

Audit Quality: The Impact of Auditor Competence, Independence, and Professionalism with Evidence Competence as Mediator

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ABSTRACT

One of the problems that still occur in Indonesia today is the This study aims to determine the effect of competence, independence, and auditor professionalism on audit quality with competence evidence as an intervening variable. The population in this study were auditors who worked at the Public Accounting Firm in Pekanbaru. The number of samples in this study were 77 auditors. The sampling technique used is non-probability sampling, namely purposive sampling. Data collection was carried out by distributing questionnaires. Data analysis used is SEM (Structural Equation Modeling). The results showed that: (1) Auditor competence has no effect on audit quality, (2) Auditor competence has no effect on evidence competence, (3) Independence has no effect on audit quality, (4) Independence has no effect on evidence competence, (5) professionalism affects audit quality, (6) professionalism affects evidence competence, (7) Evidence competence affects audit quality, (8) Auditor competence has no effect on audit quality through evidence competence, (9) Auditor independence has no effect on audit quality through evidence competence, (10) Auditor professionalism has no effect on audit quality through evidence competence For the R^2 value shows the contribution of all exogenous variables in explaining the endogenous variables by 88%, the remaining 12% is explained by other variables. For the contribution of all exogenous variables in explaining the intervening variable of 76.7%, the remaining 23.3% is explained by other variables.

INTRODUCTION

The economic development of the business industry in the era of globalization is very rapid, this situation has led to increasingly complex financial statement transactions. Companies try to defend themselves from business competition, one way is through financial reports. Financial statements are a summary of a process of recording financial transactions that occur during the reporting period and are made to account for the duties assigned to them by the company owner. Financial reports prepared by the company's internal accountants must be re-examined by external auditors because there are differences in interests or desires between company management and users of financial statements (investors, creditors, debtors). According to the Financial Accounting Standard Board, the two most important characteristics that must exist in financial statements are relevance and reliability. Based on this, the company needs the services of a third party that can be trusted by the company, namely a public accountant. According to Law No.5 of 2011 concerning Public Accountants, states that a Public Accountant is someone who has obtained a license to provide services as regulated in this



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law. Public Accounting Firm (KAP) is a business entity established based on the provisions of laws and regulations and obtaining a business license based on this law. In carrying out his profession, an auditor must produce a quality audit.

Audit quality is an inspection process carried out periodically by internal or external auditors to assess quality (Artefak and Djamil., 2024). Measuring audit quality requires a combination of outcome and process measures. Lately, there are several topics that are often discussed, namely PT Asuransi Jiwasrya, a state-owned insurance company (BUMN) that has been operating since 1859. In 2018, it was revealed that the company was experiencing liquidity problems and failed to pay matured policies worth Rp 12.157 trillion. Jiwasraya engaged in high-risk investments by buying fried stocks and inadequate mutual funds, often involving collusion with investment managers. Several high-ranking Jiwasraya officials, including the president director and finance director, are suspected in manipulating financial statements and illegal investments (Source: CNBC Indonesia, 2020). And there is also the case of the Bengkalis Regency National Amil Zakat Agency (BAZNAS), which is the institution responsible for managing zakat, infaq, and sadaqah in the Bengkalis Regency area. BAZNAS's financial statements are regularly audited to ensure transparency and accountability in the management of zakat funds. In 2023, BAZNAS Bengkalis Regency managed to get a Reasonable With Exception (WDP) opinion from an independent auditor. WDP opinion is this opinion indicates that the financial statements are generally and fairly presented, but there are some aspects that are excluded or not fully in accordance with accounting standards. The auditor found several problems or deficiencies in the financial statements of BAZNAS Bengkalis Regency. Exceptions may be caused by inaccuracies in recording transactions, lack of supporting documentation for some transactions, and inadequate internal control procedures. And there is also a phenomenon in Pekanbaru, namely IAPI reporting four companies suspected of falsifying independent auditor reports. IAPI legal counsel Iko Kamal said there were four companies reported, namely three companies from Riau. PT KRA, PT RN, PT MJA, and PT KBT from Jambi. These four companies falsified financial reports when they got projects in West Sumatra (Source: [ojk.go.id](#), 2023).

