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The effect of auditor's competency and independence on audit quality of the internal supervision of Halu Oleo University

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ABSTRACT

The purpose of this study was to determine the effect of auditor competence and independence on the audit quality of the Halu Oleo University Internal Supervisory Unit. The sample in this study was 51 audites. The types of data used in this study are mix methods, quatitative and qualitative. The data used in this study are qualitative data and quantitative data. Data collection methods are questionnaires and documentation. Methods Data analysis used descriptive analysis and multiple linear regression analysis. The results of the analysis show an R value of 0.859 which means that the correlation between the independent variables of competence and independence on audit quality at the internal supervisory unit of Halu Oleo University is strong because the value is above 0.75. Furthermore, the value of R² (R-Square) is 0.800. This means that the diversity of auditor competence and auditor independence variables on audit quality can be explained by the model by 80% and the remaining 20% is explained by other variables outside this research model, so that this research model has a good accuracy or accuracy model. Simultaneous test results obtained a significance value of F or probability of 0.000 < 0.05 at the 95% confidence level. These results indicate that both auditor competence and auditor independence variables simultaneously have a positive and significant effect on audit quality at the internal supervisory unit of Halu Oleo University. The results of this study can also prove from the standardized coefficient value and t-value that the independence variable has a greater value than the auditor's competence. This means that auditor independence is the dominant variable in influencing audit quality compared to the competence of auditors in the internal supervisory unit of Halu Oleo University.



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Introduction

Each university is obliged to establish an Internal Monitoring Unit (SPI) based on the Regulation of the Minister of National Education (Permendiknas) No. 16 of 2009 concerning the Internal Control Unit within the Ministry of National Education, which was later updated with the Regulation of the Minister of Education and Culture of the Republic of Indonesia No. 22 of 2017 concerning the Internal Control Unit within the Ministry of Education and Culture.

The Internal Control Unit is a managerial oversight whose function is to measure and evaluate the control system with the aim of assisting all members of management in managing their responsibilities effectively by

providing analysis, recommendations, and comments related to the activities that have been reviewed (Cheng et al., 2018). Internal Supervisory Unit is a university organ formed to carry out supervisory functions in the non-academic field for and on behalf of the Chancellor and to assist in the implementation of supervision over the implementation of work unit tasks within the Ministry of National Education. The scope of supervision in non-academic fields includes: finance, facilities and infrastructure and human resources. The Internal Supervisory Unit functions in the preparation of policy and program supervision programs, personnel supervision, financial supervision, supervision of State Property. The important role of the Internal Supervisory Unit is to realize the management of quality and accountability in higher education institutions, both in State Universities (PTN) and Private Universities (PTS). The Internal Supervisory Unit is very useful to prevent universities from things that can result in not achieving the vision and mission that has been set.

The Internal Control Unit functions and is tasked with assisting the Chancellor in ensuring the achievement of the university's goals and missions by: (1) evaluating the implementation of university programs; (2) Improving the effectiveness of the risk control process; (3) Evaluating the university's compliance with university regulations and laws; and (4) Facilitating the smooth implementation of audits by external auditors (Akhmetshin, 2017; Tarasova, 2020). One of the universities that has formed an Internal Supervisory Unit is Halu Oleo University. As part of the Ministry of Education and Culture, Halu Oleo University must carry out the mandate of the Minister of National Education Number 16 of 2009 to form an Internal Supervisory Unit (SPI). Halu Oleo University is one of the universities in Indonesia which is located in Kendari City, Southeast Sulawesi.

The entire process of auditing, reviewing, evaluating, monitoring, and other supervisory activities on the implementation of organizational tasks and functions aimed at controlling activities, securing assets and assets, implementing good financial reports, increasing effectiveness and efficiency, and early detection of irregularities and non-compliance with the provisions of laws and regulations. Internal Control Unit, hereinafter referred to as SPI, is: "A supervisory unit formed to assist in the implementation of supervision over the implementation of work unit tasks within the Ministry of National Education." (1) Establish policies for internal supervision in non-academic fields, (2) Carry out internal control over the management of non-academic education, (3) Drawing conclusions on the results of internal control, (4) Reporting the results of internal control to the Chancellor, (5) Submit suggestions and/or considerations regarding improvements.

Based on an interview with one of the staff of the Halu Oleo University Internal Supervisory Unit, the length of work that the Halu Oleo University Internal Supervisory Unit has is an average of 5 years. Work experience will have an impact on a person's character in doing his job. The longer a person works in accordance with his field, the more skilled he is in doing his job so that it will produce results that are in accordance with the goals that have been set. The Halu Oleo University Internal Supervisory Unit performs its duties on the basis of a letter of assignment given by the Chancellor. Therefore, the Internal Supervisory Unit of Halu Oleo University has a responsibility to the Chancellor. The operational cost budget is all expenses related to distribution as well as expenses to run the organization's wheels. A large budget can be judged by the large number of students. One of the faculties within the Halu Oleo university that has a large budget is the Faculty of Teacher Training and Education.

