
DETERMINANTS OF THE QUALITY OF AUDIT SERVICES MODERATED BY THE AUDITOR'S PROFESSIONAL ETHICS IN THE PUBLIC ACCOUNTING OFFICE OF THE SOUTH JAKARTA REGION

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ABSTRACT

KEYWORDS

Application of
Information Technology,
Competence,
Professionalism, Auditor
Professional Ethics,
Quality of Audit
Services

The COVID-19 pandemic affected audit quality due to various policies implemented by the government itself to deal with the pandemic, such as social distancing, work from home and even lockdowns which made it difficult for auditors to verify the findings they obtained during the audit. auditors who cannot perform audit procedures in accordance with applicable auditing standards, the auditors cannot issue quality audit reports and provide opinions that are not in accordance with the audit standard code of ethics, meaning that they do not apply professional audit ethics so that the auditor does not have the competence, professionalism and may not have the ability to manage information technology. This research is a quantitative research with primary data. The data collection technique used a questionnaire that was distributed to respondents to auditors working at KAP with active status in the South Jakarta area, with a total sample of 97 auditors. The results showed that the application of information technology, competence, and professionalism had a significant effect on the quality of audit services. As well as professional ethics of auditors is able to strengthen the relationship between the application of information technology, competence, and professionalism to the quality of audit services

INTRODUCTION

Audit quality is any possibility where the auditor when auditing the client's financial statements can find violations that occur in the client's accounting system and report them in the audited financial statements (Tjun, Marpaung, & Setiawan, 2012). Where in carrying out their duties, an auditor must be guided by auditing standards and the relevant code of ethics for public accountants. Professional ethics are used as a reference in every task implementation. In addition, auditors with integrity will be able to provide true audit results without any influence from other parties and of course not ignore the applicable standards (Farida, Halim, & Wulandari, 2016).

The Covid-19 pandemic had made some internal auditors start thinking about changing the annual audit plan. Several obstacles prevented the audit plan from being executed, among others due to travel restrictions, unavailability of clients, shifting client priorities (the name for the audit object), and changes in the risk profile faced by the company (Nisa, 2021). The existence of the COVID-19 pandemic affected audit quality due to various policies implemented by the government itself to deal with the pandemic, such as social distancing, work from home and even lockdowns which made it difficult for auditors to verify the findings obtained during the audits (Suwandi, 2021).

Company Name	Problem
PT. Garuda Indonesia	The auditors of KAP Tanubrata and Partners did not carry out audit procedures properly because they did not properly assess the substance of the transaction and had not received audit evidence considering the accuracy of accounting treatment.
PT. Hanson International, Tbk	Violating the capital market law and the code of ethics of the public accounting profession from the Indonesian Institute of Certified Public Accountants (IAPI), due to an overstatement related to income
Miller Energy Resources	It was fined millions of pounds for failing its audit of energy company Miller Energy Resources, which had significantly increased the carrying value of its assets.
PT. Muzatek Jaya.	Violating the principles of the public accountant's code of ethics for not being honest, failing to maintain an independent attitude, as well as fraud that violates the Professional Standards of Public Accountants by committing fraud in the auditing of the client's financial statements.

From the four cases above, it can be concluded that an auditor who is unable to perform audit procedures in accordance with applicable auditing standards will not be able to issue a quality audit report and provide an opinion that is not in accordance with the audit standard code of ethics. competence, professionalism and may not have the ability to manage information technology (Landarica, 2020).

Information Technology makes a job more effective and efficient. Likewise with the duties of an auditor, the existence of information technology makes audit procedures more effective and efficient. With this pandemic, the use of information technology has become important to obtain audit evidence or carry out other audit procedures (Suti, Syahdi, & Didiharyono, 2020).

With the use of information technology requires knowledge of the use of information technology. If the auditor lacks an understanding of the technology, the auditor is less competent to perform audit procedures. Competence is a basic trait that is owned or part of a personality that is deep and attached to a person as well as predictable behavior in various circumstances and work tasks as an impetus to have achievement and the desire to try to carry out tasks effectively (Azhari, Junaid, & Tjan, 2020)

Auditor professionalism is the attitude and behavior of auditors in carrying out their profession with sincerity and responsibility in order to achieve task performance as regulated in professional organizations (Azhari et al., 2020). Professional expertise is the level of professional proficiency of the auditor in conducting audits carried out with professional skill and accuracy in the implementation of the control structure.

Based on the description above, the researchers are interested in conducting research with the title “Determinants of The Quality of Audit Services Moderated By The Auditor's Professional Ethics In The Public Accounting Office of The South Jakarta Region”.

