

## **Factors Affecting the Audit Quality of Government's Financial Statements (Study at BPK RI Head Office in 2019)**

**Amelia Dwi Aryani<sup>1</sup>, Auliffi Ermian Challen<sup>2</sup>**

Accounting Department, Faculty of Economics and Business

Yarsi University, Jakarta, Indonesia<sup>12</sup>

auliffi.ermian@yarsi.ac.id<sup>2</sup>

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### **ABSTRACT**

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Many problems in managing state finances necessitate quality audited financial statements. Quality audits must also be carried out to maintain public trust in The Audit Board for its roles in conducting the audits of the management and responsibility of state finances. This study examines the factors that influence the audit quality of the government's financial statements, namely independence, competence, integrity, auditor ethics, objectivity, and motivation. The population in this study were auditors of The Audit Board of the Republic of Indonesia (BPK RI) Head Office. The number of samples in this study reached 70 respondents. The research method used is quantitative, with primary data analyzed using multiple regression. The study results show that independence, competence, integrity, auditor ethics, objectivity, and motivation positively affect the audit quality of the government's financial statements.

### **KEYWORDS:**

Independence; competence; integrity; objectivity; audit quality

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## INTRODUCTION

The ACFE Indonesia survey (2016) result shows that corruption is the most common fraud in Indonesia. *Corruption* is an action by a person or group intentionally against legal provisions such as enriching oneself or another person or a corporation that harms the country's finances or economy. Corruption takes many forms such as bribery, embezzlement, extortion, fraud, acts of fraud, conflicts of interest in procurement, and gratuities, or gifts (Law Number 31 of 1999 in conjunction with Law Number 20 of 2001). Government agencies become susceptible to fraud in the form of corruption (ACFE, 2016).

According to Apriana, Rahayu, and Junaidi (2018), many fraud cases occur in Indonesia. The management of state finances is one of the most critical factors for the country's economic growth as it determines whether or not the state can realize its goals, ideals and create state welfare. Weaknesses in the financial management system and the legal system in the country are the triggers for the misappropriation of state finances and rampant acts of corruption.

Article 23E of the 1945 Constitution (UUD 1945) states that the Supreme Audit Institution is held to examine the management and responsibilities of state finances. According to Law Number 15 of 2006, The Audit Board of the Republic of Indonesia (BPK RI) is tasked with examining the management and responsibilities of state finances carried out by the Central Government, Local Governments, Other State Institutions, Central Bank, State-Owned Enterprises (Badan Usaha Milik Negara, BUMN), Public Service Agencies and Local-Owned Enterprises.

The Summary of Semester Audit Results (Ikhtisar Hasil Pemeriksaan Semester, IHPS) II BPK RI for 2017 submitted to the

House of Representatives (Dewan Perwakilan Rakyat, DPR) includes a summary of 449 Audit Reports (Laporan Hasil Pemeriksaan, LHP) consisting of six financial audit reports, 239 performance audit reports, and 204 special purpose audit reports. The results of the BPK audit found 4,430 findings with 5,852 problems. These problems consist of 1,082 weaknesses of the internal control system (Sistem Pengendalian Intern, SPI), 1,950 issues of non-compliance with the provisions of laws and regulations worth 10.56 trillion, and 2,820 problems with savings, inefficiency, and ineffectiveness worth 2.67 trillion (BPK RI, 2017b). Many problems in managing state finances spur the need for quality audits to correct these problems. BPK RI is expected to materialize quality audits by producing useful audit reports according to the needs of stakeholders (Sugiarmini & Datri, 2017). In addition, the quality of the audit results performed by BPK RI auditors will indirectly affect any decision-making by the powerholders (Dewi, Wahyuni, & Sulindawati, 2017).

According to Arens, Elder, and Beasley (2015), audit quality is how the auditor detects material misstatements in the financial statements. For BPK RI auditors, the audit quality can be seen in the audit results, which are assessed by how many auditors provide appropriate recommendations for any weaknesses in the state financial management (Dewi, Wahyuni, & Sulindawati, 2017). Many studies have been conducted regarding audit quality in the public sector, but each study obtained different results.

Based on the background and differences in the previous research, this study aims to examine the factors that affect the audit quality of the government's financial statements. This study combines independent variables from previous studies, such as independence, competence, integrity, auditor ethics, objectivity, and motivation. BPK RI Head

Office is established as the case study as the research is considered rare. Furthermore, Komalasari's research (2017) found that the larger BPK RI offices had relatively higher audit quality than smaller BPK RI offices.

