THE ROLE OF AUDITOR COMPETENCY AND INDEPENDENCY ON AUDIT QUALITY: A CASE STUDY ON CPA FIRM IN JAKARTA

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Abstract

Public accountants are independent auditors who provide services to the public, especially in the field of audits of financial statements made by their clients. The task of Certified Public Accountants (CPA) is to examine and provide fairness opinion on the financial statements of a business entity based on the standards set by the Ikatan Akuntan Publik Indonesia (IAI). The population in this study are auditors who work for Certified Public Accountants (CPAs) in Jakarta. Samples are taken using purposive sampling technique as many as 120 auditors. The independent variables in this study are competency and independency, while the dependent variable is audit quality. Data collection method is done using a questionnaire. The conclusion of this study is that auditor competency and independency affect audit quality significantly.

Keywords: *competency, independency, audit quality*

INTRODUCTION

Public accounting profession is a profession that is trusted by the public to support professionalism as a public accountant. To carry out audit tasks, auditors must be guided by auditing standards set by the Institut Akuntan Publik Indonesia (IAPI), general standards, field work standards and reporting standards. General standards are a reflection of the personal qualities that an auditor must possess. General standards required for auditors are to have adequate technical expertise and training in conducting audit procedures. Field work standards and reporting standards regulate the auditor in terms of data collection and other activities carried out during the audit. These standards also require auditors to audit all financial statements (Elfarini, 2007).

Audit quality is determined by two factors. They are competency and independency. Auditors in implementing audit assignments should act as experts in accounting and auditing. Achieving skills or competencies begins with formal education, and others through audit experience and practice (SPAP, 2001: section 210). Auditors have to do technical trainings including technical aspects and general education (Christiawan (2002: 83)).

Auditors must be independent. Being an independent auditor means carrying out obligations and must be honest not only to the management and owners of the company, but also to creditors and other parties who trust the audit financial statements. Factors affecting independency are long relationships with clients (audit tenure), pressure from clients, auditors examine peer (peer review) and non-audit services.

Christiawan (2002: 84) states that competency is related to adequate education and experience possessed by public accountants in accounting and auditing. Expertise begins with formal education which is further expanded

https://doi.org/10.35760/eb.2018.v23i1.1811

with work experience to audit practice. In addition, public accountants must have adequate technical expertise that covers technical aspects and general education. Junior accountants in audit engagements must receive adequate work supervision and review from more experienced auditors or senior auditors. Public accountants must follow the development of the business world and be professional by learning and understanding new provisions that will apply to audit engagements so that audit quality can be maintained.

LITERATURE REVIEW

Auditing Standards

Auditing is a systematic and critical process conducted by an independent party to gather and evaluate evidence objectively the information which aims to establish and report the level of correspondence between the criteria for information specified, and present the results to interest users (Arens, Elder, Beasley & Jusuf, 2009:4).

Auditing standards with respect to audit size and quality are associated with objectives to be achieved. Auditing standards are guidelines for auditors to carry out professional responsibilities. These standards cover the quality of auditors' professional judgment, such as expertise and independency, reporting requirements, and material evidence. Audit standards consist of ten standards which are grouped into three major groups, namely general standards, field work standards, and reporting standards (IAI, 2001:150.1).

Auditing standards must be applied by auditors to perform professional obligations. Auditing standards are criteria for maintaining audit quality. Audits have good quality when auditors have carried out professional standards that have been set.

Table 1.
Auditing Standards

General standards	Field Work Standards	Reporting Standards
1. Audits must be carried out by one or more persons who have adequate technical expertise and training as auditors.	1. Work must be planned properly. If services of an assistant are used, there should be good supervision.	1. The auditor's report must state that the financial statements have been arranged in accordance with accounting principles generally accepted in Indonesia
2. Audits relating to all commitments, independency in mental attitude must be maintained by the auditor.	2. An adequate understanding of internal control must be obtained to plan the audit and determine the nature, time and level of testing to be carried out.	2. The auditor's report shows if there are inconsistencies in the application of accounting reports. The arrangement of current period financial statements is compared to the application of these principles in the previous period.

3. In auditing the implementation and preparation of reports, the auditor must use professional skills carefully and thoroughly.	3. Competent audit evidence is obtained through inspection, observation, questions, and confirmation as a reasonable basis for opinions about financial statements.	3. Informative disclosures in financial statements must be considered adequate unless stated in the auditor's report.
		4. The auditor's report must include a statement or opinion about the financial statements as a whole or an assertion that that the statement cannot be given. If the overall opinion can not be given, then the reason must be stated. In case the auditor's name is associated with the financial statements, the auditor's report must contain a clear indication of the audit work performed, if there are responsibilities that must be taken by the auditor.

