. (2019), Pane, Afrizal, et al. (2019) obtained results that competence affects audit quality, while in research conducted by Ningsih, et al (2015) found that competence does not affect audit quality.

LITERATURE REVIEW**Audit Quality**

According to (Rabiatul Adwia Syah et al., 2021) defines audit quality as the possibility that auditors will find and report violations in the accounting system with the knowledge and expertise of auditors. Meanwhile, the reporting of violations depends on the auditor's encouragement to disclose the violations. This impetus will depend on the independence that the auditor has.

Competence

According to Arens (2003) competence is a personal quality that must be possessed by an auditor obtained through a formal auditing and accounting education background, sufficient job training in the profession and will be pursued and always follow continuous professional education. According to (Ardianingsih, 2018) defining the competencies that are often used is carcteristic –the characteristics that underlie the individual in achieving superior performance.

Motivation

According to (Mulyadi, 2014) posits that motivation is a collection of energy forces that come from both inside and outside the individual who initiates attitudes and sets their form, direction, and intensity. Motivation is a potential activity that exists

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within a human being, which can be developed by himself or developed by a number of outside forces.

Auditor Ethics

Auditor ethics is the science of assessing good things and bad things, about moral rights and obligations. In order to improve auditor performance, auditors are required to maintain ethical standards of behavior to produce quality audits" (Kurnia et al., 2014). Auditor ethics can be interpreted as a rule or pedamon that distinguishes between what an auditor can and cannot do. In carrying out an audit an auditor may get enormous pressure from the client, causing the auditor to take actions that are contrary to professional standards and that is unlawful.

METHOD

Operational Definition and Variable Measurement

The variables used in this study are twofold, namely the dependent variable (Y) and the independent variable (X).

Table 1. Definition of Research Operation on Variable

Variable	Definition of Research Operations	Indicators	Measurement Scale
Audit Quality	Audit quality is the implementation of audits carried out in accordance with standards so as to be able to disclose and report if there are violations committed by Rosnidah clients (2010)	(1) Report all client errors (2) find the slightest error/deviation (3) Strong commitment in completing the audit (4) Information System owned by the Client (5) Not simply believing the client's statement	Likert
Competence	A skill and ability in carrying out a job or profession (Agoes, 2013)	(1) Knowledge component (2) Have competence (3) Expertise relating to the object of examination (4) Expertise related to techniques or how to conduct examinations (5) Expertise in conveying the results of the examination of all findings	Likert
Motivation	A potential activity that exists within a human being, which can be developed by oneself or developed by a number of outside forces (Mutmainah, 2006)	(1) Aspiration Level of Assurance of a quality Audit, (2) Toughness, (3) Tenacity and (4) Consistency.	Likert
Auditor Ethics	Ethics comes from the word ethos in Greek which means "character". Broadly speaking, ethics can also be defined as a series of moral principles or values	(1) Responsibility (2) Auditor profession (3) Integrity (4) Objectivity	Likert

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Population and Sample

The population in this study is Public Accountants who work at Public Accounting Firms (KAP) in the Medan City area which are registered in the directory of the 2019 Appraisal Services Accounting Development Center (PPAJP).

Table 2. The Data Public Accountants who work at Public Accounting Firms (KAP) in the Medan City area which are registered in the directory of the 2019

