COMPETENCY, INDEPENDENCE, MOTIVATION, AUDITOR OBJECTIVES, AUDIT QUALITY, LEADING POLICY AT BADUNG REGENCY INSPECTORATE

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ABSTRACT

The purpose of this study is to determine and test the effect of Competence, Independence, Motivation, Objectivity on Audit Quality which is moderated by the Leadership Policy factor. This study uses quantitative methods that are used to meet research objectives in addition to literature review. The population in this study were all functional auditors and P2UPD in the Badung Regency Inspectorate environment, amounting to 48 people. Data were collected using a questionnaire using a Likert scale in scoring the answers to the statements given. Data were analyzed using analysis using a variance-based structural equation analysis model known as Partial Least Square (PLS) analysis. the results of this study indicate that: 1) Competence has a significant positive effect on audit quality; 2) Independence influences audit quality; 3) Motivation has no effect on audit quality; 4) Objectivity has a significant positive effect on audit quality; 5) Leadership policy directly has a positive effect on audit quality; 6) the leader’s policy moderates independence and motivation so that it positively affects audit quality. The results of this study provide advice and input to the leadership of the Inspector of Badung Regency in order to formulate policies and produce good policies so as to improve audit quality.

Keywords: competence, independence, motivation, objectivity, audit quality, leadership policies

I. INTRODUCTION

Badung Regency Government through Badung Regent Regulation No. 1 of 2018 regarding the provision of additional workload income indirectly provides motivation to employees including functional auditors at the OPD Inspectorate of Badung Regency in improving performance, according to Haditya, et al (2017) in his research expressing compensation given for the basis for maximum work achievement, employees will be motivated to achieve maximum work results. According to Kusmiati (2012) in her research found that good work motivation will improve employee performance.

Motivation is very important because motivation is the thing that causes, channels and supports human behavior, so that they want to work actively and enthusiastically to achieve optimal goals or results. In the research of Efendy, M Taufiq (2010) motivational factors have a significant positive effect on audit quality. Hanjani, et al (2014) in their research found that motivational factors had a significant positive effect on audit quality. Randi (2014) in his research also suggested that motivational factors influence audit quality positively significantly.

Motivation factors in several studies showed negative results, which motivational factors did not have a positive influence on audit quality. This is indicated by Rosniyati's research (2011) also
found that motivation and professionalism factors did not have a significant positive impact on audit quality. Ardini (2010) in his research also suggested that motivational factors had no influence on audit quality. Similar to the independence factor, the motivational factor also shows inconsistent results on each research result.

Objectivity becomes an attitude that must be possessed by an auditor, according to BPKP (2008) objectivity is a behavior that must be obeyed by the auditor. Carolita, et. al (2012) in his research stated that the variable work experience, objectivity, integrity and organizational commitment have a positive effect on audit quality. Sari, et.al (2011) in his research found that work experience, independence, objectivity, integrity, competence and ethics had a positive and significant effect on audit quality. Queena, et.al (2012) in his research also stated that objectivity, knowledge, integrity, ethics, professional skepticism of auditors have a positive and significant effect on audit quality.

In reality on the ground, auditors often face constraints from the leadership's policy involvement on audit results found in the OPD being examined. The leader's policy not to report the results of the audit reduces auditor objectivity which directly and can affect audit quality. However, in some studies the objectivity factor itself gives inconsistent results, which results show that objectivity does not have a significant positive effect on audit quality. Badjuri research (2012) shows different results, which objectivity factor does not affect the quality of the auditing positively. The same thing was found in the study of Linting, et.al (2013), in which auditor objectivity did not have a positive effect on audit quality.

Another problem that is often experienced by auditors is the short examination time given with many inspection areas / OPDs that are examined resulting in the examination being only sampling and not comprehensive so that the audit results do not meet the existing inspection standards and the possibility of finding violations in the OPD accounting system becomes very small . Leadership policy is one of the factors that contributes to increasing competence, independence, motivation, objectivity of auditors, as well as directly contributing to the quality of the audit itself. Zain et al (2006) in their research revealed that the need for policies that support and improve the internal audit function, the results of this study also support the existence of policies regarding the appointment of members, the need for members to have knowledge in auditing. ICAEW (2001) identified 5 main factors that can influence independence and objectivity, one of which is intimidation, whether it is personality domination, by the director or manager or other parties. The leadership's policy not to report on guidelines by auditors is a form of intimidation for internal auditors.