Competency

According to Ida Suraida (2005) research on the influence of Ethics, Competency, Audit Experience, Audit Risk and Auditor Professional Skepticism Opinion The accuracy of Certified Public Accountants, auditor competency attributes and auditor audit experience have a significant positive influence on the attributes that determine auditor quality.

Competency according to LOMA Dictionary (1998) in Lasmahadi (2002) is a personal aspect of a worker which allow him to achieve superior performance. Meanwhile, according Syafei (2007) competency is a skill of an individual which reflects the potential ability to do something. Besides that, Susanto (2000) in Alim (2007: 6) define competency as a characteristic which is based on individual to do a superior job. Competency is a characteristic of individual skills and potential abilities to perform a superior job. Characteristics and skills of individuals are possessed as a result of formal and non-formal education, examinations, certifications and participations in seminars, trainings, workshops, etc. Having audit competency means that the auditor works after having formal education and training and his expertise will be further refined by audit practice.

Auditor competency can be measured through many certificates or diplomas that are owned and more frequency of participation in training or seminars related to the profession. The more often auditors participate in training or seminars related to the profession of auditors, then they must be more competent and more skilled to carry out audit tasks (Senjani, Utami & Cebba 2009: 8). Competency relates to adequate education and experience held by public accountants in auditing and accounting. Auditors must act as experts in the field of audit and accounting. Public accountants must be dynamic in responding to changes and

https://doi.org/10.35760/eb.2018.v23i1.1811

developments from one standard. An auditor as an expert must learn and understand all the terms and conditions of new developments applied in business and professional organizations. In addition, it can be seen that auditor quality can be measured by the level of competency and independency (Christiawan, 2002: 89).

A research by Anis (2008: 10) on the Effect of Competency and Independency on Business Sustainability on Public Accountants (CPA Firm) shows that there is a strong influence on the continuity of the CPA Firm business. Partially, competency significantly affects the business continuity of CPA firms because clients will assess the competency of CPA firms using the services. Meanwhile, independency is not significantly affected in business continuity for clients before the company uses the services of a CPA company and will not take into account the effects independently or not.

A research by Choo and Trotman (1991: 470) shows a strong relationship between experience and competency where experienced auditors will find more errors than general auditors with little experience. Great experience will not show clearer effects when considered, but the complexity of the level of work. Inference in finding common mistakes for both experienced and experienced auditors is far less.

The results of this study conclude that auditor competency is strongly influenced by audit experience that has been carried out. The level of education and training has an effect on auditor competencies. Public accounting firms that have competent auditors will have a good reputation so that clients will be more likely to use services from CPA firms.

Knowledge

Knowledge is measured by the level of education of an auditor because the auditor will have more knowledge (sight) in the field involved in knowing various problems more deeply, and the auditor will more easily follow the increasingly complex developments (Meinhard et.al, 1987 in Harhinto, 2004:35).

Widhi (2006) in Elfarini (2007) states that knowledge has a significant impact on audit quality. Standar Profesional Akuntans Publik (SPAP) 2001 on common standards explains that in conducting audits, auditors must have sufficient expertise and knowledge structures.

Harhinto (2004) states that knowledge will affect audit skills which will determine audit quality. In general there are five (5) knowledge that must be owned by an auditor (Kusharyanti, 2003), namely general audit knowledge, knowledge of functional fields, knowledge of the latest accounting problems, certain industry knowledge, and general business knowledge and problem solving. General knowledge such as audit risk and audit procedures are mostly obtained in universities and are part of training and experience.

Experience

Audit requires high expertise and professionalism. Expertise is not only influenced by formal education but also from many other factors, one of which is experience. According to Tubbs (1992) in Mayangsari (2003), experienced auditors have advantages in terms of checking errors, understanding errors accurately, and looking for causes of errors.

Murphy and Wrigth (1984) in the study of Sularso and Naim (1999) provide empirical evidence that someone who has experience in a skill has more substantive things stored in memory. The same article also shows that with more experience someone

will be more accurate in his work and have more memory in a complex category structure.

Libby and Frederick (1999) in Kusharyanti (2003) state that experienced auditors have better understanding. They are able to provide better and more reasonable explanation for errors in financial statements and classify errors based on the audit objectives and the underlying system structure of the account.

Independency

The definition of independency in BPA Handbook is an important audit standard for the opinions of independent accountants who aim to improve the credibility of financial statements presented by management. If an auditor is unable to maintain independency, then the opinions given above financial audit client do not add credibility to the client's financial statements. Accounting Code of Ethics 1994 states that independency is the attitude expected of an auditor to have no interest in the performance of tasks that are contrary to the principles of integrity and objectivity.

