

The effect of skills and ethics to the auditor's quality in the inspectorate of Talaud Islands District North Sulawesi-Indonesia

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Abstract- The purpose of this research is to obtain empirical evidence, of the influence of expertise and ethics on the quality of auditors at the inspectorate of Talaud Islands districts. Supervision over the implementation of local government, conducted in stages ranging from the district / city, provincial to the central level. This research was conducted in the inspectorate of Talaud Islands district. The selected sample is 30 respondents as auditor. The analysis model used to test the hypothesis is multiple linear regressions. Independent variable in this research is skill and ethics, while the dependent variable in this research is auditor quality. The results of this research indicate that the influence of expertise on the quality of auditors is positive and significant. The visible position of the skill regression coefficient is 0.595 and significant, because the value of $t_{\text{arithmetic}} > t_{\text{table}}$ ($7.083 > 2.013$). Significant influence indicates that expertise plays an important role in improving the quality of the auditor. While the influence of ethics on the quality of auditors is positive, but it is not significant. The visible position of the skill regression coefficient is 0.077 and not significant, because the value of $t_{\text{arithmetic}} < t_{\text{table}}$ ($1.104 < 2.013$). Expertise and ethics simultaneously have a significant effect on the quality of auditors. Partially, however, the skill affects the quality of the auditor in the inspectorate of the Talaud Islands.

Index Terms- Expertise, Ethics and Quality Auditor

1. INTRODUCTION

Public demand for clean, fair, transparent and accountable government administration must be taken seriously. The whole range of state organizers, whether at the executive, legislative, and judicial levels must have a shared commitment in upholding good governance. Good governance in the public sector, among others: the establishment of ethical standards and the behavior of government apparatus, the establishment of organizational structure and organizing process, which clearly regulates the roles and responsibilities, and the accountability of the organization to the public, setting up an adequate organizational control system, and external reporting prepared under an accounting system in accordance with government accounting standards.

Inpektorat is an oversight body within the local government, which plays a very important role and significant for the progress and success of local governments, to achieve the goals and objectives which have been established. This is an important concern and consideration of inspectorate auditors to achieve such wishes and expectations. Every audit work performed is always well coordinated, between the function of supervision with the function of the activity, or the program run by the local government and the work unit of the regional apparatus. Furthermore, the ministerial regulation of state empowerment of the state apparatus No. Per / 05 / M.Pan / 03/2008 dated 31 March 2008, on the audit standards of the government internal control apparatus (GICA), as stated in the second clarify that the audit standards shall be used as a reference, to carry out audits in accordance with their respective audit mandates in order to improve the quality of the audit at the time of examination. According to the minister's regulation, the quality of auditors is influenced by several factors, including:

Expertise, states that the auditor should have the knowledge, skills and other competencies necessary to carry out its responsibilities with the auditor's criteria. Criteria of the auditor have a minimum level of formal education, undergraduate or equivalent: having competence in auditing, accounting, government administration and communications; and has certified functional position of auditor, and follow education, and ongoing professional training.

Compliance with the code of ethics, states that the auditor is obliged to comply with the code of conduct, which is an integral part of the audit standard of the internal government oversight apparatus, with the criteria of the code of ethics of the government oversight official / auditor with his / her colleagues, the auditor with his supervisor, the auditor with the examination object, and auditor with the community.

The quality of the auditor according to the regulation of the state minister for the utilization of state apparatus no. Per / 05 / M.Pan / 03/2008 dated 31 March 2008 is the auditor who performs the main duty and function effectively, by preparing the audit work papers, executing the planning, coordinating and evaluating the effectiveness of the audit follow up, and the consistency of the audit report.

Audit is a process of identifying the problem, analysis, and evaluation of evidence conducted independently, objectively and professionally based on audit standards, with a view to assessing the truth, accuracy, credibility, effectiveness, efficiency and reliability of information in the performance of duties and functions of government agencies. While the auditor is a civil servant who has functional positions of auditors and / or other parties who are given full duty, authority, responsibility and rights by the authorities authorized to exercise supervision on government agencies, for and on behalf of the government internal government oversight apparatus. Based on the above description, and the real condition in the inspectorate of talaud islands, and the limited number of auditor and technical competence, the writer is interested in conducting research on the topic: The influence of expertise and ethics on the quality of the auditor at the inspectorate of talaud islands.

II. Research Methods

This research is a causal research, Umar (2008) states that the causal design is useful to analyze, how a variable affects other variables, and useful in experimental research, where the independent variables are treated in a controlled manner by the researchers to see the impact on the dependent variable directly. Researchers use this research design, to provide empirical evidence and to analyze expertise and ethics as a variable of independence, as well as the quality of auditors as a dependent variable, at the inspectorate of talaud islands.