NO	Name of Public Accounting Firm (KAP)	Business License Number	Number of Auditors
1	KAP Drs. Albert Silalahi & Rekan (Cabang)	KEP-1282/ KM.1/2016 (9 November 2016)	10
2	KAP Drs. Biasa Sitepu	KEP-239/ KM.17/1999 (1 April 1999)	4
3	KAP Chatim, Atjeng Sugeng & Rekan (Cabang)	KEP-1271/ KM.1/2011 (14 November 2011)	6
4	KAP Drs. Darwin S. Meliala	KEP-359/ KM.17/1999 (27 September 1999)	5
5	KAP Dorkas Rosmiaty, S.E	KEP-359/ KM.17/1999 (1 April 1999)	2
6	KAP Edward L. Tobing, Madilah Bohori	KEP-110/KM.1/2010 (18 Februari 2010)	3
7	KAP Fachrudin & Mahyuddin	KEP-373/ KM.17/2000 (4 Oktober 2000)	18
8	KAP Drs. Hadiawan	KEP-954/ KM.17/1998 (23 Oktober 1998)	3
9	KAP Hendrawinata Eddy Siddharta & Rekan	KEP-725/KM.1/2017 (21 Juli 2017)	15
10	KAP Joachim Poltak Lian & Rekan (Cabang)	KEP-697/KM.1/2016 (20 Juli 2016)	15
11	KAP Drs. Johan Malonda Mustika & Rekan (Cabang)	KEP-1007/ KM.1/2010 (2 November 2010)	4
12	KAP Johannes Juara & Rekan (Cabang)	KEP-77/KM.1/2018 (2 Februari 2018)	18
13	KAP Kanaka Puradiredja Suhartono (Cabang)	KEP-106/KM.1/2016 (24 Februari 2016)	17
14	KAP Drs. Katio & Rekan	.KEP-259/ KM.17/1999 (21 April 1999)	8
15	KAP Liasta, Nirwan, Syarifuddin & Rekan (Cabang)	KEP-118/KM.1/2017 (21 April 2017)	7
16	KAP Lona Trista	KEP-1250/ KM.1/2017 (6 Desember 2017)	3
17	KAP Dra. Meilina Pangaribuan, MM	KEP-864/KM.1/2018 (15 Desember 2018)	3
18	KAP Sabar Setia	KEP-255/KM.5/2005 (5 Agustus 2005)	3
19	KAP Drs. Selamat Sinuraya & Rekan (Pusat)	KEP-939/ KM.17/1998 (23 Oktober 1998)	5
20	KAP Drs. Syahrin Batubara	KEP-1029/ KM.17/1998 (29 Oktober 1998)	6
21	KAP Drs. Syamsul Bahri, MM, Ak & Rekan	KEP-963/KM.1/2014 (17 Desember 2014)	16
22	KAP Drs. Tarmizi Taher	KEP-013/KM.5/2005 (30 Januari 2005)	4
23	KAP Dr. Wagimin Sendjaja, Ak, CA, CPA	KEP-936/KM.1/2014 (17 Desember 2014)	10
TOTAL			185

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In this study samples were taken using the Slovin formula. In this study, the sample of respondents was 64 respondents. This is because there are limited time, energy and some public accountants who do not receive research questionnaires and there are limits on receiving questionnaires for auditors at KAP. So the sample used in this study is limited, namely a questionnaire that has been returned by the respondent and has been filled out by the respondent.

Data Collection Techniques

The techniques used to collect data in this study are:

1. Documentation Studies. Documentation studies are carried out by collecting data that has been documented by the company in the form of balance sheets, profit and loss, company publications, and other scientific books related to this researcher.
2. Dissemination of questionnaires. That is done by disseminating questions in accordance with the indicators of research variables to research respondents.

Data Analysis Techniques

After the questionnaire sent to the respondent returns, the next step is to analyze the data with the appropriate analysis method to use. By giving and summing the weight of the answers to each question for each variable. This data analysis method uses descriptive statistics, classical assumption testing and hypothesis testing.

DISCUSSION**a. Effect of Competence on Audit Quality at Public Accounting Firms**

The test results obtained a t value for the audit quality variable showing a calculated value = $-4.722 > t_{table} = 1.67$ with a significance value of $= 0.000 < 0.05$ thus meaning that competence has a significant influence on Audit Quality, which means that the hypothesis accepted by the results of this study supports previous research that has been carried out by Adwiya syah and Rotinsulu (2018), Tjahyono and Adawiyah. (2019), Pane, Afrizal, et al. (2019) get the result that competence affects the quality of audits Auditors who have good abilities, attitudes, knowledge and skills will certainly make it easier for them to carry out the audit process, because the implementation of audits based on ability and competence will provide assistance for the implementation of audits.