According to Mulyadi (1988: 82) and Susiana (2007: 6), there are two aspects of independency. They are the independency of the mind or the independency of mental attitude and the projected image to the public or the appearance of independency. Independency is determined by the appearance of a public impression of the independency of public accountants. The definition of independency according to Standar Profesional Akuntan Publik (SPAP, 2001: section 220) is a situation where an auditor is not easily influenced because the auditor does work for the public interest. An external auditor is not justified in supporting the interests of the client because he has technical expertise that should produce impartiality which is important to maintain freedom of opinions. It is independent of fact and independent of appearance.

Mukhlasin (2004: 31) states that every auditor must maintain the integrity and objectivity of the professional duties of auditors and must be free from all undue interests, conflicts or influence. Every auditor must be able to avoid circumstances that can make the public or third party assume that the auditor can no longer maintain independency or has been involved in a conflict of interest so that the auditor is no longer objective.

Public trust in the independency of the audit profession is very important for the development of the public accounting profession. The community will no longer believe if there is evidence that the auditor has lost independency. Acting independently, the auditor must maintain honest and intellectual mental attitudes. The auditor must manage practices in a spirit of independency and set rules to achieve a level of independency in doing work (SPAP, 2001: section 220).

Things that interfere the independency of public accountants are the first, public accountants have mutual or conflicting interest with the client. Second, they audit the work their selves. Third, they serve as the management or employees of the client. Fourth, they act as an advocate of the client. The independency of public accountants will be disturbed if they have a business, financial, and management or employees relationship with clients (Elfarini, 2007: 34).

Mulyono (1988) in Alim (2007: 9) has conducted a research on auditor independency in Indonesia. This research studies attributes that affect auditor independency. The first attribute is the bond of financial

https://doi.org/10.35760/eb.2018.v23i1.1811

decisions and business relationships with clients. The second attribute is competition between CPA firms. The third attribute is service provision other than audit services. The fourth attribute is the length of the audit assignment. The fifth attribute is a large accounting company. The sixth attribute is a measure of audit costs. Respondents in this study are the finance director of a company that had gone public, the company's CPA partners, bank loan officers and non-bank financial institutions, and Bapepam.

This study examines the effect of independency on the integrity of financial statements that are expressed through a large amount of audit costs paid by the client to the auditor. If the CPA firm receives a high audit cost, then the CPA firm will face economic pressure to give a clean opinion (in this case it does not meet the requirements) and on the other hand to retain the client itself so that it does not move to another CPA firm or auditor (Susiana and Herawati, 2007: 7).

Deis and Giroux (1992: 465) say that the power of conflict, clients can pressure the auditor on professional standards and in large measure. A healthy client's financial condition can be used as a tool to pressure the auditor by threatening that they will replace the auditor. This problem makes the auditor uncomfortable so that it can cause a loss of auditor independency.The auditor's position in this situation is very bad because the auditor is under pressure to fulfill the client's wishes so that the auditor will violate professional standards.

Besides being caused by conflicts of interest and special relationships between companies and public accountants, independency is influenced by local culture. Research conducted on several auditors in a public accounting firm with Javanese cultural background shows that the value of Javanese culture is not a threat to independency, but rather strengthens the typical way (Christiawan, 2002: 87).

The results of a research by Anis (2008: 10) show that independency has no influence on the CPA firm’s business continuity. It is competency variable which has a significant influence on the CPA firm's business continuity. In the selection or use of company services, the client does not pay attention to the attributes of independency but considers the competency and experience of the company.

Auditor independency is very important. An auditor will lose his value if he cannot maintain his independency. If you follow the standards of agency theory, the audit costs received by an independent auditor will result in a reduced number of public accountants. The auditor as the recipient of the task (agent) will get counter-performance in the form of audit cost received by the auditor will cause a reduction in the independency of public accountants.

Problems regarding the tenure or tenure of auditors with clients in Indonesia are regulated by the Minister of Finance Decree No.423 / KMK.06 / 2002 from public accounting services. Ministerial decrees limit the auditor's working period to more than 3 years for the same client, while for CPA companies it may be up to 5 years. This limitation means that the auditor is not too close to the client to prevent accounting scandals (Elfarini, 2007).

Research conducted by Ghosh and Moon (2003) found that audit quality increased with the length of the audit period. These studies show the results of conflicts regarding long-term relationships with clients. This finding is interesting because it turns out to support the notion that the auditor's consideration for the audit with the client is reduced. Deis and Giroux

(1992) in Elfarini (2007) found that the longer the audit period, the audit quality will decrease. The relationship between the auditor and the old client has the potential to make the auditor satisfied by performing an audit procedure that is less assertive and always depends on the management statement.

Explanation of differences in several previous research studies states that audit assignments that are too long cause public accountants to lose independency, lack of innovation, and lack of rigor in conducting audit procedures. On the other hand, long-term audit assignments can also increase the likelihood of independency for familiar public accountants, making work can be carried out efficiently, and making them more resistant to client pressures (Supriyono, 1988:6 in Elfarini, 2007).