## LITERATURE REVIEW

### The Previous Research

Research regarding audit quality of government's financial statements have been widely

carried out, among others, as presented in Table 1. These studies have identified factors that affect the government's financial statements audit quality, including the auditors' independence, competence, integrity, ethics, objectivity, and motivation. The auditor is responsible for maintaining his or her independence for the audit to be carried out impartially and should be considered neutral by any party (Faizah & Zuhdi, 2014). An independent auditor will provide an actual assessment of the audited financial statements to achieve a high-quality audit. Research

**Table 1.** Previous Research on The Audit Quality of Government Financial Statements

Author, Year	Independent variable	Object	Result
Faizah and Zuhdi (2014)	Independence, Objectivity, Work Experience, Knowledge, Integrity, Accountability, Professional Skepticism	BPK RI Representative in East Java Province	Independence and Integrity positively affect audit quality; Objectivity, Work Experience, Knowledge, Accountability, and Professional Skepticism do not affect audit quality.
Bouhawia, Irianto and Baridwan (2015)	Work Experience, Integrity, Competence, Organizational Commitment	Auditor at State Company in Libya	Work Experience, Integrity, Competence, and Organizational Commitment positively affect audit quality.
Sari (2015)	Professionalism, Accountability, Integrity	BPK RI Representative in Riau Province	Professionalism, Accountability, and Integrity positively affect audit quality.
Ferdiansyah (2016)	Audit Time Limit, Work Experience, Independence, Objectivity, Integrity, Competence	BPKP RI Representative in DKI Jakarta Province	Independence, Integrity, and Competence positively affect audit quality; Audit Time Limit, Work Experience, and Objectivity do not affect audit quality.
Trihapsari and Anisykurlillah (2016)	Ethics, Independence, Experience, Premature Sign Off	BPK RI Representative in Central Java Province	Ethics and Experience positively affect audit quality; Independence and Premature Sign-Off do not affect audit quality.
Permana and Putra (2016)	Independence, Competence, Experience, Risk of Error, audit complexity	BPK RI Representative in Central Kalimantan Province	Independence, Competence, and Experience positively affect audit quality; Risk of error and audit complexity do not affect audit quality.
Sunarsih (2017)	Independence, Accountability, Integrity, Professional Ethics Sensitivity	BPK RI Representative in Bali Province	Accountability positively affects audit quality; Independence, Integrity, and Professional Ethics Sensitivity do not affect audit quality.
Sugiarmini and Datrini (2017)	Professional Skepticism, Independence, Competence, Ethics, Role Stress	BPK RI Representative in Bali Province	Professional Skepticism, Independence, and Competence positively affect audit quality; Ethics and Role Stress do not affect audit quality.
Rossita and Sukartha (2017)	Competence, Organizational Commitment, Professional Skepticism, Motivation	BPK RI Representative in Bali Province	Competence, Organizational Commitment, Professional Skepticism, and Motivation positively affect audit quality.
Apriana, Rahayu, and Junaidi (2018)	Competence, Independent, Professionalism, Ethics	BPK RI Representative in Jambi Province	Professionalism and Ethics positively affects audit quality; Competence and Independence do not affect audit quality.
Munawaroh (2019)	Independence, Motivation	Auditor at the Berau District Inspectorate Office	Independence and Motivation positively affect audit quality.

conducted by Sugiarmine and Datrini (2017) shows that independence positively affects audit quality. Independent auditors will not be easily influenced by any party and should be impartial in producing a quality audit. However, Trihapsari and Anisykurlillah (2016) study produced different results, demonstrating that independence did not affect audit quality.

In performing an audit, an auditor must have a good personal quality, adequate knowledge, and specialized expertise in the field (Bouhawia, Irianto, & Baridwan, 2015). According to Sugiarmine and Datrini (2017), it is evident that auditor competence positively affects audit quality. Auditors are obliged to expand their knowledge and increase their experience to perform their audit work efficiently. However, a study produced by Apriana, Rahayu, and Junaidi (2018) produced different results. The study shows that competence does not affect audit quality.