Stoner (1989) states that leaders can influence followers because leaders have five bases of power. Jaworski (1990) also states that leadership in communicating, attitudes towards risk, education level, level of mobility, behavior that leads to change and actions taken will affect the staff below, so that leadership policies can have a good impact on competence, independence, motivation and objectivity of internal auditors. Various studies suggest that many factors influence audit quality produced by the examiner (auditor / APIP) including competence, motivation, experience, objectivity, audit ethics, independence, but the research shows inconsistent results. Factors that show inconsistencies such as independence, motivation, and objectivity factors which in some studies show the results do not affect audit quality. Observing from the background and phenomena above it is necessary to conduct research regarding the influence of competence, independence, motivation and objectivity on audit quality with the leadership policy as a moderating variable conducted at the Inspectorate of Badung Regency.

II. LITERATURE REVIEW

Lee and Stone (1995), define competency as sufficient expertise that can be explicitly used to conduct audits objectively. As for Bedard (1986) in Sri lastanti (2005) defines expertise or competence as someone who has extensive procedural knowledge and skills shown in the audit experience.

Based on the description above, it can be concluded that the auditor's competence is the knowledge, expertise, and experience needed by the auditor to be able to conduct an objective, careful and thorough audit. Hayes-Roth defines expertise as knowledge of a particular environment, understanding of problems arising from that environment, and skills to solve those problems (Mayangsari, 2003).
Motivation becomes a strength, energy or power, or a complex condition and readiness in the individual to move towards certain goals, both consciously and unconsciously (Makmun, 2003). A person's motivation can be generated and grow through himself-intrinsically and from the extrinsic environment (Elliott et al., 2000; Sue Howard, 1999). Intrinsic motivation is meaningful as a desire from oneself to act without external stimulation (Elliott, 2000). Intrinsic motivation will be more beneficial and give you greatness in learning. Extrinsic motivation is described as motivation that comes from outside the individual and cannot be controlled by the individual (Sue Howard, 1999). Elliott et al. (2000), exemplifying it with values, gifts, and / or awards that are used to stimulate a person's motivation. For example, in learning activities, motivation is a driving force that guarantees the continuity of learning activities and gives direction to learning activities so that desired goals can be met. Thus motivation is very influential on one's learning outcomes. If someone does not have the motivation to learn, then that person will not achieve optimal learning outcomes.
results. To be able to learn well in need of a good process and motivation, providing motivation to
learners, means moving someone so that he wants or wants to do something.

Objectivity according to Lawrence, et al. translated by Anhariani (2006: 103) is: "Objectivity is
a rare thing and should not be compromised. An auditor should never place himself or be placed in
a position where their objectivity can be questioned. The internal auditor's code of ethics and
standards have set certain rules that must be followed in order to avoid the possibility of a view of
lack of objectivity or the appearance of bias. Violation of these rules will cause criticism and
questions about the lack of objectivity possessed by internal audit."

In addition, the definition of objectivity according to Siti Kurnia Rahayu and Ely Suhayati
(2009: 52) is: "Must be free from conflict of interest issues and must not allow material
misstatement factors that he knows or transfer his considerations to other parties. By maintaining
integrity the auditor will act honestly, and firmly, by maintaining his objectivity, the auditor will act
fairly, impartially in carrying out his work without being influenced by pressure or demand from
certain parties or personal interests".

he Indonesian Institute of Accountants states that audits by auditors are said to be of
quality, if they meet auditing standards and quality control standards. Furthermore De Angelo
(1981) defines audit quality as the probability (likelihood) that an auditor discovers and reports
about a violation in his client's accounting system. Deis and Giroux (1992) explain that the ability to
find material misstatements in a company's financial statements depends on the competence of
auditors while the willingness to report findings of misstatements depends on its independence.