Goldman and Barlev (1974) in Harhinto (2004: 34) argue that efforts to influence auditors to take actions that violate professional standards may be successful because there is an unequal power conflict between the auditor and the client. Client can change the auditor if the auditor cannot fulfill his wishes. Meanwhile, auditors need costs to meet needs. So, it will be easier and cheaper for the client to replace the auditor than for the auditor to get additional or alternative sources of other costs.

The client's financial condition influences the auditor's ability to deal with client pressures (Knapp, 1985 in Harhinto, 2004: 44). Clients who have strong financial conditions can provide large audit fees and can provide good facilities for auditors. Moreover, the probability of bankruptcy of clients who have good financial conditions is relatively small. In this situation the auditor will be complacent so that he is not careful in conducting an audit.

The auditor has a strategic position that is good in the eyes of management and good in the eyes of users of financial statements. In addition, financial report users place trust in the auditor's work in auditing financial statements. To be able to meet good audit quality, auditors in carrying out their profession as examiners must be guided by codes of ethics, professional standards, and accounting standards that apply in Indonesia. Every auditor must maintain integrity and objectivity in performing duties by acting honestly, firmly and without pretension so that he can act fairly, regardless of pressure or asking certain parties to fulfill personal interests (Khomsiyah and Indriantoro, 1998, in Elfarini, 2007).

The demands of the accounting profession to provide quality services require transparency of information regarding the work and operations of public accounting firms. Clarity of information about the quality control system in accordance with professional standards is one form of accountability to clients and the general public for the services provided (Elfarini, 2007). Peer review is a review by a public accountant (partner) but in practice in Indonesia Peer Review is carried out by the competent authorities, namely Badan Pemeriksa Keuangan dan Pembangunan (BPK). In the past few years, the review was no longer carried out by the BPK but the Ministry of Finance was given a license to practice and Dewan Peninjau Kualitas Institut Akuntan Publik Indonesia (IAPI).

The purpose of the peer review is to determine and report that the company has developed adequate policies and procedures for quality control elements and follows policies and procedures in practice. Reviews are held every 3 years and are usually carried out by companies selected by the agency being reviewed. Therefore, the work of public accountants and the

https://doi.org/10.35760/eb.2018.v23i1.1811

operations of public accounting firms need to be monitored and examined to assess the feasibility of design and quality control systems for compliance with quality standards that imply that the output produced can achieve high quality standards.

Peer review prepared by the auditor as a monitoring mechanism can improve the quality of accounting and audit services. Perceived peer provides good benefits for clients, public accounting offices are reviewed and auditors are involved in peer review teams. The benefits of peer review are reducing litigation risk, providing positive experiences, increasing employee morale, providing competitive advantages and convincing clients more about the quality of services provided (Elfarini, 2007).

The services provided by CPA companies are not only validation services but also non-authentication services in the form of management consulting services and taxation and accounting services such as financial statement preparation services (Kusharyanti, 2003: 29). The existence of services provided by CPA companies makes the auditor's independency questionable by the client which then affects audit quality (Elfarini, 2007). Provision of services other than audit services means that the auditor has been involved in client management activities if the test is carried out when the client finds a financial statement error related to the services provided by the auditor. Auditors do not want a bad reputation because they provide a bad alternative for the client, so this can affect the auditor's audit quality (Elfarini, 2007).

Audit Quality

According to Suhayati and Rahayu (2010: 1), auditing is a systematic process to obtain evidence and evaluate it objectively about the suitability of actions, the level of information or economic events with predetermined criteria, and report the results to interested parties. Audit must be carried out by competent and independent people.

DeAngelo (1981) defines audit quality as the probability that an auditor can find and report violations in the client's accounting system. The results of his research also concluded that large CPA companies would attempt to present greater quality compared to small CPA companies. Deis and Giroux (1992: 462) conducted a study of four things that were considered to have a relationship with audit quality. The first is the length of time the auditor conducts an examination of a company. The longer an auditor audits the same client, the lower the audit quality. The second is the number of clients. More and more clients will maintain a reputation. Third is the financial health of clients. The healthier the client's financial condition, there will be a tendency for them to pressure the auditor if they do not follow the standard. Fourth is a review by a third party. Audit quality will increase if the auditor knows that the work will be reviewed by a third party.

Overview of Previous Researches

Research on audit quality and the influencing factors such as competency, independency, audit fees, client satisfaction and quality control by CPA companies have been carried out by previous researchers. These research provide many inputs and additional contributions for the auditor to detect and complete audits that do not meet the requirements. Mukhlasin (2004) states that audit quality, portfolio audit services, and company reputation significantly affect client satisfaction. Darmoko explained that gender does not determine professionalism, while KAP types and position hierarchies determine

auditor professionalism. Wiramurti (2010) states that there is a significant influence between competency and independency on KAP business continuity in Yogyakarta. Triana (2010) emphasizes that the client's role simultaneously and significantly influences auditor independency and spiritual intelligence is not a moderating variable for client pressure.