From this phenomenon, it is found that *kokalikong* or cooperation carried out by four companies, namely falsification of financial statements and approved by the four companies. So that the audit judgment decision given is not in accordance with applicable standards. The decisions made are only for the benefit of the companies involved which look fine but in fact are not fine. This study refers to the effect of auditor competence, independence, and professionalism on audit quality with evidence competence as an intervening variable in an empirical study of the Public Accounting Firm in Pekanbaru.

LITERATURE REVIEW

A. Attribution Theory

According to Friz Heider (1958) in (Ramadhanty, 2020) first proposed attribution theory, attribution theory is a theory that explains a person's behavior. Dispositional attributions or internal causes relate to individual behavioral characteristics that are within them, such as their personality, self-perception, aptitude, and motivation. Situational attributions, also known as external causes, refer to factors outside of an individual's control, such as social context, cultural norms, and group perspectives. According to Harold Kelley in (Fajar, 2020) emphasizes that attribution theory relates to the cognitive process by which individuals interpret behavior in relation to certain parts of the relevant environment.

B. Audit Quality

According to (Indriyani et al., 2023) Audit quality is the result of the auditor's work in evaluating the fairness of the client's financial statements and reporting it. (Sigolgi and Djamil., 2024) audit quality must be related to the work of auditors, this is because audit quality is measured by the quality of an auditor's work. Audit quality is not just reviewing financial transactions, but also effective communication between relevant organizations. In contrast, in the public sector, especially for government agencies, the idea of audit quality allows that an auditor can see and report irregularities that arise in a government agency (both central and local).

C. Competence of Audit Evidence

In formulating their opinion, auditors must consider the relevance of audit evidence, regardless of whether the audit evidence supports or contradicts the assertions in the financial statements. The competence of audit evidence depends on several factors, namely the relevance of the evidence, the source of the evidence information, timeliness and objectivity.



D. Audit Competence

Competence according to (Andriani et al., 2021) is expertise or competence is someone who has extensive knowledge and procedural skills demonstrated in audit experience. Auditor competence is described in two ways, namely knowledge and experience. According to research (Tina, 2023) auditors with sufficient and explicit knowledge and experience can conduct audits objectively, carefully and thoroughly. Incompetent auditors tend to depend on others in completing their duties because they are limited by their knowledge. Competent people are those who can perform their duties successfully.

E. Auditor Independence

Carey in Mautz (1961) in (Harddian, 2022) defines the independence of public accountants in terms of integrity and its relationship to the public accountant's opinion on financial statements. The characteristics described include: (1) Confidence in oneself found in some professional individuals. (2) Independence is an important term that has special meaning in relation to the opinions given by public accountants on financial statements. Independent auditors have a rule that they are not allowed to carry out audit operations on an entity that has unresolved problems. Auditors strongly maintain the trust that has been given to them and maintain an independent attitude in carrying out their duties. One of the moral principles that is highly upheld by an auditor is independence. According to the view (Sa'adah & Challen, 2022) there are three types of independence for a public accountant including:

1. Independent in apperance (independence in organizational structure): Independent from parties outside the company is the public accountant.
2. Independent in fact (independence in carrying out tasks): A public accountant must be neutral when carrying out his obligations in providing professional services and comply with the code of ethics.
3. Independent in mind: public accountants must be independent in mind when getting audit findings that indicate violations or corruption that require audit judgment.