The quality of the work of the auditor can also be seen from the quality of the decisions
taken. According to Edwards, et al. in Bedard and Micheline (1993) there are two approaches used
for the outcome oriented and process oriented. The outcome oriented approach is used if the
solution of a problem or the outcome of a job is certain. To assess the quality of the decision to be
taken is done by comparing solutions or results achieved with predetermined results standards.
While the process oriented approach is used if the solution to a problem or the outcome of a job is
very difficult to ascertain. So to assess the quality of the decisions to be taken by the auditor seen
from the quality of the stages / processes that have been taken by the auditor while completing
work from the beginning to produce a decision. The measurement of results is more widely used
because the measurement of processes cannot be directly observed while the measurement of
results usually uses a measure of the size of the audit. This is in line with Moizer (1997) which
states that the measurement of the quality of the audit process is centered on the performance of
the auditor and compliance with the standards outlined.

James E. Anderson in Wahab (2013), provides policy formulation as the behavior of a
number of actors (officials, groups, government agencies) or a series of actors in a particular field of
activity. Another opinion is from Carl Friedrich in Wa-hab (2013) which states that policy is an action
that leads to the goals proposed by a person, group or government in a particular environment due
to certain obstacles while looking for opportunities opportunities to achieve goals or achieve desired
goals. From several definitions of policies that have been advanced by these experts, it can be
concluded that in essence the study of policy (policy) includes the questions: what, why, who,
where, and how. All of these questions are related to the problems faced by the institutions that
make decisions concerning; contents, methods or procedures specified, strategy, time the decision
was taken and implemented.

Henry in Kartono (2011) argues that a leader in the broadest sense is a person who leads,
by way of mastering social behavior by regulating, directing, organizing or controlling the efforts /
efforts of others, or through prestige, power or position. si. Whereas in the limited sense, the leader
is a person who guides, leads with the assistance of his persuasive qualities, and his acceptance /
acceptance voluntarily by his followers. William N. Dunn (2012) distinguishes a policy including the
policy of the leadership can be measured through indicators, namely: 1. Policy problems (public

Based on the description of the theory and frame of mind, the following research
hypotheses can be formulated:

1. There is a significant and positive influence of Auditor Competence on Audit Quality
2. There is a significant and positive influence from the Auditor on Audit Quality
3. There is a significant and positive influence on the motivation of the Auditor on Audit
Quality
4. There is a significant and positive influence on the Auditor's objectivity on Audit Quality.
5. There is a significant and positive influence on the competence, independence, motivation and objectivity of the Auditor simultaneously on Audit Quality.

6. There is a significant and positive influence on the interaction of the competence, independence, motivation and objectivity of the Auditor with the leader's policy on audit quality.

III. RESEARCH METHOD

The research method can be interpreted as a procedure for how a study is carried out. The approach used in this study is a survey. According to Singarimbun and Effendy (1995: 73) that the survey is a study that takes a sample from one population using a population using a questionnaire as a primary data collection tool and in general using statistical methods. The type of this research is descriptive quantitative. According to Arikunto (2002: 117) that comparative causal research is research that measures the strength of the relationship between two or more variables, but it also shows the direction of the relationship between the independent variable and the dependent variable (indicating a cause and effect problem).

The nature of this research is the research explaining (descriptive explanatory) phenomena that occur in the object of research regarding competence, independence, motivation and objectivity of the audit of audit quality at the Inspectorate of Badung Regency. According to Sugiyono (2009: 22) that descriptive explanatory research is intended to explain the position of the variables studied as well as the influence of one variable with another variable.

This research was conducted at the Inspectorate of Badung Regency. The choice of location is based on the consideration that there is still a need to improve the quality of audits of the Badung Regency Inspectorate by increasing the competence, independence, motivation and objectivity of the Government Internal Supervisory Apparatus (APIP) incorporated in the Badung Regency Inspectorate as quality assurance in facing audits from external parties. The population in this study were employees of the Government Internal Supervisory Apparatus (APIP) at the Inspectorate of Badung Regency, amounting to 49 people with a total of 15 auditors and the Governmental Supervisors for Regional Government Affairs (P2UPD) of 34 people. Because the total population in this study is below 100, this research uses a saturated sampling technique in which all members of the population are sampled (Sugiyono, 2008).

