

The Influence Of Auditor Competence On Audit Quality In Agencies Government

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Abstract

This study aims to analyze the effect of auditor competence on audit quality in government agencies, focusing on internal auditors operating in various government agencies. The method used in this study is multiple regression analysis, which involves data collection through questionnaires distributed to auditors in several agencies. The results of the study indicate that auditor competence has a positive and significant effect on audit quality. Specifically, competence that includes the knowledge, skills, and experience of auditors has been shown to increase the effectiveness and efficiency of the audit process, as well as the reliability of the audit results produced. The results of data analysis using the linear regression method indicate that auditor competence has a positive and significant effect on audit quality. Auditors with higher education levels, broader work experience, and professional certifications tend to produce higher-quality audits. Additionally, continuous training has been proven to contribute to enhancing auditors' abilities to address the complexities of auditing in government institutions.

Keywords: Auditor Competence, Audit Quality

INTRODUCTION

Financial statements are the final result (summary) of the process of recording a company's financial transactions that occur during a certain period. Investors will decide whether to increase the amount of investment invested, sell some or all of their investments, creditors will assess the company's eligibility for loans or financing, and the company itself can assess management performance in the related period. Because of the importance of financial statements in the decision-making process, users expect reliability and accuracy related to the information presented therein.

An audit is a systematic process conducted by an independent and reputable entity to evaluate the fairness of a company's financial statements. This process entails gathering data and assessing evidence related to the company's financial information to ascertain and report how well it aligns with established criteria, as noted by Arens in 2017 in nature (Putri et al 2023). The primary objective of audits is to identify and mitigate potential errors and fraud, such as transactions that are inaccurate, incomplete, or legally questionable. During the audit, it is crucial for auditors to verify that the accounting evidence associated with the company's transactions has been accurately processed and documented in accordance with the procedures set forth by management.

Audit quality is a crucial factor in ensuring accountability and transparency in management. public finance. Competent auditors are expected to provide objective and accurate assessments of government agency financial reports. This study examines how the level of auditor competence contributes. Auditor will select the records in the financial report to then trace the source of transaction evidence and determine whether the

evidence has met the auditor's consideration that the transaction is correct, properly authorized, and correct in its bookkeeping.

Based on these problems, the author is interested in researching and examining more deeply the The impact of auditor competence on the quality of audits Government Agencies. With this research, it is expected to reveal more deeply the competence possessed by auditors in ensuring audit quality in government agencies. Thus, This study aims to provide a more comprehensive understanding of the importance of auditor competence in government agencies that are oriented towards transparency and compliance with applicable accounting standards.

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The public accounting profession experienced significant development thanks to government support, especially in the period 1979 to 1983. This support was realized through the Decree of the Minister of Finance Number 108/KMK 07/1979, which regulates the use of public accountant audit reports as a basis for obtaining relief in determining corporate tax decisions. In this policy, income tax or corporate tax is calculated based on financial statements that have been audited by public accountants. However, this decision is no longer valid since early 1984 after the enactment of the 1984 Income Tax Law.

In early 1992, the government, through the Directorate General of Taxes, again gave trust to the public accounting profession to verify payments of Value Added Tax (PPN) and Luxury Goods Sales Tax (PPnBM) made by Taxable Entrepreneurs (PKP). In addition, the development of the capital market in Indonesia, which is marked by the increasing number of companies selling shares on the capital market, is also a driving factor in the rapid growth of the public accounting profession in Indonesia. (Koerniawan, et al 2021).

RESEARCH METHODS

This study is a quantitative research project designed to examine the impact of auditor competence on audit quality within government agencies. Employing a descriptive-verification approach, the research will evaluate the relationship between the independent variable (auditor competence) and the dependent variable (audit quality). The population for this study consists of internal auditors employed in specific government agencies. A purposive sampling technique was utilized, selecting samples based on predetermined criteria, such as auditors who have at least 2 years of experience in the audit field. It is estimated that the number of respondents to be taken is around 50-100 auditors to ensure data representativeness.

Primary data will be collected by distributing questionnaires consisting of several parts:

1. Part I, Respondent demographics (age, education, experience)
2. Part II, Questions regarding auditor competency, which includes the auditor's knowledge, skills and experience.