F. Auditor Professionalism

(Husada, 2023) professionalism is the responsibility to behave more than just the responsibilities given to auditors and more than to follow the rules of law (written) and community regulations (unwritten). Auditor professionalism is the responsibility to act more than just fulfilling one's own responsibilities and the provisions of laws and community regulations, public accountants as professionals recognize the responsibility to society, clients and fellow practitioners including honorable behavior even if it means self-sacrifice (Sangadah, 2022).

G. Conceptual Framework

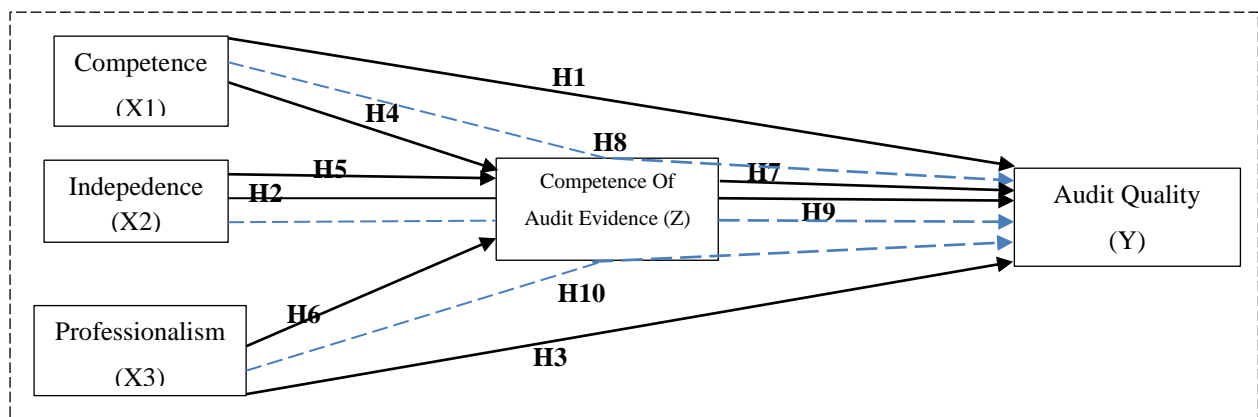


Figure 1. Conceptual Framework
Source: Research Collection (2024)

METHODS

1. Type and Source of Data Collection

This research uses quantitative methods with an associative approach. This research was conducted at the Public Accounting Firm (KAP) in Pekanbaru. The data source used in this research is primary data using a questionnaire or questionnaire method.

2. Population and Sample

The population in this study were auditors who were at the Public Accounting Firm (KAP) in Pekanbaru. Nonprobability sampling technique with purposive sampling technique. The number of samples in this study were 77 respondents.

3. Data Analysis Method

This study uses the data analysis technique of the Structural Equating Modeling (SEM) test with the alternative Partial Least Square (PLS) approach. As for the SEM (Structural Equating Modeling) analysis technique, there are three activities simultaneously and simultaneously, such as checking the validity and reliability of the instrument, testing the relationship model between variables, structural models and regression analysis. The application used to analyze data in this study is SmartPLS 4.

RESULTS AND DISCUSSION

1. Variable Description

Table 1. Variable Description

Variable	Indicator	Standard	Outer loading	Description
Auditor Competence (X1)	X1.1	0.70	0.708	Valid
	X1.2	0.70	0.725	Valid
	X1.3	0.70	0.700	Valid
	X1.4	0.70	0.719	Valid
	X1.5	0.70	0.779	Valid
	X1.6	0.70	0.769	Valid
	X1.7	0.70	0.813	Valid
	X1.8	0.70	0.703	Valid
Auditor Independence (X2)	X2.1	0.70	0.718	Valid
	X2.2	0.70	0.706	Valid
	X2.3	0.70	0.771	Valid
	X2.4	0.70	0.807	Valid
	X2.5	0.70	0.808	Valid
	X2.6	0.70	0.822	Valid
Auditor Professionalism (X3)	X3.1	0.70	0.723	Valid
	X3.2	0.70	0.746	Valid
	X3.3	0.70	0.719	Valid
	X3.4	0.70	0.752	Valid
	X3.5	0.70	0.801	Valid
	X3.6	0.70	0.768	Valid
	X3.7	0.70	0.808	Valid
	X3.8	0.70	0.768	Valid
	X3.9	0.70	0.835	Valid
	X3.10	0.70	0.763	Valid
Audit Quality (Y)	Y1	0.70	0.816	Valid
	Y2	0.70	0.761	Valid
	Y3	0.70	0.831	Valid
	Y4	0.70	0.837	Valid