The number of auditors working in the Internal Supervisory Unit is 9 people with different educational backgrounds, but they have attended training related to auditors. Each internal audit activity must have a training program that is able to improve the quality of audit work. The purpose of the auditor to conduct an operational audit in each unit at Halu Oleo University is divided into 3 parts, namely: financial check, inspection of state property, human resources. According to Arifuddin: 2015 auditor competence has a positive and significant effect on audit quality, this identifies that the higher the auditor's competence, the better the audit quality. Or in other words, the higher the perceived competence of the auditor from experience and knowledge, the higher the possibility that the auditor will be able to find violations in the accounting system of each work unit, so that the higher the audit quality.

Auditor Independence Independence is a state of being free from influence, not controlled by other parties, not dependent on others (Mulyadi and Puradireja). In the Board of Professional Standards of Public Accountants (SPAP) published by the Indonesian Institute of Accountants (IAI) through SPAP (2001:220.1) it states that: "auditors are required to be independent, meaning they are not easily influenced, because they carry out their work for the public interest (differentiated in terms of he practices as an internal auditor).

According to Simanjuntak, audit quality is a systematic and independent examination to carry out activities, quality and results in accordance with the arrangements that have been planned and whether these arrangements are implemented effectively with the objectives. Audit quality is all the possibilities 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. Where in carrying out their duties, an auditor must be guided by auditing standards and the relevant code of ethics for public accountants (Knechel et al., 2013). The objectives to be achieved in this study are to determine and explain the Effect of Auditor Competence and Independence on the Audit Quality of the Halu Oleo University Internal Supervisory Unit.

Method

Research Location and Object

The location of this research was carried out within the scope of Halu Oleo University, Tridharma Campus, Anduonohu, Kambu District, Kendari City, Southeast Sulawesi. The variables used in this study are competence (X1) and independence (X2) as independent variables, and audit quality (Y) as the dependent variable.

Population and Sample

The population in this study were 51 auditees who worked at Halu Oleo University. The number of samples in this study were 51 auditees consisting of 3 auditees which included the Dean, Deputy Dean for General Planning and Finance, and Treasurers in 17 faculties of Halu Oleo University.

Data Types and Sources

The types of data used in this study are: (1) Qualitative data in this study are in the form of a description of the explanation of the object of research, as well as statements in the questionnaire which will be classified into categories using a Likert scale. (2) Quantitative data in this study are respondents' answers to questionnaire questions which are measured using scores from the Likert scale.

Sources of data from this study came from two sources, namely the primary data in this study, namely questionnaires. Secondary data in this study, secondary data in the form of profiles and organizational structure of Halu Oleo University obtained from access (www.uho.ac.id), and other data sourced from reference books.

Method of collecting data; (a) Questionnaire. Questionnaire is a technique of collecting data by using a list of questions or about the things being studied. The questions in the questionnaire are made based on indicators, looking at previous research and adjusting to the state of the object of research. It's far simpler to collect data from a large sample size using questionnaires, which could lead to more generalizable results (Rowley, 2014). There are two major considerations that the researcher must make in order to acquire reliable data. The first step is to incorporate relevant questions into the main body of the survey. Second, the survey needs to be distributed to the appropriate respondents. A high percentage of non-response is just one of the problems that might arise from using an improperly selected sample. In the long run, this has consequences for how research is analyzed (Taherdoost, 2016). (b) Documentation. Is a research technique which collects the necessary data in connection with research in the form of decrees, regulations, activity reports and data relevant to research.

Descriptive Analysis

The descriptive analysis method carried out in this research is descriptive analysis of percentages, with the scale used is the Likert Scale which has a score of 1 to 5. The average value of the weighting or score of respondents' answers obtained is classified into the range of the value category scale which is presented as follows :

Table 1. Determination of the Average Category of Respondents' Statement Score

| Average Answer Score | Category meaning / intretation |
|----------------------|--------------------------------|
| 1,00 – 1,80 | Very Low/ Not Good |
| 1,80> - 2,60 | Low / Not Good |
| 2,60> – 3,40 | Currently / Pretty Good |
| 3,40 – 4,20 | High / Good |
| 4,20> | Very High / Very Good |

Multiple Linear Regression Analysis

Multiple Regression Test To obtain unbiased results, the regression model must meet several assumptions which are called classical assumptions. However, previously, the regression model used was the multiple linear regression model (Multiple Linear Regression Analysis), namely the regression model used to measure the effect of two or more independent variables on the dependent variable with an interval or ratio measurement scale in a linear equation (Indriantoro and Supomo, 1999:211).

