

## THE EFFECT OF AUDITOR COMPETENCE, AUDITOR INDEPENDENCE, AND AUDITOR INTEGRITY ON AUDIT QUALITY AT THE INSPECTORATE OF WEST SUMATRA PROVINCE

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### Abstract

*This study aims to analyze the influence of auditor competence, auditor independence, and auditor integrity on audit quality at the Inspectorate of West Sumatra Province. This study uses a quantitative method by collecting data through questionnaires distributed to 64 respondents using a convenience sampling technique. A Likert scale was used as a measurement tool. The data analysis techniques used include descriptive analysis, instrument testing, classical assumption tests, hypothesis testing, and multiple linear regression analysis. The results of the study show that auditor competence has a positive and significant effect on audit quality. This means that the higher the auditor's competence, the better the audit quality produced. Therefore, continuous training and professional development are very important to maintain and improve the level of auditor competence. On the other hand, auditor independence does not show a significant effect on audit quality. This indicates the need to strengthen organizational culture and policies that truly support independence. In addition, auditor integrity has a negative and significant effect on audit quality. A thorough evaluation is needed to identify the contributing factors and take corrective actions. Organizations need to focus on increasing ethical awareness and strengthening the application of integrity in audit practices. Improving audit quality in the government sector requires integrated efforts that include competence, independence, and integrity in order to achieve more transparent, objective, and accountable public financial management.*

**Keywords:** *auditor competence, auditor independence, auditor integrity, audit quality, Inspectorate*

### INTRODUCTION

The inspectorate is a government agency that has a very important function in the control process to manifest a government that is free of corruption, collusion, and nepotism. While the provincial inspectorate has a role to advance local government (Riswandi et al., 2023). A audit is a series of supervisory and inspection activities carried out by the audit committee to ensure that the company's internal control system operates effectively (Rivandi & Putra, 2021). According to Suryandari & Arie Susandya (2023) Audit quality refers to all aspects that enable an auditor to carry out his duties in identifying and disclosing non-compliance with generally accepted accounting principles in a client's accounting system, and reporting these findings in the audit report. Audit quality reflects the various possibilities that can occur during the auditor's audit of his client's financial statements (Zulvia & Gustilia, 2022). Kusmayasari et al (2023) suggests that due to a number of violating errors committed by public accountants, audit quality is a major concern. As a result, the licenses of several KAPs involved have been canceled by the Ministry of Finance. There is evidence that auditors have made mistakes against SPAP in some cases. Audit quality is of paramount importance to the Inspectorate of West Sumatra Province. Good audit quality can help improve accountability, transparency, and public trust in government.

The problems found consisted of; delays in the results of the audit report examination, a long time-consuming process, and problems found related to the substance of the findings and report writing that was not in line with the 5 important elements (Inspectorate of West Sumatra Province: Viranita Arief, SE 2024). These problems are caused by several obstacles found by auditors, namely constraints in the process of receiving reports by the inspectorate, due to the company's delay in submitting reports, other obstacles lie in the long report review process, which consists of five levels of assessment (namely: team leader, technical controller, quality controller, deputy person in charge, and inspector). Another obstacle is constrained in the substance of the findings and report writing (whether it is in line with the 5 elements, namely; findings, conditions, criteria, causes, consequences and recommendations), and constrained in terms of writing (such as: errors or mistakes in writing, and systematics) (Inspectorate of West Sumatra Province: Viranita Arief, SE

2024). These problems cause the administrative system in the audit process to run poorly so that the quality of inspectorate audits is also poor and needs improvement.

