

**THE INFLUENCE OF PROFESSIONAL ETHICS AND
ACCOUNTANT EXPERIENCE ON AUDITOR
MATERIALITY****Gita Aulia Fasya^{1*}, Lusi Elviani², Aldha Pradina³, Tri Widyana Anggraini⁴, Anisah
Zuhra Hasibuan⁵, Imam Maulana Iqbal⁶**^{1,2,3,4,5,6}Islamic University of North Sumatra***Email:** gitaauliafasya320@gmail.com**ABSTRACT**

The aim of this research is to determine the influence of professional ethics and accountant experience on the level of auditor materiality. This research uses a qualitative descriptive method using relevant data from a literacy survey to investigate the influence of professional ethics and accounting experience on auditor materiality. Data taken from journals published on Google Scholar. The research results show that professional ethics has a significant influence on the importance of auditors, because the higher the auditor's professional ethics, the better the degree of auditor's importance can be assessed. This research also shows that the accountant's experience has a significant influence on the importance of the auditor. The more experience an auditor has, the more appropriate his opinions and responses will be to the information contained in the financial statements.

Keywords: Accountant Experience, Auditor Materiality, Professional Ethics.**INTRODUCTION**

Code Indonesian Accountant Ethics are guidelines and regulations that regulate the professional ethics of Indonesian auditors so that they can carry out their professional duties in the workplace (Ramadhea Jr 2022). Knowledge of ethics makes you more sensitive to ethical issues and more ethically engaged (Fitriyanti and Suprihandari 2022). The entire Indonesian accounting profession is obliged to comply with all basic principles and rules of professional ethics as regulated in the Code of Ethics for the Accounting Profession (KEPAP), especially the principle of integrity, the principle of objectivity, and the principle of There is an obligation to do so, whether you want it or not. Applied. Professional Competence and Care, Principles of Confidentiality, and Principles of Professional Conduct (Muria and Alim 2021). The increasing need for professional services for auditors as independent parties requires accounting professionals to improve their performance and develop reliable audit products for parties who require audits. To audit financial reports more professionally, auditors must have adequate audit knowledge (Rahmawati and Hanun 2015). In addition, auditors need to be backed by their audit expertise, knowledgeable about identifying audit errors, and well-versed in the professional code of ethics. In addition to serving other parties with an interest in audited financial reports, a public accountant's duties also include working for his clients' interests. Public accountants are also expected to possess the necessary qualifications (Madali 2016). The Indonesian Institute of Public Accountants' Code of Professional Ethics must be followed by auditors when they perform their auditing

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duties. This is meant to stop accountants from competing with one another, which encourages dishonest behavior. It is intended that by upholding professional ethics, an auditor will be able to offer an opinion that is consistent with the company's financial records (Kusumawaty, Susilawati, and Halim n.d.). The increasing need for professional services for auditors as independent parties requires accounting professionals to improve their performance and develop reliable audit products for parties who require audits. To audit financial reports more professionally, auditors must have adequate audit knowledge and an understanding of professional ethics (Sunadi 2022). Since accountants' primary role is to give information for business decision-making through business behavior, the accounting profession would not exist without ethics. Every profession that offers services to the community and serves as a source of trust for the larger community is required to uphold and fulfill a code of ethics (Yanti 2016). An interesting phenomenon in this audit case is that KAP Purwantno, Suharman & Surja, a partner of KAP Ernst & Youngs (EY) Indonesia, paid a fine of \$1 million (around Rs. 13.3 billion) to the US regulator. Two EY auditors involved in the 2011 audit were found guilty and sanctioned for failing to audit their client's financial statements (Ansari and Nugrahanti 2021). Another incident was a scandal that spread the crimes of an accountant and a doctor. Hans Burhanuddin Makarao was sentenced to three months in prison as part of a public investigation into PT financial complaints for not relying on audit standards (CPA professional standards). PT. Samcon is approaching Primbon Day in 2008 where there seems to be great potential for reviewing complaints. Every auditor is expected not only to act as a professional academic, but also to comply with the professional ethics set by the Indonesian Accountants Association (IAI) in order to avoid unfavorable conflict situations. There must also be sufficient ebb and flow to support the audit complaint statement. Auditors who experience strange ups and downs may have some strange aspects. Considering and responding to the facts used in conducting research, and providing central verification of the research object in the form of an opinion (Mustikawati 2012).