A. Agency Theory

Agency theory has a relationship with the public accounting profession in supervising the management of entities and reviewing management performance in maximizing the goals to be achieved by company owners. The agency relationship that exists between owners (shareholders) and company managers requires that the services of auditors who issue opinions on financial statements must be an unbiased and

impartial view of the company's other financial activities in order to be useful to users (Madison, 2014).

B. Theory of Attitude and Behavior

The theory of attitude and behavior developed by (Triandis, 1971) which states that behavior is determined by what people want to do (attitude), what they think they will do (social rules), what they can do (habits) and what they can do (habits). with the consequences of their behavior. This theory can be used to explain the expertise, experience, competence, independence and professionalism of auditors.

C. Quality Audit

(DeAngelo, 1981) defines audit quality as the probability that an auditor will find and report material misstatements in the financial statements. De Angelo (1981) developed two dimensions to define audit quality, namely detecting material misstatements and those material misstatements should be reported.

D. Auditor Professional Ethics

According to (Arens, 2012) define ethics in general as a set of moral principles or values. The auditor's code of ethics is the auditor's code of conduct in accordance with the demands of the profession and organization as well as audit standards which are a minimum quality measure that must be achieved by the auditor in carrying out his audit (Directors' duties, 2020)

E. Information Technology

Information technology is used to improve the expertise of auditors which can improve skills in work so that they can produce quality audit results. The application of information technology has many influences on the accounting field, including the audit process. The computer-based audit process is facilitated by audit software. (Elisabeth, 2019)

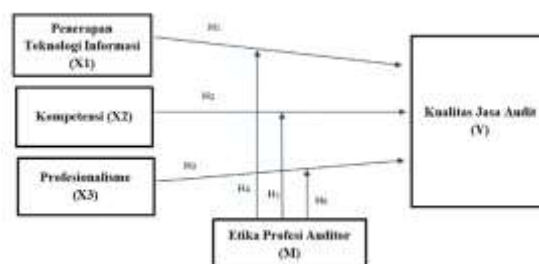
F. Competence

According to (Suryandari & Endiana, 2021) Competence is a combination of skills, knowledge, and attitudes that can be observed and applied critically for the success of an organization and work performance as well as the personal contribution of employees to the organization. The competence possessed by the auditor will also be very supportive of being able to provide good audit results by carrying out all inspection processes according to the correct procedures and maintaining their integrity by not compromising on actions that violate the rules.

G. Professionalism

According to Natalia & Murni (2019), a person is said to be professional if he meets three criteria, namely having the expertise to carry out tasks according to his field, carrying out a task or profession by setting standard standards in the relevant professional field and carrying out his professional duties by complying with the established professional ethics.

H. Conceptual Framework and Hypothesis



H1: The influence of the application of information technology has a significant effect on the quality of audit services during the Covid-19 pandemic.

H2: The influence of the application of competence has a significant effect on the quality of audit services during the Covid-19 pandemic.

H3: The influence of the application of professionalism has a significant effect on the quality of audit services during the Covid-19 pandemic.

H 4 : Auditor Professional Ethics can moderate the influence of Information Technology on the Quality of Audit Services during the Covid-19 pandemic.

H 5 : Auditor Professional Ethics can moderate the influence of Competence on the Quality of Audit Services during the Covid-19 pandemic.

H6: Auditor Professional Ethics can moderate the influence of Professionalism on the Quality of Audit Services during the Covid-19 pandemic

METHOD RESEARCH

This research is included in the type of quantitative research using survey methods. The data analysis technique in this study uses Partial Least Square (PLS). The population in this study is the Public Accounting Firm (KAP) for the DKI Jakarta area.

Based on data from the Financial Services Authority (OJK), a total of 76 Public Accounting Firms (KAP) in the South Jakarta area are active. The sample used in this study were 15 (fifteen) Public Accounting Firms (KAP) located in the South Jakarta area.

RESULTS AND DISCUSSION

A. Measurement Model Test Results (Outer Model)

Outer model test results include convergent validity, discriminant validity, and construct reliability.