Auditors who have integrity always act honestly in various situations. Auditors will not accept anything in any form to which they are not entitled (Faizah & Zuhdi, 2014). The results of Ferdiansyah's research (2016) show that integrity positively affects audit quality. Nevertheless, a study conducted by Sunarsih (2017) shows that integrity does not affect audit quality. Auditors must comply with the code of ethics. Research conducted by Apriana, Rahayu, and Junaidi (2018) proves that ethics positively affect audit quality. Auditors who uphold professional ethics are expected to respect the code of ethics and not violate such code to maintain audit quality. The study by Sugiarmine and Datrini (2017) showed otherwise. According to their research, ethics do not affect audit quality.

Research conducted by Ningrum and Wedari (2017) proves that objectivity positively af-

fects audit quality. An objective auditor will avoid subjectivity and unfairness that can influence their professional judgment. As a result, auditors will maintain their criteria and policies in carrying out audits to produce quality audits. However, studies with different effects, namely Faizah and Zuhdi (2014), show objectivity does not affect audit quality. Research conducted by Asmara (2016) proves that motivation has a positive effect on audit quality. Motivation is the primary driver in supporting and directing behavior. Therefore, the auditor's motivation to carry out a proper audit will result in high audit quality. However, a study by Furiady and Kurnia (2015) shows the contrary. According to their study, motivation does not affect audit quality.

The auditor's competence can determine the possibility of finding misstatements, and reporting misstatements depend on the auditor's independence (De Angelo, 1981). According to Agusti and Pertiwi (2013), audit quality is defined as the possibilities where the auditor, when auditing the client's financial statements, can find violations in the client's accounting system and then report it in the form of a financial statement audit.

### **The Effect of Independence on Audit Quality**

Independence means an attitude and conduct adopted in performing an audit that maintains impartiality and resists any undue influence from external parties (BPK RI, 2017a). Independent auditors can plan audits, conduct audit processes, and make audit reports without the intervention of other parties (Ningrum & Wedari, 2017). The auditor's role as an independent party is indispensable in increasing users' trust of information because the auditor only considers the evidence he or she finds to improve the quality of the audit report (Sugiarmine & Datrini, 2017). An independent auditor will

conduct an actual assessment of the audited financial statements to produce a high-quality audit. The results of research by Faizah and Zuhdi (2014), Ferdiansyah (2016), Sugiarmine and Datrini (2017), Ningrum and Wedari (2017), also Munawaroh (2019) show that independence has a positive effect on audit quality. Based on this background, the author proposes the following hypothesis.

H1: Independence has a positive effect on audit quality.

### **The Effect of Competence on Audit Quality**

Competence is a person's education, knowledge, experience, and expertise regarding audits and specific matters or fields (BPK RI, 2017a). Auditor competence is the expertise and knowledge of auditors to produce audit reports that do not impose any substantial doubts (Kertarajasa, Marwa, & Wahyudi, 2019). According to the research by Permana and Putra (2016), auditor competence influences the quality of the audit produced by the auditor. The higher the competence of an auditor, the better the possibility of the audit quality prepared by the auditor. These results are supported by research by Bouhawia, Irianto, and Baridwan (2015), Furiady and Kurnia (2015), Ferdiansyah (2016), Permana and Putra (2016), Rossita and Sukartha (2017), also Sugiarmine and Datrini (2017), which show that competence has a positive effect on audit quality. Based on this background, the author proposes the following hypothesis.

H2: Competence has a positive effect on audit quality.

### **The Effect of Integrity on Audit Quality**

Integrity is a manifestation of the auditor's honesty in carrying out his or her professional assignments. Auditors who uphold integrity in disclosing audit findings will maintain high audit quality. In exercising their duties,

auditors are obliged to maintain their performance with high integrity. In this case, auditors must act with moral courage and be responsible for the results. *Integrity* is a quality, character, or condition that demonstrates complete unity, honesty, hard work, and adequate competence (BPK RI, 2017a). According to Islahuzzaman (2012), integrity is an element of character that demonstrates a person's ability and confirms it into reality. Integrity is the basis for auditors' decisions and is the quality that underlies public trust (Kertarajasa, Marwa, & Wahyudi, 2019). Auditors with integrity always act with honesty and objectivity in all professional matters. Auditors shall not accept anything in any form that is not their right (Faizah & Zuhdi, 2014). Research by Faizah and Zuhdi (2014), Bouhawia, Irianto and Baridwan (2015), Sari (2015), Ferdiansyah (2016), also Kertarajasa, Marwa and Wahyudi (2019), reveal that integrity has a positive effect on audit quality. Based on this background, the author proposes the following hypothesis.