One of the services that can be provided by corporate elements is to influence the third (independent) element, namely the auditor, before analyzing the company's financial reports. One of the things that auditors must pay attention to in their role as company auditors is considering the materiality contained in the financial statements. The auditor's consideration of materiality conditions provides specific information, which is influenced by the recognition of the need for someone who has adequate knowledge and confidence in the financial statements (Ardianingsih and Ilmiani 2019). The auditor's assessment of the reasonableness of the financial statements affects how they handle materiality, which is governed by professional standards. Depending on the size of the financial report, the level of materiality will vary. Aside from that, two factors determine the degree of materiality: situational and conditional factors (Reis, Mahaputra, and Sunarwijaya 2019). Materiality therefore has an impact on every auditing area of the financial statement audit. If an account of a financial statement contains misstatements that could influence the decisions made by those who use the financial statements, it is deemed a material concern (Prasetyo and Trisnawati 2018). Depending on the size of the financial report, the level of materiality will vary. In actuality, situational factors influence how substantial financial statement misstatements are judged to be by auditors (Ariska, Sunarsih, and Yuliastuti 2020). The degree of accounting information that, in the event of an omission or misstatement, is likely

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to alter or have an impact on the decision of the person who relies on the information is known as materiality. In financial reports, materiality is crucial because it affects the audit's final conclusions, which are typically used to inform decisions made for external parties. As such, it is necessary to conduct audits with extreme caution. Because a given amount of misrepresentation may be material for a small entity but not material for a large entity, consideration of this level of materiality is relative. Consequently, depending on the size of the financial report, different factors will be taken into account when determining its level of materiality (Putri, Suci, and Putri 2023). There are three criteria used to assess materiality. The amount can be considered immaterial, material, or extremely material or ubiquitous. Failure to do an audit in a professional manner is possible. Therefore, in order for the findings of materiality audits to benefit both the company and readers of financial reports, auditors must possess a high level of technical expertise (Polindo and Munandar 2022). Auditors check the accuracy of the financial reports prepared by a company. This audited financial report is the basis for decision making by various parties involved in the company, including Bapepam, investors, banks, creditors, government, employees and company management itself. Information produced by auditors is useful if it can be evaluated by auditors. Control the quality of your audits, act professionally and provide the best service to your customers (Febriana 2016).

METHOD

The research method used is a qualitative descriptive method using relevant data from a literacy survey to explore the influence of professional ethics and accounting experience on auditor materiality. Data taken from journals published on Google Scholar. The author uses an analytical method by reviewing various previous journals.

RESULTS

The Influence of Professional Ethics on Auditor Materiality

Based on the results of research conducted (Herawaty and Susanto 2019) We show that professional ethics have a positive impact on materiality level considerations because the more strictly auditors adhere to the code of ethics, the more relevant the materiality level considerations are. This research is consistent with (Aryani and Anggraeni 2018) shows that there is an influence between professional ethics and consideration of the level of interest (Khotiyah, Jonathan, and Lau 2022) And This is also supported by a statement which states that professional ethics has a positive effect on considering the level of materiality for auditors.

The Influence of Accountant Experience on Auditor Materiality

From the test results in the research (Sofia and Damayanti 2017) states that the auditor's experience has a significant influence in determining the level of materiality. This is supported by research (Agustianto 2013) which shows that the auditor's experience has a significant influence on the consideration of materiality levels. This statement is not in accordance with the research results (Simanjuntak and Lumbantoruan 2016) In this case, the materiality assessment is not based on the auditor's experience: Example: length of service, number of cases processed per year, number of types of companies processed per year, etc.

DISCUSSION**The Influence of Professional Ethics on Auditor Materiality**

Auditors must adhere to the professional ethics of the Indonesian Audit Institute in carrying out their duties. This is intended to prevent competition between accountants which could lead to fraud. Auditors are expected to apply professional ethics and provide opinions that are consistent with the financial reports issued by the company. The higher the auditor's professional ethics, the better the level of materiality considered (Minanda and Muid 2013).

The Influence of Accountant Experience on Auditor Materiality

Apart from knowledge, experience is also an important factor in the exam. Auditors with different experiences have different ways of considering and responding to information received during the audit and different ways of expressing audit conclusions in the form of opinions on the subject of the audit. The more experienced the auditor, the more appropriate the level of materiality in the company's financial statements. Additionally, auditors have more experience because they do a lot of work in various industries and review a lot of financial reports (Juniati and Triani 2013).

CONCLUSION

Based on the results of previous studies, it can be concluded that professional ethics influences the importance of auditors, because the higher the auditor's professional ethics, the better the level of importance that can be assessed. Apart from that, the accountant's experience also influences the importance of the auditor. The more experience an auditor has, the better his opinions and reactions will be to the information contained in the financial statements. However, several previous studies disagree with this statement and suggest the following considerations: Years of work, number of cases handled per year, and number of cases are not influenced by experience. On this topic, consider the types of companies where auditors work throughout the year.

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