RESEARCH METHOD

Measurement of each variable using a Likert scale 1 to 5 has meaning, namely (1) Strongly Disagree, (2) Disagree, (3) Neutral, (4) Agree, (5) Strongly Agree. In this study, the independent variable is competency and independency. Researchers used two-dimensional competencies from Murtanto (1998) in Mayangsari (2003), namely experience and knowledge. Competency is measured using questions as indicators listed in Table 1. Dimensional independency is measured by the pressure of long collaboration with clients. There are five questions that function as indicators stated in Table 1. In this study, the dependent variable is audit quality measured by questions that function as indicators contained in Table 1.

Table 1.
Variables, Sub Variables and Dimensions of Research

Variables	Sub Variables	Indicator/Dimensions of Research
Competency	Knowledge	a. Knowledge of accounting principles and auditing standards b. Knowledge of types of industrial clients c. Knowledge of the condition of the client company d. Formal education already taken e. Training and special expertise
	Experience	a. The length of the audit b. The number of clients that have been audited c. The types of companies that have been audited
Independency	Audit tenure	The length of the relationship between auditors and clients
	Pressure from clients	a. The amount of audit fees provided by clients b. Sanctions and threats of auditor turnover by clients c. Facilities from clients
	(Peer reviews (partners and senior auditors)	a. Benefits of peer review for auditors b. Bad consequences for auditors
	Non-audit services	a. Provisions for non-audit services to audit clients and similar matters b. Provision of other services to improve financial statement information
Audit Quality		a. Report all client errors b. Understanding clients c. Committed to completing the audit d. Guided by accounting principles and audit principles e. Do not believe the client statement f. Be careful in making decisions

https://doi.org/10.35760/eb.2018.v23i1.1811

The sampling technique in this research uses a purposive sampling method. The data are taken from the CPA public accounting firm in 2012 which is widely known with the number of auditors in Jakarta, which are 665 people. 120 respondents were selected from 15 public accounting firms in Jakarta assuming there were at least 8 (eight) public accountants in each company.

Validity and Reliability

Validity testing is done to determine how well the indicators are there to measure concepts that must be measured. This test is carried out using the SPSS Person Correlation. Pearson Correlation will test indicators using valid indicators as measurements of latent constructs. There are 3 types of variables that will be tested in this study, namely competency, independency and quality audit. These variables are measured using instruments that have been used by previous researchers, but are still adapted to the conditions and needs of the study. Pearson Correlation is in a valid construct if it has a significance value <0.05.

Tests are conducted to determine the reliability that the measurement results remain consistent when done twice or more with the same symptoms using the same measuring instrument. Reliability testing using the SPSS 15.0 test tool. An instrument can be relied upon if it has a Cronbach alpha coefficient above 0.60. Constructs or variables are said to be reliable if Cronbach's alpha value is> 0.70. Building reliability of 0.70 or more indicates good reliability, while reliability from 0.60 to 0.70 can be accepted on the condition that the validity of indicators in both models (Ghozali, 2005; p. 134).

Uji validitas digunakan untuk mengukur apakah kuesioner valid atau tidak. Sebuah kuesioner valid atau tidak valid jika pertanyaan dalam kuesioner mampu mengungkapkan sesuatu yang akan diukur oleh kuesioner. Hasilnya dikatakan valid jika nilai korelasinya lebih besar dari 0,2 (Nisfiannoor, 2009: 305). Semua variabel hasil pertanyaan validitas dari tiga variabel yang digunakan dalam penelitian ini, yaitu kompetensi (KT), independensi (Ind), dan kualitas audit (KA) valid karena nilai korelasi lebih besar dari 0,2. Hasil dari ketiga variabel ini dapat dilihat pada bagian (Lampiran 1).

Reliability test is a test for measuring questionnaires which are indicators of variables or constructs. A questionnaire is said to be reliable if the answer to one's question is consistent or stable over time. Variables or constructs are stated to be reliable if given a Cronbach Alpha value greater than 0.60 (Nunnally, 1967 in Ghozali, 2005). Table 2 shows the results of the reliability test for the three research variables used in this study.

Table 2.
Results of Reliability Test

Variable	Cronbach's Alpha	Conclusion
Competency	0,794	Reliabel
Independency	0,610	Reliabel
Quality audit	0,878	Reliabel

Source: Data primary

Table 2 shows the Cronbach alpha value for the competency variable is 0.794, the independency variable is 0.610, and the audit quality variable is

0.878. Thus, it can be concluded that the statement in this questionnaire is reliable because it has a Cronbach alpha value greater than 0.60. This shows that each item statement used will be able to obtain consistent data, which means that when the statement is submitted again, a relatively similar answer will be obtained with the previous answer.