H3: Integrity has a positive effect on audit quality.

### **The Effect of Auditor Ethics on Audit Quality**

According to Agoes (2012), ethics come from society to regulate spiritual and unethical human behavior in oral and written arrangements (codes of ethics). BPK auditors must comply with the code of ethics. Codes of ethics are norms that must be adhered to while performing their duties (BPK RI, 2017a). Auditor ethics can be interpreted as an auditor upholding a code of ethics in order for the audit results to reflect the actual conditions of the financial statements (Haeridistia & Fadjaranie, 2019). According to Trihapsari and Anisykurlillah (2016), the more the auditor upholds ethics, the higher the audit quality. Research by Apriana, Rahayu, and Junaidi (2018) also Haeridistia and Fadjaranie (2019) establish that auditor ethics posi-

tively affect audit quality. Based on this background, the author proposes the following hypothesis.

H4: Auditor ethics has a positive effect on audit quality.

### **The Effect of Objectivity on Audit Quality**

*Objectivity* is a quality that provides value for the services offered. The principle of objectivity requires a person to be fair and free from conflicts of interest (Mulyadi, 2014). An objective auditor is an auditor who does not allow subjectivity and conflicts of interest to influence their professional judgment (Ningrum & Wedari, 2017). According to Rusvitaniady (2014), objectivity has a positive effect on audit quality. The higher the auditor's objectivity, the higher the audit quality. Research by Rusvitaniady (2014), Furiady and Kurnia (2015) show that objectivity positively affects audit quality. Based on this background, the author proposes the following hypothesis.

H5: Objectivity has a positive effect on audit quality.

### **The Effect of Motivation on Audit Quality**

Motivation is a factor that encourages someone to do a specific activity (Sutrisno, 2013). The stronger the auditor's motivation, the higher the audit quality (Munawaroh, 2019). According to Mangkunegara (2012), motivation is a condition or energy that drives employees to be directed or lead to achieving the company's organizational goals. According to Asmara (2016), motivation is a process that determines the intensity, direction, and desire in a person to take action to achieve the desired goal. High audit quality can be achieved if the desire and need for the auditor to perform work motivation can be fulfilled (Kuntari, Chariri, & Nurdhiana, 2017). The results of research by Asmara (2016),

Rossita and Sukartha (2017), also Munawaroh (2019) reveal that motivation has a positive effect on audit quality. Based on this background, the author proposes the following hypothesis.

H6: Motivation has a positive effect on audit quality.

## **RESEARCH METHOD**

This research type is quantitative research, a case study at the head office of BPK RI. The type of data in this study is primary data from respondents' perceptions of the questions presented in the research questionnaire regarding the related variables. The data obtained during the research will be processed, analyzed, and further processed based on the theory studied to conclude. As a complement, researchers also study textbooks, lecture materials, online news, and research journals to obtain theories and information related to the research topic.

The sampling technique is a convenience sampling technique and the minimum sample size in this study is based on Roscoe in Sugiyono (2017), which explains that research uses multivariate analysis (correlation or multiple regression), so the number of samples is at least ten times the number of variables studied. In this study, there are six independent variables and one dependent variable. Therefore the total minimum sample reaches 70 respondents.

The operational variable definition used in this study is presented in Table 2. The method in analyzing data in this study is quantitative analysis techniques. Quantitative research is done by analyzing a problem that is realized quantitatively. This analysis uses validity and reliability tests, multiple regression, classical assumption, and hypothesis testing. Hypothesis testing uses the t statistical test. This test shows how far the influence

of the independent variable is partially on the dependent variable (Sugiyono, 2017). The significant level found is 0.05. If the probability value  $< \alpha$  (0.05) or  $t\text{-test} > t\text{-table}$ , then the X variable partially influences the Y variable. Researchers use multiple linear regression analysis to predict the ups and downs of the dependent variable state if two or more independent variables as predictor factors are increased and decreased in value (manipulated) (Sugiyono, 2017). The equation in this study is