This study uses a data analysis method using Smart PLS software version 2.0.m3 which is run on computer media. PLS (Partial Least Square) is a variance-based structural equation analysis (SEM) that can simultaneously test measurement models as well as structural model testing. The measurement model is used to test the validity and reliability, while the structural model is used to test causality (hypothesis testing with predictive models).

IV. RESEARCH RESULT

1. Competence is proven to have a positive and significant effect on audit quality. This result is shown by a positive path coefficient of 0.354 with a t-statistic of 4.114 (t-statistic> 1.96), thus, it can be concluded that there is a significant and positive influence of Auditor Competence...
on Audit Quality. The results obtained can be interpreted that the higher the competence of the auditor, the quality of the resulting audit will increase.

2. Independence is proven to have a positive but not significant effect on audit quality. These results are shown by a positive path coefficient of 0.045 with a t-statistic of 0.452 (t-statistic <1.96), thus, it can be concluded that there is a positive and insignificant influence from the auditor's independence on Audit Quality. The results obtained can be interpreted that the higher the attitude of auditor independence, the quality of the resulting audit will increase.

3. Motivation is proven to have a positive but not significant effect on audit quality. These results are indicated by a positive path coefficient of 0.076 with a t-statistic of 0.481 (t-statistic <1.96), thus, it can be concluded that there is a positive and insignificant influence from the Auditor's motivation on Audit Quality. The results obtained can be interpreted that the higher the motivation of the auditor, the quality of the resulting audit will increase.

4. Objectivity is proven to have a positive and significant effect on audit quality. This result is shown by a positive path coefficient of 0.157 with a t-statistic of 2.410 (t-statistic> 1.96), thus, it can be concluded that there is a significant and positive influence of Auditor Objectivity on Audit Quality. The results obtained can be interpreted that the higher the objectivity of the auditor, the quality of the resulting audit will increase.

5. Leadership policies are proven to have a positive and significant effect on audit quality. These results are shown by a positive path coefficient of 1.293 with a t-statistic of 5.773 (t-statistics> 1.96), thus, it can be concluded that there is a significant and positive influence of the leader's policy on Audit Quality. The results obtained can be interpreted that the better and more appropriate policy leaders, the quality of the resulting audit will increase.

6. The leader's policy moderates positively and significantly on the simultaneous influence of competence, independence, motivation, and objectivity on audit quality. This result is shown by the moderation coefficient which is positive at 0.808 with a t-statistic at 2.517 (t-statistic> 1.96), thus, it can be concluded that a significant and positive influence of the interaction of competence, independence, motivation and objectivity of the Auditor with leadership policy on audit quality. The results obtained can be interpreted that the higher the competence, independence, motivation and objectivity of the auditor coupled with the presence of better and more appropriate leadership policies, the quality of the resulting audit will increase.

Discussion
Many researchers have previously examined the effect of competence, independence, motivation, objectivity on audit quality with inconsistent results for each variable. Variables that show inconsistencies such as variables of independence, motivation, objectivity. In this study adding the leadership policy as a moderating variable, this is included because there are leadership policy problems that determine each audit result conducted by the auditor.

This study found that the competency and objectivity variables simultaneously affect audit quality. This answers the hypothesis in this study that there is a significant and positive influence on audit quality competencies and there is a significant and positive influence on objectivity on audit quality. Hypothesis there is a significant and positive influence of independence, motivation on audit quality is rejected, in other words there is no effect of independence and motivation on audit quality.

V. CONCLUSIONS AND RECOMMENDATIONS

Conclusions
The results of the bivariate analysis found that competency and objectivity variables have a simultaneous influence on audit quality. While the variable independence and motivation does not affect audit quality

The results of multivariate analysis with multiple linear regression without including leadership policies as moderating found that competency and objectivity variables partially affect audit quality. While partial independence and motivation variables also do not affect audit quality.

The results of multivariate analysis by including leadership policies as moderating found that leadership policies moderate independence and motivation so that the analysis found that these factors had a significant positive effect on audit quality.

Recommendations
Future studies can further examine the influence of leadership policy variables directly on audit quality and the effect on other variables. The next researcher needs to dig deeper in the form...
of qualitative research to find the right questions to explore independence and motivation so that it can find consistent results in influencing audit quality.

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