3. Part III, Questions regarding audit quality, which covers aspects of reliability, timeliness, and objectivity of the audit report.

The questionnaire will use a Likert scale (1-5) to measure the level of respondent agreement with each statement. After the data is collected, analysis is carried out using the following steps:

1. Validity and Reliability Test: Using statistical software such as SPSS to ensure that the research instrument is valid and reliable.
2. Descriptive Analysis: Calculating frequencies, means, and standard deviations of demographic data as well as competency and audit quality scores.
3. Multiple Regression Analysis: Used to test the effect of auditor competence on audit quality.

The regression model used is:

Information:

Y = Audit Quality

X = Auditor Competence

a = Constant

$Y = a + bX + e$

e = Error

The results of the analysis will show how much influence competence has on audit quality and the significance of that influence.

RESULTS AND DISCUSSION

Research Result

This study aims to examine the influence of auditor competence on audit quality in government agencies.

Based on the data analysis conducted, the results of the study indicate that:

1. Significant Influence of Competence: There is a positive and significant influence between the competence of government internal auditors on audit quality. The results of the regression analysis show that the regression coefficient for competence is 0.855, which indicates that the higher the auditor's competence, the better the quality of the audit produced (Fathonah, NL (2024)).
2. Determination Coefficient: The determination coefficient (R^2) value of 73.1% indicates that auditor competence explains 73.1% of the variation in audit quality, while 26.9% is influenced by other factors outside this research model (Fathonah, NL (2024)).

Discussion

The results of this study are in line with the theory that states that auditor competence is a key factor in determining audit quality. Some aspects that support this finding are (Aminah, et al 2024):

1. Knowledge and Skills: Auditors who have in-depth knowledge of auditing standards and accounting principles tend to produce higher quality audit reports. This knowledge includes an understanding of the regulations and best practices in auditing that are necessary to accurately assess financial statements¹⁵.
2. Practical Experience: The auditor's experience in performing audit tasks also contributes to their ability to deal with various audit situations. Experienced auditors

are better able to identify risks and problems that may arise during the audit process.

3. Integrity and Ethics: In addition to knowledge and skills, auditor integrity also plays an important role in improving audit quality. Auditors who have a professional attitude and high work ethics tend to produce more reliable audit results.

Research Implications

The findings of this study provide important implications for government agencies in improving audit quality. Competency improvement through training and continuing education for auditors is essential to ensure that they can carry out their duties effectively. Therefore, the recommendations for government agency management are:

1. Training Program: Develop periodic training programs to improve auditor knowledge and skills.
2. Performance Evaluation: Conduct periodic evaluations of auditor performance to ensure that they meet established competency standards.
3. Improving Professional Ethics: Encouraging a culture of professional ethics among auditors to improve integrity in audit implementation.

Thus, this study confirms that auditor competence has a significant influence on audit quality in government agencies, and improving competence should be a top priority to achieve high-quality audit results.

CONCLUSION

Based on the results of the research that has been conducted, it can be concluded that auditor competence has a positive and significant influence on audit quality in government agencies. This study shows that:

1. Significant Influence: There is a strong relationship between auditor competence and audit quality, with a correlation coefficient value of 0.855. This shows that the higher the auditor's competence, the better the audit quality produced.
2. Determination Coefficient: Approximately 73.1% of the variation in audit quality can be explained by auditor competence, while 26.9% is influenced by other factors not examined in this study. This shows the importance of competence in improving audit quality.
3. Competence Aspect: Auditor competence includes the knowledge, skills, and experience required to carry out audit tasks effectively. Auditors who have in-depth knowledge of audit standards and accounting principles tend to produce higher quality audit reports.
4. Practical Implications: This study emphasizes the need for government agencies to improve training and development programs for auditors. Competency improvement through continuing education is essential to ensure that auditors can perform their duties well and produce accurate and objective audit reports.
5. Recommendation: To achieve better audit quality, it is recommended that government agencies not only focus on improving competence but also pay attention to auditor independence and ethics, because these three factors interact with each other in determining the quality of audit results.

Overall, this study provides strong evidence that auditor competence is a key factor in determining audit quality in government agencies, and efforts to improve auditor competence must

be a top priority in order to achieve accountability and transparency. in public financial management.

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