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + e$$

The classical assumption test is carried out first to meet the regression equation model's requirements. This test includes normality test, heteroscedasticity test, and multicollinearity test. The normality test is carried out to test whether the independent variable and the dependent variable in a regression model or both have a normal or abnormal distribution (Ghozali, 2018). The normality test used the Kolmogorov-Smirnov test. The basis for decision-making is that if the significance value is greater than 0.05, the data is normally distributed. Multicollinearity test is a test to see whether there is a correlation

**Table 2.** Operational Variables Definitions

Variable	Definition	Indicator	Scale
Independence (X <sub>1</sub> )	Independence is an attitude and action in examining, to uphold impartiality and not influenced by anyone (BPK RI, 2017a)	- Personal disorders - External interference (BPK RI, 2017a)	Interval Scale
Competence (X <sub>2</sub> )	Competence is education, knowledge, experience, and expertise needed by a person, both in audit and certain matters or fields (BPK RI, 2017a)	- Strong command in Accounting and Auditing Standards - In insight on governance - Improved Expertise (BPK RI, 2017a)	Interval Scale
Integrity (X <sub>3</sub> )	Integrity is the attitude of being honest, audacious, prudent, and can be held accountable in performing the audit (BPK RI, 2017a)	- Auditor's honesty - Auditor's audacity - Auditor's prudence - Auditor responsibility (BPK RI, 2017a)	Interval Scale
Auditor Ethics (X <sub>4</sub> )	Ethical norms that each BPK member and the examiner must adhere to in performing their duties, established through Regulation No. 2 of 2007 concerning Code of Ethics of BPK (BPK RI, 2017a)	- Rewards received - Organisational - Family environment - Emotional Quotient (EQ) (Sari, 2011)	Interval Scale
Objectivity (X <sub>5</sub> )	Objectivity is the quality that provides value for services provided by members (Mulyadi, 2014)	- Free from conflicts of interest - Disclosure of conditions according to facts (Sari, 2011)	Interval Scale
Motivation (X <sub>6</sub> )	Motivation is a condition or energy that drives an individual or company to achieve the company's organizational goals (Mangkunegara, 2012)	- In encouragement in someone to do something - Appreciation (Nopitasari, 2015)	Interval Scale
Audit Quality (Y)	Audit quality is about auditors reporting misstatements in financial statements (Arens, Elder & Beasley, 2015)	- Accuracy of audit findings - Be sceptical - Value recommendation - Clarity of report - Audit benefits - Follow-up on audit results. (Efendy, 2010)	Interval Scale

between independent variables in the regression model (Ghozali, 2018). The basis for decision making is if the Tolerance value is more than 0.1 or VIF is less than 10, then it shows that there is no multicollinearity. The heteroscedasticity test has the primary purpose of testing and seeing whether there is an inequality of variance in the residual (error) from one observation to another (Ghozali, 2018). Using the Glejser test, if the t-test value is smaller than the t-table and the significance value is greater than 0.05, it can be concluded that there is no heteroscedasticity.

## RESULT AND DISCUSSION

Questionnaires were distributed to 70 respondents at the head office of BPK RI. A graphic representation of the respondents is presented in Table 3. The validity, reliability, and classical assumption tests, which used SPSS version 25, are as presented in the annexes. All question items are valid, reliable,

and can be included in further data processing. This can be seen from the r-test value for the 0.05 is greater than r-table and the Cronbach's Alpha value > 0.60. All data in this study have met the classical assumption test. The data used were normally distributed, with no multicollinearity and heteroscedasticity among the independent variables.

### Hypothesis Testing Result

The F-test was carried out to determine the effect of independent variables simultaneously on audit quality. The F-test results in Table 4 showed that the F-test value was 7.981, while the F-table value was 2.25 ( $\alpha = 0.05$ ). Thus the  $F\text{-test} > F\text{-table}$  or  $\text{sig } F \text{ value } (0.000) < \alpha (0.05)$ . Therefore, it can be concluded that all independent variables, including independence, competence, integrity, auditor ethics, objectivity, and motivation simultaneously (joint), affect the audit quality significantly.