Based on the results of the data above, competence is defined as personal aspects of a worker that allow him to achieve superior performance. These personal aspects include traits, motives, value systems, attitudes, knowledge, and skills. Competencies will direct behavior, while behavior will produce performance.

b. The Effect of Motivation on Audit Quality

When the Auditor has a strong attitude and willingness to conduct a good audit it will have a positive impact on the results of the audit carried out, the test results obtained a t value for the auditor's ethics variable showing a value of $t = 2.152 > t_{table} = 1.67$ with a significance value of $= 0.036 < 0.05$ which means indicating that Auditor Ethics has a significant influence on Audit Quality, this means the Hypothesis is accepted. The results of this study support the research conducted by (Tjahjono & Adawiyah, 2019) and (Gaffar, 2019) stating that Motivation affects the quality of audits.

Based on the results of the data above, Motivation logically means using our deepest heart to move and lead someone towards the goal, helping us to take the initiative and act very effectively as well as being careful in making decisions and to survive failure and frustration. The most powerful motivation is the motivation that comes from within a person,

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Work motivation, is something that initiates movement, something that makes people act or behave in certain ways.

c. Effect of Auditor Ethics on Audit Quality in Public Accounting Firms

The test results obtained a t value for the variable Motivation showing a value of $t = 2.978 > t_{table} = 1.67$ with a significance value of $= 0.033 < 0.05$ which means that Motivation has a significant influence on Audit Quality. this means the Hypothesis is accepted. These results support the research conducted by (Syahfitri et al., 2019) stating that auditor ethics affect the quality of audits.

Based on the results of the data above, Auditor Ethics is peripally related to the question of how people will behave towards others. According to the Big Dictionary Indonesian ethics means the value of right and wrong that a class or society adheres to. defines ethics as a set of rules or norms or guidelines that regulate human behavior both to be carried out and to be abandoned that is embraced by a group or class of human beings or society or professions. auditors must comply with the established Code of Conduct. The implementation of the audit must refer to the Audit Standards and Code of Ethics which are an integral part of the standards.

d. Effect of Competence, Auditor Ethics and Motivation on Audit Quality in Public Accounting Offices

The results of the data processing above individually influenced the Competence, Motivation, and Ethics of Auditors on the quality of audits at Public Accounting Firms (KAP) in medan cities, it can be seen that the value of $F_{hitung} = 40.651 >$ from $F_{table} = 2.77$ (see table F for $N = 55$) with a probability value of $0.000 < 0.05$. This means that Competence, Auditor Ethics and Motivation together have a significant effect on Audit Quality, so the decision is Hypothesis Accepted Jointly Competence, Auditor Ethics and Motivation, affect the quality of the audit.

Based on the results of research obtained from simultaneous test results, it is known that the variables of Auditor Ethics, Auditor Experience, Audit Fee and Auditor Motivation have a significant influence on Audit Quality. The higher the variables of Auditor Ethics, Auditor Experience, Audit Fee and Auditor Motivation, the higher the Audit Quality that will be produced.

Thus, it can be concluded that if a person has good ethics and good experience and with good independence, it greatly affects the quality of the audit produced. The results of this study are in line with the research of Rahayu, T. & Suryono, B. (2016) which states that auditor ethics, auditor experience, and auditor independence simultaneously affect audit quality.

An auditor must be able to combine and synergize the courage in himself and the motivation he has, thus the two when able to synergize optimally will make life more meaningful so that the auditor will get analytical calculations and consider negative positive consequences, on material or emotional aspects that will affect the quality of the audit in his work.

CONCLUSION

Based on the results of analysis and hypothesis testing in this study, it can be concluded that Competence, Auditor Ethics, and Motivation have a significant effect on the Quality of Audit at the Public Accounting Office (KAP) in Medan City.

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SUGGESTION

There are several suggestions that can be put forward and given by researchers including:

1. Further research should further multiply respondents and expand the survey area not only in one area, so that the research results can be generalized.
2. Researchers should then add independent variables or moderating variables to find out other variables that can affect and strengthen or weaken dependent variables such as competency variables, job satisfaction, auditor ethics and so on.
3. Researchers are then advised to conduct surveys with other methods, for example by direct interviews so that supervision of respondents' answers can be carried out.

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