## RESEARCH METHODS

The type of research used is of course quantitative research. This research uses an ordinal scale, with a cross-sectional method, the data source is primary data or data obtained from a party involved in the research, where the data is collected through distributing questionnaires with answers obtained from the answering party or respondent to the statements in the questionnaire. The research object of this research is the Inspectorate located on Jl. Nipah no. 51, Kec. Padang Barat, Padang City, West Sumatra, namely the Inspectorate of West Sumatra Province. The population in this study were 64 respondents consisting of auditors and PPUPD (39 auditors and 25 PPUPD). The sampling technique uses the convenience sampling method, where the sample is also in the form of Auditors and PPUPD Inspectorate of West Sumatra Province, which is around 51 (79.69%) of the 64 respondents who can be processed as samples. There are two data collection techniques used, namely questionnaires (questionnaires) and interviews. In the calculation using a Likert scale. This study uses various data analysis methods, including Descriptive Analysis, Instrument Test (Validity and Reliability), Classical Assumption Test (Normality Test, Multicollinearity Test, and Heteroscedasticity Test), and Hypothesis Test (T Test, F Test, and Coefficient of Determination ( $R^2$ )), and Multiple Linear Regression Test.

## RESULTS AND DISCUSSION

### 1. Descriptive Statistical Analysis

This analysis is carried out to obtain an understanding or explanation of each data from the variables that will be applied in the study (Rivandi et al., 2024). The result of the descriptive data analysis are as follows :

**Tabel 1 Descriptive statistical analysis**

|                      | N         | Minimum   | Maximum   | Mean      |            | Std. Deviation |
|----------------------|-----------|-----------|-----------|-----------|------------|----------------|
|                      | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic      |
| Auditor Competence   | 51        | 19        | 30        | 24.33     | .336       | 2.397          |
| Auditor Independence | 51        | 23        | 34        | 28.16     | .346       | 2.469          |
| Auditor Integrity    | 51        | 56        | 70        | 62.29     | .539       | 3.849          |
| Audit Quality        | 51        | 22        | 35        | 28.75     | .474       | 3.387          |
| Valid N (listwise)   | 51        |           |           |           |            |                |

Source : SPSS 22 Data Processing Results

Based on the results of descriptive statistical tests, the data distribution shows that the Auditor Competency Variable has a value range of 19-30 with an average (mean) of 24.33 and a standard deviation of 2.379. The Auditor Independence variable has a value range of 23-34, an average of 28.16, and a standard deviation of 2.469. The Auditor Integrity variable has a value range of 56-70 with an average of 62.29 and a standard deviation of 3.849. And the Audit Quality Variable has a value range of 22-35 with an average of 28.75 and a standard deviation of 3.387.

### 2. Instrument Test

#### a. Validity Test

Based on the results of the validity test using SPSS 22, all items on the variables), Audit Quality (Y), Auditor Competence (X1), Auditor Independence (X2), and Auditor Integrity (X3) have a calculated r value greater than r table (0.2759) and (0.3575) at a significant level of 1% and 5% with N = 51 - 2, so

that all question items from the four variables are declared valid and suitable for use as research instruments.

b. Reliability Test

The results of the reliability analysis presented in the results of the reliability test of Audit Quality (Y), Auditor Competence (X1), and Auditor Independence (X2) are declared reliable with a high level of reliability because it is greater than 0.7. Meanwhile, the Auditor Integrity variable (X3) is also declared reliable with a moderate level of reliability, which indicates that the data or statements from each variable have high consistency and reliability.

**Tabel 2 Reliability Test**

|                      | Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|----------------------|------------------|----------------------------------------------|------------|
| Audit Quality        | .703             | .704                                         | 7          |
| Auditor Competence   | .792             | .792                                         | 6          |
| Auditor Independence | .751             | .747                                         | 7          |
| Auditor Integrity    | .664             | .679                                         | 14         |

3. Classical Asumtion Test

a. Normality Test

**Tabel 3 Normality Test**

|                      | Kolmogorov-Smirnov <sup>a</sup> |    |       | Shapiro-Wilk |    |      |
|----------------------|---------------------------------|----|-------|--------------|----|------|
|                      | Statistic                       | df | Sig.  | Statistic    | df | Sig. |
| Auditor Competence   | .116                            | 51 | .084  | .980         | 51 | .540 |
| Auditor Independence | .114                            | 51 | .098  | .961         | 51 | .089 |
| Auditor Integrity    | .117                            | 51 | .081  | .962         | 51 | .104 |
| Audit Quality        | .097                            | 51 | .200* | .967         | 51 | .159 |

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

In this table, it can be concluded that the variable results using the Kolmogorov-smirnov and Shapiro-wilk tests show significance results > 0.05, which means that the residual data is normally distributed or it can be said that the normality assumption is met.