**Table 3.** Respondent's Profile

Identity	Information	Frequency	Percentage (%)
<b>Gender</b>	Male	30	42.9
	Female	40	57.1
<b>Age</b>	20-29	4	5.7
	30-39	35	50.0
	40-49	25	35.7
	50-59	6	8.6
<b>Position</b>	First Auditor	22	31.4
	Junior Auditor	35	50.0
	Intermediate Auditor	13	18.6
<b>Educational Level</b>	S2 (Post-graduate Degree)	28	40.0
	S1 (Bachelor Degree)	40	57.1
	D3 (Diploma)	2	2.9
<b>Length of Work</b>	1-9	21	30.0
	10-19	37	52.9
	20-29	11	15.7
	30-39	1	1.4



Furthermore, partial hypothesis testing with multiple regression is carried out. The results of multiple regression analysis can be seen in Table 5. The result shows that independence (X1), competence (X2), integrity (X3), auditor ethics (X4), objectivity (X5), and motivation (X6) have a positive effect on audit quality (Y). It can be concluded that all independent variables partially have a positive and significant effect on the dependent variable. In other words, if there is an increase in independence, competence, integrity, auditor ethics, objectivity, and motivation, it will be followed by increased audit quality. The coefficient of determination test results is shown in Table 6. R-square is adjusted to 0.691, meaning that variations of the independent variable can explain the 69.1% of the variation in audit quality as the dependent variable. Other variables outside the model explain the rest.

As shown in Table 5, the Independence variable (X1) has a significance value of  $0.033 < 0.05$  or the value of  $t\text{-test} > t\text{-table}$  ( $3.789 > 1.998$ ) and a coefficient of 0.114. It can be concluded that the first hypothesis (H1) is accepted, meaning that independence has a positive effect on audit quality. The results of this study are supported by researches conducted by Faizah and Zuhdi (2014), Ferdiansyah (2016), Permana and Putra (2016), Sugiarmuni and Datrini (2017), also Munawaroh (2019), stating that independence has a positive effect on audit quality. The higher the independence of the auditor, the higher the audit quality. Thus auditors shall maintain impartiality and not be influenced by anyone when performing their professional responsibilities. Auditors who consistently maintain their independence appropriately can produce adequate and reliable audit quality.

**Table 4.** Determination Coefficient Test

Model	Sum of square	df	Mean Square	F	Sig.
Regression	248.474	6	41.412	7.981	0.000 <sup>b</sup>
Residual	326.897	63	5.189		
Total	575.371	69			

a. Dependent Variable: Total Y

b. Predictors: (Constant), X1, X2, X3, X4, X5, X6

**Table 5.** Result of the Multiple Regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Hypothesis Test Result (t-table= 1.998)
	B	Std. Error	Beta			
(Constant)	11.085	3.048		3.637	0.001	-
X1	0.114	0.145	0.111	3.789	0.033	H1 Accepted
X2	0.193	0.156	0.168	2.239	0.020	H2 Accepted
X3	0.027	0.091	0.058	2.300	0.028	H3 Accepted
X4	0.271	0.193	0.183	3.407	0.019	H4 Accepted
X5	0.166	0.175	0.200	2.061	0.048	H5 Accepted
X6	0.295	0.125	0.353	2.351	0.022	H6 Accepted

**Table 6.** Determination Test Result

Model	R	RSquare	Adjusted R Square	Std. Error of the Estimate
1	0.831 <sup>a</sup>	0.691	0.571	2.278

The Competence variable (X2) has a significance value of  $0.020 < 0.05$  and a coefficient of  $0.193$ . From the results, it can be concluded that the second hypothesis (H2) is accepted. Competence has a positive effect on audit quality. Corresponding research was conducted by Rusvitaniady (2014), Bouhawia, Irianto, and Baridwan (2015), Furiady and Kurnia (2015), Asmara (2016), Permana and Putra (2016), Rossita and Sukartha (2017), Sugiarni and Datrini (2017) also Kertarajasa, Marwa, and Wahyudi (2019). They prove that competence has a positive effect on audit quality. The higher the auditor's competence, the higher the quality of the audit produced. Education data also support the results of this study. Most of the respondents are Bachelor's and post-graduate degrees with more than nine years of work. Auditors must have adequate knowledge and experience in auditing by attending general education and special education to achieve professional competence. A competent and experienced auditor will complete the audit work better than an incompetent and low-experienced auditor.

Auditors must be supported by adequate knowledge, expertise, and experience to carry out audit tasks. Without such, there will be a substantial doubt upon the reports produced by auditors. For that reason, auditors must continually expand their knowledge and broaden their experience. Auditors who are competent in performing their duties will be able to easily solve problems they encounter and produce excellent and sound audit quality.