1) Convergent Validity

Table 1
Convergent Validity Test Results

Indicator	Loading Factor	Value Limit	Desc.
Application of Information Technology			
TI1	0.887	0.700	Valid
TI2	0.781	0.700	Valid
TI3	0.829	0.700	Valid
TI4	0.886	0.700	Valid
TI5	0.793	0.700	Valid
TI6	0.829	0.700	Valid
TI7	0.770	0.700	Valid
TI8	0.831	0.700	Valid
Competence			
KOMP1	0.825	0.700	Valid
KOMP2	0.881	0.700	Valid
KOMP3	0.856	0.700	Valid
KOMP4	0.864	0.700	Valid
KOMP5	0.765	0.700	Valid
KOMP6	0.814	0.700	Valid
Professionalism			
PROF1	0.813	0.700	Valid

Indicator	Loading Factor	Value Limit	Desc.
PROF2	0855	0.700	Valid
PROF3	0855	0.700	Valid
PROF4	0.818	0.700	Valid
PROF5	0.808	0.700	Valid
PROF6	0.889	0.700	Valid
PROF7	0.854	0.700	Valid
PROF8	0.872	0.700	Valid
PROF9	0.806	0.700	Valid
PROF10	0.799	0.700	Valid
Auditor Professionalism Ethics			
EPA1	0.808	0.700	Valid
EPA2	0.823	0.700	Valid
EPA3	0.730	0.700	Valid
EPA4	0.739	0.700	Valid
EPA5	0.816	0.700	Valid
EPA6	0.816	0.700	Valid
EPA7	0.846	0.700	Valid
EPA8	0.802	0.700	Valid
EPA9	0.747	0.700	Valid
EPA10	0.850	0.700	Valid
EPA11	0.838	0.700	Valid
EPA12	0.793	0.700	Valid
Quality Audit			
KJA1	0.842	0.700	Valid
KJA2	0.812	0.700	Valid
KJA3	0.841	0.700	Valid
KJA4	0.795	0.700	Valid
KJA5	0.805	0.700	Valid
KJA6	0.788	0.700	Valid

Source: Research Data Processed (2022)

The results of the convergent validity test on the application of information technology, competence, auditor professionalism, auditor professional ethics, and audit service quality with the reflective measurement model obtained the loading factor value of the indicator more than 0.700 so that the indicators of the variables have met convergent validity.

2) Discriminant Validity

Table 2
AVE Test Results

No	Variable	AVE	Value Limit	Desc.
1	Application of Information Technology	0.684	0.500	Valid
2	Competence	0.701	0.500	Valid
3	Professionalism	0.697	0.500	Valid
4	Auditor Professionalism Ethics	0.643	0.500	Valid
5	Quality Audit	0.663	0.500	Valid

Source: Research Data Processed (2022)

The results of the construct validity test using the Average Variance Extracted value obtained that the test results met the test criteria of more than 0.500 so that each variable of the application of information technology, competence, auditor professionalism, auditor professional ethics, and audit service quality had met construct validity.

3) Reliability

Table 3
Construct Reliability Test Result

No	Variable	<i>Cronbach's Alpha</i>	<i>Composite Reliability</i>	Value Limit	Desc.
1	Application of Information Technology	0.933	0.945	0.700	Valid
2	Competence	0.953	0.959	0.700	Valid
3	Professionalism	0.913	0.932	0.700	Valid
4	Auditor Professionalism Ethics	0.950	0.956	0.700	Valid
5	Quality Audit	0.898	0.922	0.700	Valid

Source : Research Data Processed (2022)

The results of the reliability test using the Composite Reliability value and the Cronbachs Alpha value obtained that the test results meet the test criteria of more than 0.70 so that each variable of the application of information technology, competence, auditor professionalism, auditor professional ethics, and audit service quality has met construct reliability.

B. Structural Model Test Results

The inner model analysis can be evaluated by using R-square for the dependent construct.

Table 4
Coefficient of Determination Test Results

Dependent Var.	R Square	R Square Adjusted
Quality Audit	0.704	0.681

Source: Research Data Processed (2022)

The results of the coefficient of determination of the effect between the application of information technology, competence, auditor professionalism and moderation of auditor professional ethics on the quality of audit services obtained an R square value of 0.704, which means that the effect on the quality of audit services can be explained by 70.4% by the application of information technology, competence, professionalism. auditor with the moderation of the auditor's professional ethics, while the remaining 29.6% is explained by other variables.