**b. Multicollinearity Test**

**Tabel 4 Multicollinearity**

| Model                | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|----------------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|                      | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| (Constant)           | 22.230                      | 7.130      |                           | 3.118  | .003 |                         |       |
| Auditor Competence   | .989                        | .167       | .700                      | 5.922  | .000 | .833                    | 1.201 |
| Auditor Independence | -.133                       | .160       | -.097                     | -.829  | .411 | .853                    | 1.172 |
| Auditor Integrity    | -.222                       | .096       | -.252                     | -2.300 | .026 | .970                    | 1.031 |

a. Dependent Variable: Audit Quality

In this table it can be

seen that the Tolerance score / value for Auditor Competence is  $0.833 > 0.10$ , Auditor Independence is  $0.853 > 0.10$ , Auditor Integrity is  $0.970 > 0.10$ , and the VIF score / value for Auditor Competence is  $1.201 < 10$ , Auditor Independence is  $1.172 < 10$ , and Auditor integrity is  $1.031 < 10$  which means that there is no multicollinearity in the regression model.

**c. Heteroscedasticity Test**

**Tabel 5 Heteroscedasticity Test**

| Model                | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|----------------------|-----------------------------|------------|---------------------------|-------|------|
|                      | B                           | Std. Error | Beta                      |       |      |
| 1 (Constant)         | -1.337                      | 3.433      |                           | -.389 | .699 |
| Auditor Competence   | .102                        | .080       | .192                      | 1.270 | .210 |
| Auditor Independence | .104                        | .077       | .200                      | 1.343 | .186 |
| Auditor Integrity    | -.031                       | .046       | -.093                     | -.667 | .508 |

a. Dependent Variable: ABS\_RES

In this table it can be seen that the score / significance value of the Auditor Competency variable is  $0.210 > 0.05$ , Auditor Independence is  $0.186 > 0.05$ , and Auditor Integrity is  $0.506 > 0.05$  so that it can be concluded that there is no heteroscedasticity in this regression model.

#### 4. Hypothesis Test

##### a. T Test

**Tabel 6 T Test**

| Model                | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|----------------------|-----------------------------|------------|---------------------------|--------|------|
|                      | B                           | Std. Error | Beta                      |        |      |
| 1 (Constant)         | 22.230                      | 7.130      |                           | 3.118  | .003 |
| Auditor Competence   | .989                        | .167       | .700                      | 5.922  | .000 |
| Auditor Independence | -.133                       | .160       | -.097                     | -.829  | .411 |
| Auditor Integrity    | -.222                       | .096       | -.252                     | -2.300 | .026 |

a. Dependent Variable: Audit Quality

Based on the results of hypothesis test, Auditor Competence (X1) obtained a t-count score / value greater than the t-table, namely  $5.922 > 2.012$  with a significance level of  $0.000 < 0.05$ , then  $H_0$  is rejected and  $H_1$  is accepted, which means that Auditor Competence has a positive effect on Audit Quality at the inspectorate of West Sumatra Province. It also shows that Auditor Independence (X2) obtained a t-count score / value smaller than the t-table, namely  $-0.097 < 2.012$  with a significance level of  $0.411 > 0.05$ , then  $H_0$  is accepted and  $H_1$  is rejected, which means that Auditor Independence has no effect on Audit Quality at the inspectorate of West Sumatra Province. As well as the test results in the table show that the Auditor Integrity variable (X1) obtained a t-count score / value smaller than the t-table, namely  $-2.333 < 2.012$  with a significance level of  $0.026 < 0.05$ , then  $H_0$  is rejected and  $H_1$  is accepted, although at the level of significance it meets the requirements, the results of the comparison of the t-count with the t-table are more dominant, which means that Auditor Integrity has a negative effect on Audit Quality at the inspectorate of West Sumatra Province.