The Integrity variable (X3) has a significance value of  $0.028 < 0.05$  and a coefficient of  $0.027$ . From the test results above, it can be concluded that the third hypothesis (H3) is accepted, meaning that integrity has a positive effect on audit quality. The results of this study are supported by research by Faizah and Zuhdi (2014), Bouhawia, Irianto, and

Baridwan (2015); also Kertarajasa, Marwa, and Wahyudi (2019), which state that integrity has a positive effect on audit quality. The higher the integrity of the auditor, the higher the audit quality. Auditors may face pressure or even intimidation from other parties in carrying out their duties. Therefore, auditors must be held accountable to the public and maintain their integrity. According to their judgment and belief, auditors must have the audacity to reveal findings the required to be disclosed. An auditor with integrity is an auditor who can ensure that what is believed to be true must be materialized in reality.

The Ethics variable (X4) has a significance value of  $0.019 < 0.05$  and a coefficient of  $0.271$ . From the test results above, it can be concluded that the fourth hypothesis (H4) is accepted, meaning that ethics has a positive effect on audit quality. The results of this study are supported by the research of Trihapsari and Anisykurlillah (2016), Apriana, Rahayu, and Junaidi (2018), Chariri and Nurdhiana (2017), also Haeridistia and Fad-jarenie (2019), which state that ethics has a positive effect on audit quality. The higher the ethics upheld by the auditor, the higher the audit quality. BPK has a code of ethics in place for its auditors. The code of ethics is a written norm that regulates its members' attitudes, behavior, and manners. Auditor ethics following the professional code of ethics will support the auditor's performance. If an auditor has terrible ethics, it will damage the public's trust in the auditors of BPK. Ethics should be inextricably linked with auditors, as ethics controls auditors to produce high audit quality.

The fifth variable (X5), Objectivity, has a significance value of  $0.048 < 0.05$  and a coefficient of  $0.166$ . From the test results above, it can be concluded that the fifth hypothesis (H5) is accepted, meaning that Objectivity has a positive effect on audit quality. The research results by Rusvitaniady (2014) also

Furiady and Kurnia (2015) state that Objectivity has a positive effect on audit quality. The higher the Objectivity of the auditor, the higher the audit quality. Professional auditors must have a strong command of Objectivity. Thus auditors have to be fair and not prejudiced or biased in expressing their opinions.

Variable Motivation (X6) has a significance value of  $0.022 < 0.05$  and a coefficient of 0.295. From the test results above, it can be concluded that the sixth hypothesis (H6) is accepted, meaning that motivation has a positive effect on audit quality. The results of this study are supported by research by Asmara (2016), Rossita and Sukartha (2017), also Kuntari, Chariri, and Nurdhiana (2017), which state that motivation has a positive effect on audit quality. The higher the motivation of the auditor, the higher the audit quality at BPK auditors. Motivation can be a driving factor that affects auditors' performances. Therefore an auditor can work diligently with a solid enthusiasm to achieve optimal results with a high level of motivation. Good motivation will increase the work productivity of auditors and thus can enhance audit quality.

The test results of this study strengthen that independence, competence, integrity, ethics, objectivity, and motivation affect BPK audit quality. In addition to previous research support, SPKN (Standar Pemeriksaan Keuangan Negara) as a state financial audit standard for BPK auditors also mentions the importance of independence, integrity, and professionalism. SPKN states that to realize an independent, integrity, and professional BPK for the sake of the state, every member of the BPK and the State Auditor must comply with a code of ethics. Meanwhile, independence, integrity, and professionalism are values that the BPK auditor must uphold.

## CONCLUSION

The results of this study indicate that all the independent variables used, namely independence, competence, integrity, ethics, objectivity, and motivation, are factors that affect audit quality positively. In carrying out an audit, an auditor must carry out an audit under ethical principles, which are an essential element of the value of accountability and public expectations to the auditor, in this case, the BPK auditor. Auditors must be objective and consistently maintain their integrity, independence, and competence to produce quality audits. Furthermore, motivation is the auditor's personal encouragement to continue to carry out his duties and increase his productivity, which will indirectly improve audit quality for the better.