The analysis used in this study is multiple linear analysis, so it is necessary to test the assumptions implied in multiple linear analysis. Classical assumptions in research include normality, multicollinearity, and heteroscedasticity.

Normality test

The normality test aims to determine whether the distribution of the analyzed data meets the assumptions of normality. To find out whether the data is normally distributed, the Kolmogorov-Smirnov test is carried out. According to Ghozali (2005), data is normally distributed if the Kolmogorov-Smirnov significance value is above 0.05.

Table 3.
Normality Data: One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		120
Normal Parameters(a,b)	Mean	,0000000
	Std. Deviation	10,16472961
Most Extreme Differences	Absolute	,061
	Positive	,061
	Negative	-,033
Kolmogorov-Smirnov Z		,671
Asymp. Sig. (2-tailed)		,759

a Test distribution is Normal.
b Calculated from data.

Source : Primary data

From the results of the normality test it can be seen that the value of Asymp.Sig (2-tailed) is greater than the significance criteria (p-value) of 0.05, and this indicates that the data is normally distributed and can be used in this study.

Multicollinearity Test

The multicollinearity test aims to test the regression model to find correlations between independent (independent) variables. In a good regression model there should be no correlation between independent variables (no multicollinearity) (Ghozali, 2005). Multicollinearity test seen from tolerance value and variance inflantion factor (VIF). The regression model is free if multicollinearity VIF has a value smaller than 10 and has a greater tolerance of 0.1, so if VIF is more than 10 and has a tolerance greater than 0.1, then there is multicollinearity.

Multicollinearity test aims to test whether the regression model finds correlation between variables. The multicollinearity test is carried out by looking at (1) the tolerance value and its opponent (2) Inflation Factor Variance

https://doi.org/10.35760/eb.2018.v23i1.1811

(VIF) and the magnitude of the correlation between the independent variables.

Multicollinearity test aims to test whether the regression model finds correlation between variables. The multicollinearity test is carried out by looking at (1) the tolerance value and its opponent (2) Inflation Factor Variance (VIF) and the magnitude of the correlation between the independent variables.

Table 4.
Multicollinearity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	88,851	8,420		10,552	,000		
	KT	,636	,191	,289	3,336	,001	,931	1,074
	IND	1,433	,493	,252	2,909	,004	,931	1,074

a. Dependent Variable: KA

Source : Primary data

Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the residual variance regression model there is inequality between one observation and another observation. The residual variance from observations to other observations is called Homoscedasticity or Heteroscedasticity. Regulatory models that meet the requirements contain residual variants that are common from one observation to another that is corrected or called homoskedasticity. Detection of heteroscedasticity can be done using scatter plots by plotting the ZPRED value (predictive value) with SRESID (residual value). A good model is obtained if there are certain patterns in the graph, such as gathering in the middle, narrowing and then widening or otherwise widening then narrowing (Ghozali, 2005).

Heteroscedasticity test is conducted to test whether in the regression model, the variance of residual inequality occurs from one observation to another. Detection of the presence or absence of heteroscedasticity is done by looking at the presence or absence of certain patterns in the scatterplot graph between SRESID and ZPRED shown in Figure 1.

Figure 1 shows a scatter graph, namely that data is spread above and below 0 (zero) on the Y axis and there are clear patterns in the spread of data. This means that there is no heteroscedasticity in the regression model, so the regression model is used to predict appropriate audit quality based on the variables that influence, namely competency and independency.

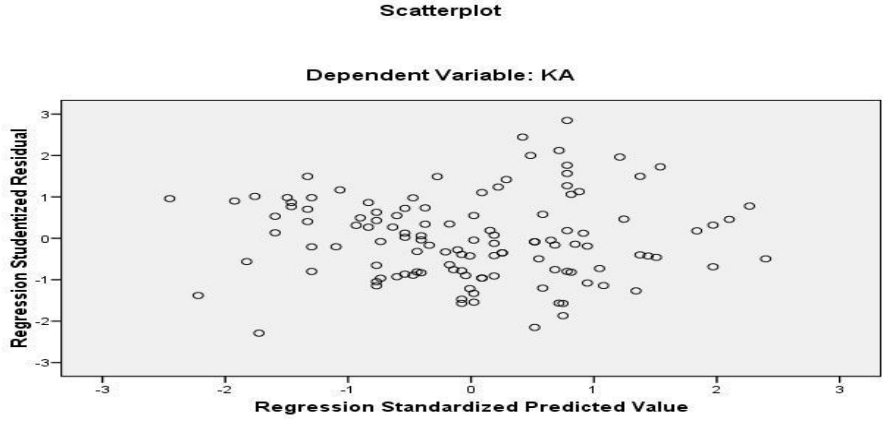

Figure 1. Heteroscedasticity Test

Hypothesis Test

Testing the hypothesis in this study is carried out by using multiple linear analysis and calculating the t test (t test) and coefficient of determination. Multiple linear analysis is a linear relationship between two or more independent variables (X1, X2, ... Xn) with the dependent variable (Y). This is used to determine whether the influence of the independent variable or not on the dependent variable. This analysis is used to answer how the competency and independency influence the audit quality of companies in Jakarta. The models used in multiple linear analysis are:

$$Y = a + b1X1 + b2X2$$

Multiple linear regression equations have many symbols and information. The symbol Y is audit quality. Symbol X1 is the auditor's competency. X2 is a symbol of auditor independency. The symbol is the price of Y if X is equal to 0 (constant). Symbol b is the number of directions / linear regression coefficients.