Competence of Evidence (Z)	Y5	0.70	0.804	Valid
	Y6	0.70	0.861	Valid
	Z1	0.70	0.763	Valid
	Z2	0.70	0.877	Valid
	Z3	0.70	0.833	Valid
	Z4	0.70	0.778	Valid
	Z5	0.70	0.799	Valid

Source: Research Data, 2024

2. Discriminat Validity

Table 2. Discriminat Validity

Variable	Auditor Competence	Auditor Independence	Auditor Professionalism	Audit Quality	Competence of Evidence
X1.1	0.708	0.564	0.604	0.615	0.494
X1.2	0.725	0.608	0.739	0.685	0.610
X1.3	0.700	0.473	0.524	0.465	0.479
X1.4	0.719	0.542	0.604	0.587	0.557
X1.5	0.779	0.605	0.714	0.651	0.734
X1.6	0.769	0.588	0.640	0.574	0.536
X1.7	0.813	0.628	0.692	0.627	0.625
X1.8	0.703	0.505	0.603	0.558	0.561
X2.1	0.582	0.718	0.623	0.563	0.608
X2.2	0.503	0.706	0.625	0.546	0.532
X2.3	0.634	0.771	0.719	0.673	0.634
X2.4	0.609	0.807	0.733	0.718	0.606
X2.5	0.649	0.808	0.711	0.725	0.626
X2.6	0.570	0.822	0.688	0.677	0.607
X3.1	0.699	0.633	0.723	0.673	0.636
X3.2	0.688	0.681	0.719	0.628	0.740
X3.3	0.625	0.723	0.752	0.738	0.588
X3.4	0.690	0.709	0.801	0.735	0.692
X3.5	0.641	0.724	0.768	0.702	0.611
X3.6	0.725	0.725	0.808	0.781	0.653
X3.7	0.629	0.673	0.768	0.760	0.672
X3.8	0.704	0.700	0.835	0.763	0.727
X3.9	0.691	0.637	0.763	0.700	0.675
X3.10	0.613	0.605	0.746	0.670	0.725
Y1	0.625	0.692	0.757	0.816	0.672
Y2	0.627	0.653	0.718	0.761	0.668
Y3	0.682	0.734	0.752	0.831	0.711

Y4	0.714	0.732	0.765	0.837	0.707
Y5	0.634	0.635	0.763	0.804	0.733
Y6	0.699	0.707	0.812	0.861	0.769
Z1	0.588	0.715	0.753	0.773	0.763
Z2	0.686	0.659	0.770	0.751	0.877
Z3	0.624	0.599	0.668	0.673	0.833
Z4	0.618	0.587	0.649	0.622	0.778
Z5	0.663	0.585	0.689	0.682	0.799

Source: Research Data, 2024

3. Reliability and Average Variance Extracted

Table 3. Composite Reliability and Average Variance Extracted

Variable	Composite Reliability	Average Variance Extracted
Auditor Competence	0.886	0.548
Auditor Independence	0.869	0.598
Auditor Professionalism	0.924	0.592
Audit Quality	0.903	0.671
Competence of Evidence	0.872	0.658

Source: Research Data, 2024

4. Normality Test

**Table 4. Normality Test
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		77
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.43230982
Most Extreme Differences	Absolute	.074
	Positive	.065
	Negative	-.074
Test Statistic		.074
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Research Data, 2024