This study can be used as evaluation material by auditors to maintain an independent attitude, integrity, objectivity, competence, good ethics, and keep their motivation flying high in carrying out their duties. It is expected that auditors can continue to improve the quality of their audits to gain public trust in the reports published by BPK RI. This study's shortcomings are that respondents are auditors at the BPK RI head office. Further research can eliminate any shortcomings deriving from this study by developing the scope of research throughout Indonesia. Furthermore, by expanding the scope of research, additional independent variables may be taken into account, such as professionalism, accountability, organizational commitment, emotional intelligence, auditor's expertise, etc.

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## APPENDICES

**Appendix 1.** Reliability and Heteroscedasticity Test Result

Variable	Cronbach's Alpha	Information	Sig	Information
Independence (X <sub>1</sub> )	0.792	Reliable	0,753	No heteroscedasticity
Competence (X <sub>2</sub> )	0.761	Reliable	0,082	No heteroscedasticity
Integrity (X <sub>3</sub> )	0.940	Reliable	0,412	No heteroscedasticity
Auditor Ethics (X <sub>4</sub> )	0.691	Reliable	0,727	No heteroscedasticity
Objectivity (X <sub>5</sub> )	0.894	Reliable	0,490	No heteroscedasticity
Motivation (X <sub>6</sub> )	0.824	Reliable	0,741	No heteroscedasticity
Audit Quality (Y)	0.819	Reliable		

**Appendix 2.** Multicollinearity Test Result

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Independence	0,454	2,202
Competence	0,488	2,050
Integrity	0,242	4,126
Auditor Ethics	0,534	1,872
Objectivity	0,200	4,990
Motivation	0,200	4,990

**Appendix 3. Validity Test Result**

Variable	Item	r <sub>test</sub>	Result	Variable	Item	r <sub>test</sub>	Result
Independence (X <sub>1</sub> )	X1.1	0.637	Valid	Auditor Ethics (X <sub>4</sub> )	X4.2	0.724	Valid
	X1.2	0.358	Valid		X4.3	0.359	Valid
	X1.3	0.672	Valid		X4.4	0.350	Valid
	X1.4	0.637	Valid	Objectivity (X <sub>5</sub> )	X5.1	0.722	Valid
	X1.5	0.527	Valid		X5.2	0.541	Valid
	X1.6	0.775	Valid		X5.3	0.679	Valid
Competence (X <sub>2</sub> )	X2.1	0.339	Valid		X5.4	0.746	Valid
	X2.2	0.309	Valid		X5.5	0.807	Valid
	X2.3	0.719	Valid		X5.6	0.721	Valid
	X2.4	0.617	Valid	X5.7	0.69	Valid	
	X2.5	0.647	Valid	X5.8	0.587	Valid	
	X2.6	0.459	Valid	Motivation (X <sub>6</sub> )	X6.1	0.646	Valid
Integrity (X <sub>3</sub> )	X3.1	0.657	Valid		X6.2	0.687	Valid
	X3.2	0.699	Valid		X6.3	0.695	Valid
	X3.3	0.608	Valid		X6.4	0.674	Valid
	X3.4	0.776	Valid		X6.5	0.637	Valid
	X3.5	0.746	Valid		X6.6	0.244	Valid
	X3.6	0.624	Valid		X6.7	0.429	Valid
	X3.7	0.794	Valid		X6.8	0.550	Valid
	X3.8	0.577	Valid	Audit Quality (Y)	Y.1	0.637	Valid
X3.9	0.633	Valid	Y.2		0.669	Valid	
X3.10	0.486	Valid	Y.3		0.637	Valid	
X3.11	0.625	Valid	Y.4		0.554	Valid	
X3.12	0.796	Valid	Y.5		0.678	Valid	
X3.13	0.764	Valid	Y.6		0.385	Valid	
Auditir Ethics (X <sub>4</sub> )	X4.1	0.637	Valid	Y.7	0.479	Valid	
				Y.8	0.465	Valid	

**Appendix 4. Normality Test Result**

One-Sample Kolmogorov-Smirnov Test		
Unstandardized Residual		
N	70	
Normal Parameters <sup>a,b</sup>	Mean	0,0000000
	Std. Deviation	2,14412787
Most Extreme Differences	Absolute	0,105
	Positive	0,066
	Negative	-0,105
Test Statistic	0,105	
Asymp. Sig. (2-tailed)	0,055 <sup>c</sup>	

a. Test distribution is Normal.