C. Hypothesis Test

Table 5
Hypothesis Test Result

No	Influence	Path Coef.	Stdev	T Stat	P	Desc.
1	IT -> KJA	0.284	0.103	2,762	0.006	Significant
2	KOMP -> KJA	0.292	0.106	2,758	0.006	Significant
3	PROF -> KJA	0.251	0.094	2,674	0.008	Significant
4	TI*EPA -> KJA	0.229	0.104	2.202	0.028	Significant
5	KOMP*EPA -> KJA	-0.318	0.107	2,968	0.003	Significant
6	PROF*EPA -> KJA	0.235	0.087	2,691	0.007	Significant

Source: Research Data Processed (2022)

H1: Application of Information Technology has an effect on Audit Quality

The application of information technology has a positive and significant effect on the quality of audit services. It can be seen from table 4.12 which explains that the path coefficient is positive with a statistical t value of more than t table ($2.762 > 1.960$) and a significance value of less than 0.050 ($0.006 < 0.050$). It can be interpreted that the better the auditor in applying information technology, the better the quality of audit services produced. This shows that by applying information technology in carrying out the audit process, it will make it easier for auditors to carry out inspections, especially during the Covid-19 pandemic.

H2: Competence has an effect on Audit Quality

Competence has a positive and significant effect on the quality of audit services. It can be seen from table 4.12 which explains that the path coefficient is positive with a statistical t value of more than t table ($2.758 > 1.960$) and a significance value of less than 0.050 ($0.006 < 0.050$). It can be interpreted that the more competent the auditor is, the higher the quality of the audit produced. This shows that the more auditors have a high level of competence, the more quality audit opinions can produce.

H3: Professionalism has an effect on Audit Quality

Professionalism has a positive and significant effect on the quality of audit services. It can be seen from table 12 which explains that the path coefficient is positive with a statistical t value of more than t table ($2.674 > 1.960$) and a significance value of less than 0.050 ($0.008 < 0.050$). It can be interpreted that the higher the professionalism of the auditor, the higher the quality of the audit produced. This shows that professionalism is a supporting factor for the quality of audit services, where the more professional the auditor is, the better the quality of the audit produced. Professionalism is one of the code of ethics of an auditor. Audit procedures carried out by professional auditors will produce audit results that are reliable and trusted by the public.

H4: Auditor Professional Ethics can moderate the influence of Information Technology on Audit Quality

Professional Ethics Auditor is able to moderate the influence of Information Technology on the Quality of Audit Services. It can be seen from table 4.12 which explains that the path coefficient is positive with a statistical t value of more than t table ($2.202 > 1.960$) and a significance value of less than 0.050 ($0.028 < 0.05$). It can be interpreted that by carrying out professional ethics properly, the use of information technology will also be good and not misused so that it can produce a quality audit. Or it

can be said that the Professional Ethics of Auditors can strengthen the relationship between Information Technology and the Quality of Audit Services. This means that as an auditor, in carrying out audit procedures using information technology, you must comply with the applicable code of ethics in order to obtain a quality audit opinion.

H5: Auditor Professional Ethics can moderate the influence of Competence on Audit Quality

Auditor Professional Ethics is able to moderate the influence of Competence on the Quality of Audit Services. It can be seen from table 4.12 which explains that the path coefficient is negative but the statistical t value is more than t table ($2.968 > 1.960$) and the significance value is less than 0.050 ($0.003 < 0.050$). It can be interpreted that the professional ethics of the auditor weakens the relationship between competence and the quality of audit services. It can be interpreted that a high level of auditor competence is able to produce high audit quality, whether the auditor has high professional ethics or not. If the auditor does not have or does not implement good professional ethics, even though the auditor is competent in carrying out audit procedures, it will still produce quality audit results. Vice versa, low competence results in low audit quality as well, with high or low professional ethics of the auditor. Even though the auditor has good ethics, if the auditor is not competent, the quality of the audit results is also low or less than optimal in carrying out audit procedures.

H6: Auditor Professional Ethics can moderate the influence of Professionalism on Audit Quality

Professional Ethics Auditor is able to moderate the influence of Professionalism on the Quality of Audit Services. It can be seen from table 4.12 which explains that the path coefficient is positive, the t statistical value is more than t table ($2.691 > 1.960$) and the significance value is less than 0.050 ($0.007 < 0.050$). Or it can be said that the Professional Ethics of Auditors is able to strengthen the relationship between Professionalism and Quality of Audit Services. This explains that the existence of professional ethics owned by an auditor will increase the professionalism of the auditor in improving the quality of the resulting audit. Ethics will affect the relationship of professional accuracy with the quality of the auditor's work

CONCLUSION

Based on the results and discussion, it can be concluded that the application of Information Technology, Competence, and Professionalism has a positive and significant effect on the Quality of Audit Services. While the Professional Ethics of the Auditor is able to moderate or strengthen the relationship between the Application of Information Technology and Professionalism to the Quality of Audit Services. However, the Professional Ethics of Auditors weakens the relationship between Competence and Quality of Audit Services.

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First publication right:

Devotion - Journal of Research and Community Service



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