5. Multicollinearity Test

Table 5. Collinearity Statistics

Construct	VIF
Auditor Competence (X1) > Audit Quality (Y)	4.200
Auditor Competence (X1) > Evidence Competence (Z)	4.162
Auditor Independence (X2) > Audit Quality (Y)	4.625
Auditor Independence (X2) > Competency Evidence (Z)	4.622
Auditor Professionalism (X3) > Audit Quality (Y)	10.465
Auditor Professionalism (X3) > Competency Evidence (Z)	7.930
Competence Evidence (Z) > Audit Quality (Y)	4.293

Source: Research Data, 2024

6. Heteroscedastisity Test

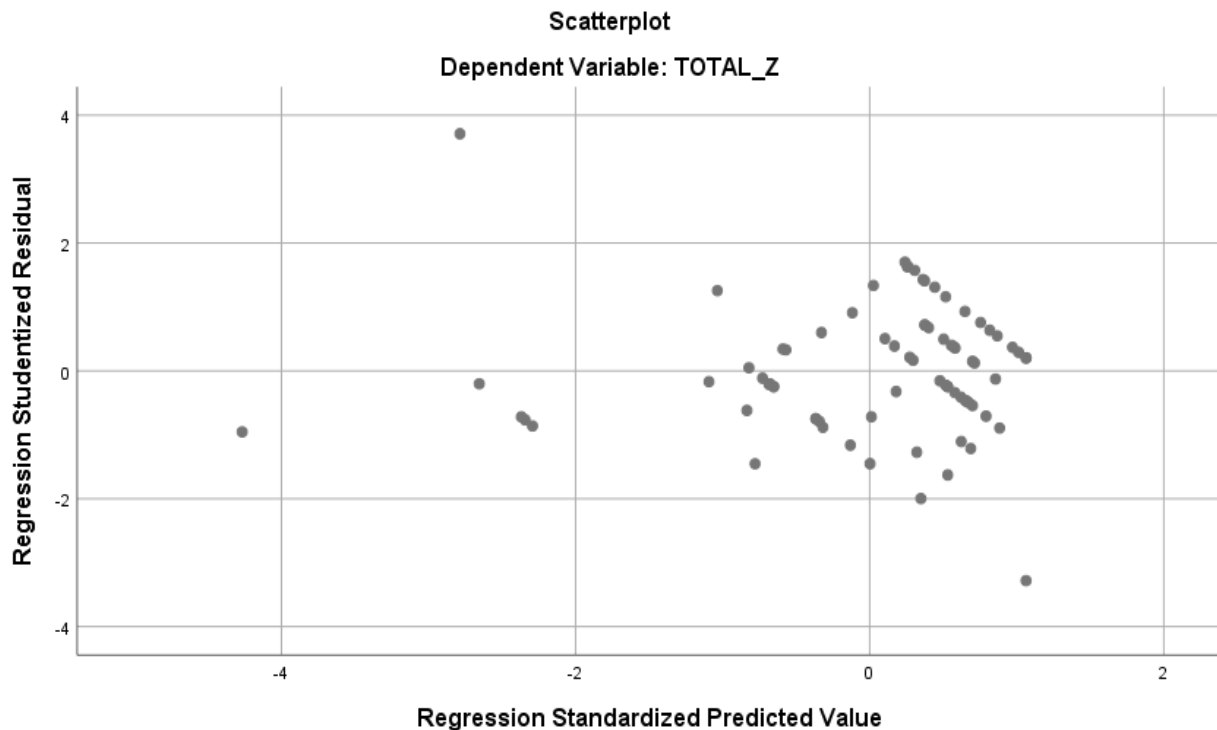


Figure 2. Hetercedastisity Test

Source: Research Data, 2024

7. Testing the Structural Model (Inner Model)

The structural model was evaluated using the percentage of variance explained using R^2 for the dependent latent constructs using the Stone-Geisser Q Square test measures and looking at the structural path coefficients as well. The stability of the estimates was tested with t-statistics using a bootstrapping procedure.