The multiple linear regression equation is as follows.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Description:

Y= Audit Quality , X1 = Competence, X2 = Independence, α = Constant, β_1 = Coefficient, β_2 = Regression Coefficient X2, e(Epselon)= other variables not studied

Hypothesis test

Hypothesis Testing a) The F test is used to determine whether there is a simultaneous effect of the independent variable and the dependent variable. This proof is done by comparing the value of Ftable with the value of Fcount. To determine the F value, the significant level table used is 5% with degrees of freedom (Degrees of Freedom) $df_1 = (k-1)$ and $df_2 = (n-k-1)$, n is the number of respondents and k is the number of variables. Simultaneous testing using ANOVA (Analysis of Variance), with a significance level (x) of 5% (F test).

The t-test was used to determine the effect of each independent variable on the dependent variable. The test criteria used are if the p value < 0.05, then H_a is accepted. If p value > 0.05, then H_a is rejected. Partial testing using t test with a significance level of 5%.

Results and Discussions

Multiple Linear Regression Analysis Results

From the results of the SPSS statistical program analysis, the results of the regression analysis are obtained as listed in the table as follows:

Table 2. Recapitulation of the results of multiple linear regression analysis

| Independent variable (X) | Regression Coefficient (β) | Tvalue | tsignifikant | Description |
|--------------------------|------------------------------------|--------|--------------|-------------|
| Competence | 0,321 | 2,579 | 0,013 | Received |
| Independence | 0,607 | 5,650 | 0,000 | Received |
| constant (β_0) | = 1,740 with t significant 0,000 | | | |
| R | = 0,895 | | | |
| R Square | = 0,800 | | | |
| F count | = 96.196 | | | |
| F significant | = 0,000 | | | |
| Standar error | = 1,40820 | | | |

Source: Primary Data, processed in 2021

Based on the results of the multivariate regression analysis in table 5.10, the equation for the multivariate regression analysis is obtained as follows:

$$Y = 1,740 + 0,321 X_1 + 0,607 X_2$$

The results of the multivariate regression analysis in the above equation can be interpreted. The R value of 0.859, this indicates that the correlation between the independent variables of auditor competence and auditor independence on audit quality at the internal supervisory unit of Halu Oleo University is strong because the value is above 0.75. Furthermore, the value of R² (R-Square) is 0.800. This means that the diversity of auditor competence and auditor independence variables on audit quality can be explained by the model by 80% and the remaining 20% is explained by other variables in this research model, so that this research model has a good accuracy or accuracy model.

Simultaneous test results obtained a significance value of F or probability of 0.000 < 0.05 at the 95% confidence level. These results indicate that both auditor competence and auditor independence variables simultaneously have a positive and significant effect on audit quality at the internal supervisory unit of Halu Oleo University. The results of this study can also prove from the standardized coefficient value and t-value that the independence variable has a greater value than the auditor's competence. This means that auditor independence is the dominant variable in influencing audit quality compared to the competence of auditors in the internal supervisory unit of Halu Oleo University.

Hypothesis test

The t-test is used to prove the hypothesis proposed in this study, where the hypothesis proposed in this study is the effect of auditor competence and auditor independence on audit quality at the internal supervisory unit of Halu Oleo University. To prove this hypothesis, calculations were carried out using the SPSS computer statistical program to obtain the following results: (1) The results of testing the effect of auditor competence on audit quality are proven by the estimated path coefficient value of 0.321 with a positive direction. The positive bentarnda path coefficient means that the effect of auditor competence on audit quality is unidirectional. This result can also be proven by a significance value of $t_{sig} = 0.013$ which means it is smaller than the value of $= 0.05$. The results of this test prove that the competence of auditors has a positive and significant effect on audit quality. This means that the increase in auditor competence is in a positive and significant direction towards improving audit quality. So that H1 in this study is accepted. (2) The results of testing the influence of the work environment on employee performance are proven by the estimated path coefficient value of 0.607 in a positive direction. The positive path coefficient means that the effect of auditor independence on audit quality is unidirectional. This result can also be proven by a significance value of $t_{sig} = 0.000$ which means it is smaller than the value of $= 0.05$. The results of this test prove that auditor independence has a positive and significant effect on audit quality. This means that the increase in auditor independence is positive and significant in the direction of increasing audit quality. So that H2 in this study is accepted.