T test is done to find out the effect of independent variables partially has a significant effect on the dependent variable (Ghozali, 2005). The criteria used to make a decision on the results of testing the tested hypothesis are based on a 0.05 level of significance, which shows a 5% error probability, the basic decision is a significance value> 0.05 and a t value <2 so Ha is rejected. Significance value <0.05 and t value> 2, then Ha is accepted if, Ha: ρ ≠ 0 ~ partial independent variables have a significant effect on the dependent variable.

The coefficient of determination (R2) basically measures how far the ability of the model to explain variations in the dependent variable. The coefficient of determination is between zero and one. A small R2 value means that the ability of the independent variable to explain variations in the dependent variable is very limited. If the value approaches one means that the independent variable provides almost all the information needed to predict the dependent variable (Ghozali, 2005).

RESULT AND DISCUSSION

Hypothesis Testing of Competency and Independency on Audit Quality

Hypothesis testing is done using multiple regression analysis models. Hypothesis test results described in this research are (Table 5).

Table 5. Regression Results
Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF	B	Std. Error
1	(Constant)	88,851	8,420		10,552	,000		
	KT	,636	,191	,289	3,336	,001	,931	1,074
	IND	1,433	,493	,252	2,909	,004	,931	1,074

a Dependent Variable: KA
Source: Primary data

https://doi.org/10.35760/eb.2018.v23i1.1811

The T statistic test is used to determine the effect of each independent variable on the dependent variable if tested individually at the 0.05 level. The results of the T statistical test can be seen in Table 3.5. If the probability value of t is less than 0.05 then H0 is rejected and Ha is accepted, whereas if the probability value of t is greater than 0.05 then H0 is accepted and Ha is rejected.

Hypothesis test results can be seen in table 5 that in the competency variable the value of t obtained is 3.336 with a significance level of 0.001. This means that Ha1 is accepted so that competency can significantly affect audit quality because the level of significance of the competency variable is lower than 0.05. The influence of independency on audit quality can be seen in table 5, where the independency variable has a significance level of 0.005. This means that Ha2 is accepted so that it can be said to have a significant effect on the independency of audit quality because the level of significance of the independent variable is smaller than 0.05.

The coefficient of determination test is done to find out how much the ability of the dependent variable can be explained by independent variables. Table 3.6 shows the R value of 0.430 or 43%. This means that the relationship or correlation between the factors that influence premature termination of the above procedure is quite strong because the audit is around 0.40 to 0.599 (Riduwan and Kuncoro, 2007: 62). The adjusted R square value is 0.171 or 17.1%, which means that the quality of the audit variable can be explained by competency and independency variables which are around 0.171 or 17.1%, while the remaining 0.829 or 82.9% (1 -171) are explained by factors Other factors not included in this study.

Table 6.
The Coefficient of Determinant Test Result
Model Summary

Model	R	R Square	Adjusted RSquare	Std. Error of the Estimate
1	,430(a)	,185	,171	10,21791

a Predictors: (Constant), IND, KT

The Effect of Competency on Audit Quality

Hypothesis test results show that the significance level of the competency variable is 0.001 <0.05 so it can be concluded that competency has a significant effect on audit quality. This means that audit quality can be achieved if the auditor has good competency. Competency has two indicators, namely knowledge and experience.

Auditors as parties who are at the forefront of audit assignments must increase knowledge through professional seminars and training. Experienced auditors have good accuracy and the ability to complete each task given by the client. The results of applying this knowledge enhance the auditor's experience which will produce a quality audit. The results of this study can support the research conducted by Alim (2007) and Nurkholis (2003) which states that competency and experience have a significant effect on audit quality.

The results of this study are similar to the research conducted by Senjani, Utami and Cebba (2009) but in their research the dependent variable is the quality of the audit paperwork. Their research resulted in auditor quality as measured by the competency and independency of its influence on the quality of the audit work paper. This

research is also supported by Harhinto (2004) who states that auditor experience and knowledge are positively related to audit quality.

The Effect of Independency on Audit Quality

Hypothesis test results indicate that the level of independency of the significance variable is 0.004 <0.05 so that it can be concluded that the independent variable has a significant effect on audit quality. This means that audit independency can be achieved if the auditor has good independency. Auditor independency has four indicators, namely the relationship with the client (tenure of the audit), pressure from the client, peer auditor review and non-audit services.