Population and Sampling Techniques

The population in this study is the entire apparatus of internal government supervision at the inspectorate office of talaud islands, amounting to thirty people, based on the decision of the talaud island regent. This research used a census, according to Erlina and Mulyani (2007) researchers used all the population elements into research data, then called the census. Census is used if the population element is relatively small, and is heterogeneous. The method used is the survey method, which is the collection of primary data obtained directly from the original source.

Research Instruments

In this research, the researcher used a self-prepared questionnaire based on the regulation of state minister for abuse of state apparatus No.Per / 05 / M.Pan / 03/2008 dated 31 March 2008, on the audit standards of the government internal control apparatus (GICA), and the Minister of Home Affairs Regulation no. 28 of 2007 dated May 30, 2007, concerning supervisory norms, and the code of ethics of government regulatory authorities.

Data analysis technique

Data analysis technique in this research, using regression model. In one research, the possibility of problems in regression analysis is quite frequent, in matching the prediction model into a model, which is incorporated into a series of data. The research was tested with several statistical tests, namely: data quality test, statistical description test, and statistical test for hypothesis testing. According Sugiyono (2006) multiple linear regression analysis is used to analyze the influence of more than one independent variable to the dependent variable. Multiple linear regression equation is: $Y = \alpha + \beta_1X_1 + \beta_2X_2 + e$

Description : $Y = \text{Auditor Quality}$ $X_1 = \text{Expertise}$ $X_2 = \text{Ethics}$
 $\alpha = \text{Constant}$ $\beta = \text{Regression Coefficient}$

III. Discussion

Description of Respondent's Characteristics

Results of the research by sex as illustrated in Table 3.1 shows that the auditor of the Talaud Islands district inspectorate, the most male sex of twenty persons (66.6%), and the female sex of ten (33.3%).

Table 3.1. Characteristics of respondents by sex

Gender		Frequency	Percent
Valid	Man	20	66.67 %
	Women	10	33.33%
Total		30	100%

Data source: Primary data

Interpretation of Hypothesis Testing Results

Uji Kualitas Data

In accordance with the terms and criteria, where prior to the list of questions given to the respondent, the list of questions has been tested previously. Trials have been conducted on this research instrument, and have been qualified to be questionnaires, but not shown in this study.

Validity Test

Using the help of SPSS software, the instrument validity test, where the validity value can be assessed on the Corrected Item-Total Correlation column. If the correlation rate is greater than the critical number ($r_{count} > r_{table}$), then the instrument is declared valid. In this research, the criticized number is $N-2 = 30-2 = 28$ with 5% significant level, then the criticism for the validity test in this research is 0.273. Thus, based on testing the validity of the instrument, Corrected Item-Total Correlation value is positive, and above r_{table} value is 0.273, it means that all the questions are valid. Result of validity test, auditor quality variable (Y), skill (X), and ethics (X).

Regression Analysis

The regression equation that has been formulated, then with the help of SPSS program performed data processing, so the final equation obtained as follows:

$$Y = 15.951 + -0.028X_1 + 0.391X_2$$

In this regression model, the listed constant value of 15,951, can be interpreted if the independent variable in the model is assumed to be equal to zero, the average variable outside the model, will still improve the auditor's quality of 0.210 units.

Ethical Variables (X)

In this research, we get data for Ethics variable, as illustrated in table 3.2 below:

Table 3.2 Description of the ethical variable (X)

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	
Ethics 1	30	4.00	5.00	4.6667	.47946	
Ethics 2	30	4.00	5.00	4.7000	.46609	
Ethics 3	30	3.00	5.00	4.6000	.56324	
Ethics 4	30	3.00	5.00	4.5333	.68145	

Data source : Primary data

From the table above can be concluded:

1. GICA performs its duties, and complies with the rules of law with full dedication, awareness, and responsibility: the respondent answers a maximum of 5, and a minimum of 4, with an average of 4.66 and a standard deviation of 0.47.
2. GICA behaves in accordance with the code of conduct of the internal organization: the respondent's answer is maximum 5, and minimum 4 with an average of 4.70 and a standard deviation of 0.466.
3. GICA behaves in accordance with the code of ethics of the audit: the respondent answers a maximum of 5, and a minimum of 3 with an average of 4.60, and a standard deviation of 0.56.
4. GICA behaves in accordance with the code of ethics to the public: the respondent answers a maximum of 5, and a minimum of 3 with an average of 4.53, and a standard deviation of 0.81.