##### b. F Test

**Tabel 7 F Test**

| Model        | Sum of Squares | df | Mean Square | F      | Sig.              |
|--------------|----------------|----|-------------|--------|-------------------|
| 1 Regression | 260.133        | 3  | 86.711      | 12.998 | .000 <sup>b</sup> |
| Residual     | 313.553        | 47 | 6.671       |        |                   |
| Total        | 573.686        | 50 |             |        |                   |

a. Dependent Variable: Audit Quality

b. Predictors: (Constant), Auditor Integrity, Auditor Independence, Auditor Competence

In table 7 it can be seen that F count  $>$  F table, with F count of 12.998, and F table of 2.80 it can be interpreted that the F test results are significant and able to reject  $H_0$ , and it can be concluded that there is a significant difference between the groups tested. With a significance value of  $\alpha \leq 0.05$ , which is stated in the  $\alpha$  significance value table of  $0.000 \leq 0.05$ , which means that the relationship between the independent variable (independent) and the dependent variable (bound) is significant and the research model is accepted. It also means that the independent variables both affect the dependent variable, but with different effects.

**c. Determination Test (Adjusted R<sup>2</sup>)**

**Tabel 8 Determination Test**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .673 <sup>a</sup> | .453     | .419              | 2.583                      |

a. Predictors: (Constant), Auditor Integrity, Auditor Independence, Auditor Competence

The result of the coefficient of determination analysis of  $0.419 \times 100\% = 41.9\%$  states how far the regression model's ability to explain the influence of the Auditor Competency (X1), Auditor Independence (X2), and Auditor Integrity (X3) variables on Audit Quality (Y). It is stated that this regression model is able to explain about 41.9% of the data variation, this regression model has a moderate ability to explain the variation in the observed data. The output in this study shows the following 41.9% results, the remaining 58.1% is influenced by other variables.

**5. Multiple Linear Regression test**

**Tabel 9 Multiple Linear Regression test**

| Model                | Unstandardized Coefficients |            |
|----------------------|-----------------------------|------------|
|                      | B                           | Std. Error |
| 1 (Constant)         | 22.230                      | 7.130      |
| Auditor Competence   | .989                        | .167       |
| Auditor Independence | -.133                       | .160       |
| Auditor Integrity    | -.222                       | .096       |

a. Dependent Variable: Audit Quality

Based on the regression equation  $*KA = 22.230 + 0.989 KE + -0.133 ID + -0.222 + e^*$ , it can be concluded that without the contribution of the Auditor Competency, Auditor Independence, and Auditor Integrity variables, the Audit Quality value is estimated at 22.230, which indicates a very optimal and good basic condition. Auditor Competence (X1) has a coefficient of 0.989, which means that every 1 unit increase in auditor competence will increase audit quality by 0.989, indicating that auditors who have sufficient ability tend to provide more objective assessments, an increase in audit quality will occur when the ability or competence of the auditor also increases. Auditor Independence (X2) has a coefficient of -0.133, which indicates that there will be no increase or decrease in audit quality if auditor independence increases or decreases per one unit. And Auditor Integrity (X3) has a coefficient of -0.222, indicating a negative and significant effect where there will be a decrease in audit quality if auditor integrity increases per one unit.

**6. Discussion**

**a. The Effect of Auditor Competence (X1) on Audit Quality (Y)**

In this study, it was found that auditor competence has a positive and significant effect on Audit Quality at the Inspectorate of West Sumatra Province with a coefficient of  $*0.989^*$ . This can be interpreted that the higher the competence of the auditors, the better the resulting audit quality. It can also be seen from the t-count score / value of 5.922 and the t-table score / value of 2.012 which means that the t-count > t-table with a significance value of 0.000 is smaller than the significant level of 0.05, then H1 is accepted and H0 is rejected. The results of this study are identified as appropriate and in line with the research hypothesis which states that Auditor Competence has a positive effect on Audit Quality at the Inspectorate of West Sumatra Province. This research is strengthened by previous studies conducted by: (Alsughayer, 2021; Riswandi et al., 2023; Su'un, 2021; Susimartini & Latrini, 2023) which states that Auditor Competence has a positive and significant positive effect on audit quality. Where the better the quality of the resulting audit will be if the higher and better the competence / ability of the auditor, which reflects a competent and professional auditor.