The auditor in the assignment must maintain an independent attitude. The auditor must have the ability and knowledge in gathering evidence that must always be supported by an independent attitude. The longer the auditor is employed by the client, the auditor will become familiar and not report client errors. Pressure from the client means that the higher the client's pressure, the higher the level of audit quality. Review of peer auditors can increase success in conducting audits. Provision of services other than audit services can cause the independency of public accountants to be lost or damaged and that affects audit quality.

This means that audit tenure, pressure from clients, peer auditor review and non-audit services are benchmarks for independency and influence audit quality. This is proof that independency is an absolute requirement for an auditor. It is not easy to maintain independency as it should be, assignments that are too long can affect auditor independency because with the facilities obtained by the auditor in charge can make the auditor can be controlled by the client because the auditor is in a position of dilemma. The results of this study support the research conducted by Alim (2007) and Nurkholis (2003) which states that independency affects audit quality. However, it is not in line with Ariestanti (2001) which states that old client relations (audit tenure) have no effect on audit quality. The auditor can overcome the pressure from the client so that the client does not affect audit quality.

CONCLUSION

Auditor competency has a significant effect on CPA Firm's audit quality located in Jakarta. This shows that audit quality can be achieved if the auditor has good competency which consists of two factors: experience and knowledge. Experience and knowledge have a positive effect on audit quality. The more experienced an auditor is, the better the quality of the audit will be. Deeper and wider auditor's knowledge, making audit quality better.

Independency of auditors in terms of relationships with clients, pressure from clients, peer review and non-audit services. All of that has a significant influence on audit quality in public accounting firms in Jakarta. Relationships with clients, client pressure and non-audit services affect audit quality negatively, while peer reviews have a positive effect on auditors. So, the longer the ongoing relationship between auditors the audit client, the audit quality tends to be lower. The greater the perceived pressure from the client, the lower the audit quality of the auditor. Peer reviews can ensure that the test is in accordance with applicable professional standards and quality so as to improve audit quality. The more non-audit services performed by auditors, the auditor tends to support the client. This can cause the

https://doi.org/10.35760/eb.2018.v23i1.1811

auditor's independency to decrease and the quality of audit results tends to decrease.

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APPENDIX 1.
Validity Test Result

Nomor Butir Pertanyaan	Pearson Corelation	Sig (2-Tailed)	Conclusion
1(KT1)	0,737**	0,000	Valid
2(KT2)	0,717**	0,000	Valid
3(KT3)	0,620**	0,000	Valid
4(KT4)	0,771**	0,000	Valid

https://doi.org/10.35760/eb.2018.v23i1.1811

5(KT5)	0,686**	0,000	Valid
6(KT6)	0,603**	0,000	Valid
7(KT7)	0,529**	0,000	Valid
8(KT8)	0,431**	0,000	Valid
1(IND1)	0,704**	0,000	Valid
2(IND2)	0,631**	0,000	Valid
3(IND3)	0,675**	0,000	Valid
4(IND4)	0,723**	0,000	Valid
1(KA1)	0,443**	0,000	Valid
2(KA2)	0,429**	0,000	Valid
3(KA3)	0,320**	0,000	Valid
4(KA4)	0,521**	0,000	Valid
5(KA5)	0,325**	0,000	Valid
6(KA6)	0,491**	0,000	Valid
7(KA7)	0,467**	0,000	Valid
8(KA8)	0,521**	0,000	Valid
10(KA10)	0,496**	0,000	Valid
11(KA11)	0,475**	0,000	Valid
12(KA12)	0,492**	0,000	Valid
13(KA13)	0,278**	0,000	Valid
14(KA14)	0,477**	0,000	Valid
15(KA15)	0,449**	0,000	Valid
16(KA16)	0,336**	0,000	Valid
17(KA17)	0,552**	0,000	Valid
18(KA18)	0,497**	0,000	Valid
19(KA19)	0,558**	0,000	Valid
20(KA20)	0,428**	0,000	Valid
21(KA21)	0,547**	0,000	Valid
22(KA22)	0,652**	0,000	Valid
23(KA23)	0,564**	0,000	Valid
24(KA24)	0,589**	0,000	Valid
26(KA26)	0,509**	0,000	Valid
27(KA27)	0,465**	0,000	Valid
28(KA28)	0,286**	0.002	Valid
29(KA29)	0,536**	0,000	Valid
31(KA31)	0,360**	0,000	Valid
32(KA32)	0,532**	0,000	Valid
33(KA33)	0,507**	0,000	Valid
34(KA34)	0,452**	0,000	Valid
35(KA35)	0,525**	0,000	Valid
36(KA36)	0,320**	0,000	Valid