Auditor Quality Variables (Y)

In this study obtained data for auditor quality variables, as illustrated in table 3.3 below:

Table 3.3 Description of Auditor Quality Variable

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	
Auditor Quality 1	30	1.00	5.00	4.3000	.98786	
Auditor Quality 2	30	4.00	5.00	4.7333	.44978	
Auditor Quality 3	30	3.00	5.00	4.5000	.62972	

Auditor Quality 4	30	3.00	5.00	4.4000	.72397
Auditor Quality 5	30	3.00	5.00	4.5000	.62972

Data source : Primary data

From the table above can be concluded:

1. GICA performs the main tasks and functions effectively: the respondent answers maximum 5, and minimum 1 with an average of 4.30, and the standard deviation of 0.987.
2. GICA prepares the examination paper: the respondent answers a maximum of 5 and a minimum of 5, with an average of 4.73 and a standard deviation of 0.449.
3. GICA conducts audit coordination: the respondent answers maximum 5 and minimum 4 with an average of 4.72 and the standard deviation of 0.629.
4. GICA carries out an audit plan: the respondent's answer is a maximum of 5 and a minimum of 3 with an average of 4.40 and a standard deviation of 0.723.
5. GICA performs an assessment of the effectiveness and follow-up of results, as well as consistency of presentation of the audit report: the respondent answers maximum 5 and minimum 3 with an average of 4.50 and the standard deviation of 0.629.

Hypothesis Testing With F Test

Effect of independent variable simultaneously to dependent variable, analyzed by using F test, that is by paying attention to significance of value of F at output calculation with level of alpha 5%. If the significance value of F test is smaller than 5%, then there is influence between all independent variables to the dependent variable. The results of testing F test in this study, can be seen in the table below:

Table 3.4 F test results

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.020	2	8.510	1.349	.276 ^a
	Residual	170.347	27	6.309		
	Total	187.367	29			

Data source : Primary data

In regression test results in this study, it is known that the F test value of 1.349 with significance of 0.276. Where the significance value F is less than 5%. Thus it can be concluded that all independent variables in this study, simultaneously affect the quality of auditors (Y). This means that if skill (X1), and ethics (X2) together increase, it will have an impact on auditor quality improvement (Y), otherwise expertise (X1), and ethics (X2) together decline, it will have an impact on the deterioration of the quality of auditors (Y).

In testing the hypothesis based on the results of calculations, it can be said that the expertise and ethics have a significant effect on the quality of auditors simultaneously. Expert and ethical variables have been proven (Ho) rejected. From these results can be seen also, that the better / higher, expertise and ethics certainly provide a good contribution / high to the quality of auditors in performing their duties.

This research is in line with Kitta (2009), competence and independence of auditor have an effect to improve auditor's quality, ethics orientation ethic orientation, not strengthen or weaken the relation between competence and independence with audit quality. This is in line, since the research was conducted at government agencies, and using the same regulation, based on the regulation of state minister for the utilization of state apparatus No.Per / 05 / M.Pan / 03/2008 dated March 31, 2008, on the audit standard of the government internal control apparatus.

The results of the research as follows :

1. Competence and independence of auditors, have an effect on improving audit quality at talaud district inspectorate, this means that audit quality can be achieved if if the auditor has good competence and independence.
2. Idealism ethical orientation of auditors does not strengthen or weaken the relationship between competence and independence with audit quality. However, this study is not in line with Alia's research (2001) with auditor's perception topics on auditor quality, the results show that experience has no effect on auditor expertise, so experience has no effect on auditor quality. This difference occurs because Alia conducts research of private companies, while researchers conduct research on government agencies.

IV. Conclusion

The results of this research indicate that the effect of expertise on the quality of auditors is positive and significant. The visible position of the skill regression coefficient is 0.595, and significant because the value of t count $>$ t table ($7.083 > 2.013$). Positive influence shows that the influence of expertise is in line with the quality of auditors, or in other words a good / high skills will affect the quality of good auditors/ high, vice versa if the skills are low / bad then the auditor's quality will be low/ bad. Significant influence indicates that skills have an important role in improving the quality of auditors.

The results of this study indicate, that the influence of ethics on the quality of auditors is positive. but not significant. The visible position of the skill regression coefficient is 0.077, and not significant because the value of t count $<$ t table ($1.104 < 2.013$). Positive influence shows that ethical influence is in the same direction with auditor quality, or in other words good skill/ high, will influence to good/ high auditor quality, vice versa if low / bad ethics hence auditor quality will be low/ bad. Significant influence indicates that ethics has no significant role in improving auditor quality.

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