**b. The Effect of Auditor Expertise (X3) on Audit Quality (Y)**

In this study it was found that Auditor Independence has no effect on Audit Quality at the Inspectorate of West Sumatra Province with a coefficient of -0.133. This means that the higher or lower the auditor's independence, it does not affect audit quality. It can also be seen from the t-count score / value of -0.829 and the t-table value of 2.012 which means that the t-count < t-table with a significance

value of 0.411 greater than the significant level of 0.05, then H1 is rejected and H0 is accepted. The results of this study are not in accordance with the research hypothesis which states its positive effect on Audit Quality at the Inspectorate of West Sumatra Province. This research is strengthened by previous studies conducted by: (Suryandari & Arie Susandya, 2023) states that Auditor Independence has no effect on Audit Quality. Auditor independence cannot affect audit quality because there is a possibility that auditors have difficulty maintaining their independent mental attitude due to the length of the auditor's relationship with the client. In addition, pressure from clients such as high audit fees can also reduce auditor independence.

**c. The Effect of Auditor Experience (X3) on Audit Quality (Y)**

In this study it was found that Auditor Integrity has a negative and significant effect on Audit Quality at the Inspectorate of West Sumatra Province with a coefficient of -0.222. This can be interpreted that the higher the integrity of the auditors, the lower the resulting audit quality. It can also be seen from the t-count score / value of -2.300 and the t-table score / value of 2.012 which means that the t-count < t-table with a significance value of 0.026 less than the significant level of 0.05, then H1 is rejected and H0 is accepted, because the value of obtaining the t-count with the t-table is more dominant than the value of the significance level. This research is reinforced by previous studies conducted by: Paranoan et al., (2023) which states that Auditor Integrity has a negative effect on audit quality. The results of this study state that the questionnaire may contain statements or questions that are sensitive and risk affecting the value of the meaning of the results obtained. This is due to the possibility of pressure to consider personal factors or organizational conditions in justifying violations of regulated regulations.

**d. The Effect of Auditor Competence (X1), Auditor Independence (X2), and Auditor Integrity (X3) on Audit Quality (Y) at the Inspectorate of West Sumatra Province**

In this study it was found that Auditor Competence has a positive effect, Auditor Independence has no effect on audit quality, and Auditor Integrity has a negative effect. Where the auditor's competence with a significant score / value of 0.000 is smaller than the significant level of 0.05 with a T-count score / value of 5.922 and a T-table value of 2.012 which means that t-count > t-table. Auditor independence with a significance value of 0.411 is greater than the significance level of 0.05 and the T-count of -0.829 is smaller than the T-table of 2.012. Auditor integrity with a significance value of 0.026 is smaller than the significance level of 0.05 and T-count -2.300 is smaller than T-table 2.012. This research was also identified as strengthened by previous studies conducted by: (Paranoan et al., 2023; Riswandi et al., 2023; Suryandari & Arie Susandya, 2023; Susimartini & Latrini, 2023) Auditor competence is an important factor that can enhance audit quality, as competent auditors tend to be more thorough, objective, and capable of performing audit procedures according to established standards. The lack of influence from auditor independence may indicate that, although auditors act independently, this factor alone is not strong enough to significantly affect audit quality—possibly due to long-standing working relationships with the auditee or internal pressures. Meanwhile, the negative influence of integrity suggests that auditors may face pressure or conflicts of interest that cause their integrity to not always support optimal audit quality, such as compromising regulations or being influenced by personal relationships with the auditee.

## CONCLUSIONS AND SUGGESTIONS

This study concluded that auditor competence has a positive and significant effect on audit quality. This shows that auditors who have sufficient expertise, experience and education are able to provide quality audit results. Auditor independence has no effect on audit quality. This indicates that the independence factor does not affect the audit quality at the inspectorate or it may not be fully implemented or maintained within the Inspectorate. And auditor integrity has a negative effect on audit quality. This indicates that there are still challenges in maintaining the honesty, responsibility, and consistency of the auditors' behavior in carrying out their duties.



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