Discussion of research hypotheses and coefficient values for direct influence. The results of this study at the same time justify the research hypotheses proposed in the previous discussion. Based on the objectives, research gaps, hypotheses and data analysis results, the discussion of research results combines theory and results of previous research as well as empirical facts that occur in the object being studied in order to verify the research findings, strengthen or reject the theory and the results of previous research or are findings. new. The description of the discussion of hypothesis testing is as follows:

The effect of auditor competence on audit quality

Auditor competence is something that is related to the ability, knowledge/insight, and attitude that is used as a guide in carrying out the responsibilities of the work carried out by employees. Based on the analysis of the description in table 5.8 that the majority of respondents agreed with the question items submitted to the internal supervisory unit of Halu Oleo University, which means they have a good assessment. This is also in line with the results of the regression analysis test in table 5.11 which shows that both the regression coefficient and the partial test (t test) of the auditor's competence variable show a positive/significant value. This means that the auditor's competence variable has a significant relationship to audit quality.

Facts in the field based on variable descriptions show the empirical conditions of the implementation of auditor competence which are focused on ability, experience, training, knowledge, attitudes and behavior, the majority of respondents agree and have implemented it well. Furthermore, if it is observed from empirical facts based on respondents' assessments, the ability indicator obtains the highest average value. This indicates that employees at work have skills and abilities that are in accordance with the type of work given so that they are able to complete tasks and work well.

Auditor competence is the ability of the auditor to carry out the audit properly, the higher the competence of the auditor, the higher the quality of the audit produced. To improve audit quality, it is necessary to increase the competence of auditors, an auditor must have good personal qualities, adequate knowledge and special expertise in their fields.

The results of this study are in line with the theory proposed by De Angelo (1981), Competence can be seen from various points of view. However, in this study, competence will be used from the individual auditor's point of view, this is because auditors are subjects who carry out audits directly and are directly related to the audit process so that good competence is needed to produce quality audits.

The results of this study again strengthen the results of research that has been done previously, by Arifuddin, (2015), Imrana (2018), Ruslan (2021), Muhammad Haerun (2021) suggesting that auditor competence can improve audit quality.

The effect of auditor independence on audit quality

Independence can be interpreted as a mental attitude that is free from influence, not controlled by other parties, not dependent on others. Independence also means there is honesty in the auditor in considering facts and there is an impartial objective consideration in the auditor in formulating and expressing his opinion. Based on the analysis of the description in table 5.8 that the majority of respondents agreed with the question items submitted to the internal supervisory unit of Halu Oleo University, which means they have a good assessment. This is also in line with the results of the regression analysis test in table 5.11 which shows that both the regression coefficient and the partial test (t test) of the auditor's independence variable show a

positive/significant value. This means that the auditor's independence variable has a significant relationship to audit quality.

Facts in the field based on variable descriptions show the empirical conditions of the implementation of auditor independence which are focused on auditor independence, independence in reality and independence in assessment, the majority of respondents agree and have implemented it well. Furthermore, if it is observed from empirical facts based on respondents' assessments, the auditor independence indicator obtains the highest average value. This indicates that the employee's results of the examination carried out are impartial and without prejudice, which is very important to ensure that the examination runs properly. So this will have an impact on improving audit quality.

The results of this study reveal that the better the independence of an auditor, the better the audit quality. The auditor in carrying out his audit duties must be supported by an attitude of independence, both independence in fact and independence in appearance so that the audit results state the actual situation and are free from pressures from related parties.

The results of this study are in line with the theory put forward by Rosdiana (2014) which states that independence means that there is honesty in accountants in considering facts and there are objective, impartial considerations in accountants in formulating and expressing opinions so that it can affect audit quality. The results of the study are in line with the findings of previous studies. By, Dali, N (2013), Evi Octavia (2015), Abdul Halim (2015) suggest that independence has a positive and significant influence on audit quality.

Conclusions

Based on the research results, some conclusions can be formulated as follows: (1) Auditor competence has a positive and significant effect on audit quality. so that the results can be understood that to improve audit quality, an auditor is very dependent on the level of competence. If the auditor has good competence, the auditor will easily carry out his audit tasks and vice versa if it is low then in carrying out his duties, the auditor will get difficulties so that the resulting audit quality will be low as well. (2) Independence has a positive and significant effect on audit quality. This means that the higher the independence of an auditor, the better audit quality will be. These results can be understood that independence is a determining factor of audit quality, this can be understood because if the auditor is truly independent it will not be affected by his client. The auditor will freely carry out his audit duties. (3) Competence and Independence have a significant effect on audit quality. This means that the better the Competence and Independence, the higher the audit quality of the Halu Oleo University Internal Supervisory Unit.

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