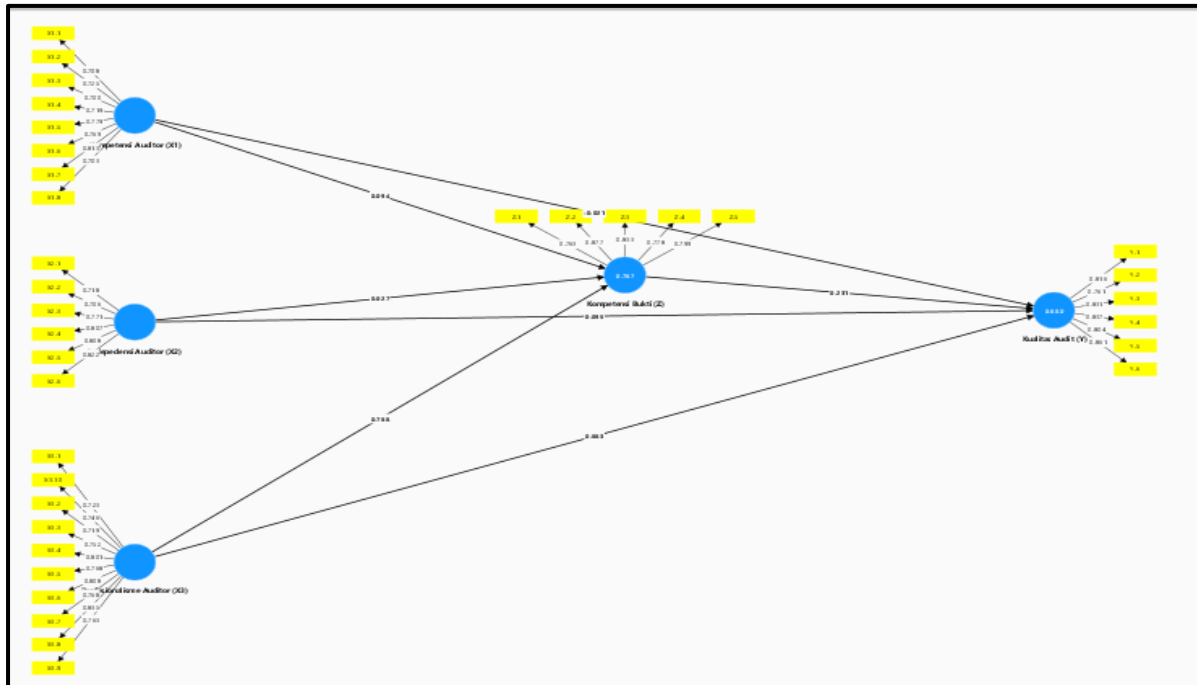


Figure 3. Structural Model

Source: Research Data, 2024

Table 6. Nilai R-Square

No	Variabel	R-Square
1	Kompetensi Bukti	0.767
2	Kualitas Audit	0.880

Source: Research Data, 2024

8. Hypothesis Testing of Direct Effect

Tabel 7. Result For Inner Weights

Konstrik	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistic (O/STDEV)	P Values
Auditor Competence (X1) -> Audit Quality (Y)	0.000	0.012	0.111	0.003	0.998
Auditor Competence (X1) -> Evidence Competency (Z)	0.094	0.101	0.128	0.733	0.464
Auditor Independence (X2) -> Audit Quality (Y)	0.101	0.106	0.098	1.033	0.302
Auditor Independence (X2) -> Evidence Competency (Z)	0.027	0.028	0.106	0.255	0.798
Auditor Professionalism (X3) -> Audit Quality (Y)	0.841	0.822	0.113	7.450	0.000
Auditor Professionalism (X3) -> Evidence Competency (Z)	0.768	0.758	0.143	5.358	0.000
Competence Evidence (Z) -> Audit Quality (Y)	0.231	0.247	0.115	2.003	0.045

Source: Research Data, 2024



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9. Hypothesis Testing of Indirect Influence

Tabel 8. Result For Sobel Test

Konstruk	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistic (O/STDEV)	P Values
Auditor Competence (X1) > Evidence Competence (Z) > Audit Quality (Y)	0.022	0.022	0.034	0.638	0.524
Auditor independence (X2) > Competence Evidence (Z) > Audit quality (Y)	0.005	0.009	0.031	0.205	0.838
Auditor Professionalism (X3) > Competency Evidence (Z) > Audit Quality (Y)	0.178	0.188	0.098	1.812	0.070

Source: Research Data, 2024

CONCLUSION

1. H1: Auditor competence affects audit quality is rejected. Based on attribution theory, explaining behavior can determine factors within a person, namely whether auditors tend to see ability as something that comes from internal or external factors, stable or changing, and from individual control or not. The results of the study reflect the view that audit quality is more influenced by external factors and systems than individual auditor competence.
2. H2: Auditor competence affects the competence of evidence is rejected. Based on attribution theory, auditor competence directly affects audit quality and audit interpretation. Competence is a determining factor in how well audit evidence is collected and analyzed. Without sufficient competence, the quality of evidence and audit results can be negatively affected.
3. H3: Auditor independence affects audit quality is rejected. Based on attribution theory, it provides insight into how a person explains the behavior and results that affect audit quality. Auditor independence is a critical aspect that directly affects audit quality. Without independence, audit quality may decline due to the risk of bias, conflicts of interest, and unobjective judgment.
4. H4: Auditor independence affects the competence of evidence is rejected. Based on attribution theory, it includes how auditors explain audit results and their assessment of evidence. Auditor independence affects more how evidence is analyzed and used in the audit process, not the competence of the evidence itself. Independence does not change the competence of evidence directly, but ensures that the competence of evidence is evaluated appropriately and fairly.
5. H5: Auditor professionalism affects audit quality is accepted. Based on attribution theory Based on attribution theory, professionalism is a factor in the auditor that can have an influence on giving responses or judgments. Auditor professionalism helps ensure that attribution of audit results is carried out objectively and accurately. Attribution theory helps explain how the auditor's attitude and explanation of the audit results can affect the perception and results of the audit.
6. H6: Auditor professionalism affects the competence of evidence is accepted. Based on attribution theory, auditor professionalism plays an important role in determining the competence of evidence by ensuring that the process of collecting, evaluating and documenting evidence is carried out according to high professional standards.
7. H7: Evidence competence affects audit quality is accepted. Based on attribution theory, auditor competence is considered a determining factor affecting audit quality directly with their abilities without involving the role or support of evidence competence to support good audit decisions as a mediator of auditor competence and audit quality.

8. H8: Evidence competency mediates auditor competence on audit quality is rejected. Based on the attribution theory of important evidence competence, auditor competence as a determining factor affects audit quality directly with their abilities without involving the role or support of evidence competence to support good audit decisions as a mediator of auditor competence and audit quality.
9. H9: Evidence competence mediates auditor independence on audit quality is rejected. Based on attribution theory, auditor independence plays a crucial role in determining audit quality by ensuring that audits are conducted objectively, while evidence competence supports the decision but does not mediate the relationship.
10. H10: Kompetensi bukti memediasi profesionalisme auditor terhadap kualitas audit ditolak. Berdasarkan teori atribusi profesionalisme auditor mempengaruhi kualitas audit secara langsung dengan memastikan bahwa audit dilakukan dengan standar yang tinggi dan integritas yang kuat. Kompetensi bukti berfungsi sebagai pendukung keputusan auditor tetapi tidak memediasi hubungan antara profesionalisme auditor dan kualitas audit.

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