

The Effect of Auditors' Accountability, Independence, and Experience on Audit Service Quality (Survey on Public Accounting Firms in DKI Jakarta in 2022)

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ABSTRACT

The public accounting profession has an important role in auditing financial statements in an organization and is a profession of public trust. Public accountants, tasked with assessing and verifying the financial statements issued by the company's management, and ultimately provide their opinion on the financial statements they have audited. This study examines the effect of accountability, independence, and auditors' experience on the quality of audit services and the impacts on clients' satisfaction at Public Accounting Firms in DKI Jakarta in 2022. The population of this study was 221 Public Accounting Firms in Jakarta, and the samples were 90 auditors. The data were obtained by using a questionnaire. This study used Structural Equation Modeling (SEM) as the data analysis with PLS as the test tool. The results showed that accountability, independence, and auditors' experience had a significant positive effect on audit quality.

Keywords: accountability, independence, auditors' experience, quality of audit services, and clients' satisfaction.

INTRODUCTION

The public accounting profession is essential in financial statement audits and services to serve the community's needs. The company management publishes financial information for external auditors to examine and their opinions on the financial statements they have audited. Garuda's financial report (2018) was audited by public accountant (AP) Kasner Sirumapea from the Public Accounting Firm (KAP) Tanubrata, Sutanto, Fahmi, Bambang, and Partners. This is because the public accountant recognized the acquisition of receivables, even though the company did not accept it nominally. According to Hadiyanto, this activity contradicted auditing standards (SA) 500 and 560. Several cases involving the quality of financial reports audited by public accounting firms (KAP) have occurred, including the findings of an examination by the Financial Services Authority (OJK) in 2018, which discovered evidence of violations committed by public accountants and the public accounting firm PT Sunprima Nusantara Pemfundan (PT SNP). According to the Financial Services Authority's investigation findings, PT SNP provided financial statements significantly incongruous with the actual financial conditions, resulting in losses for several individuals.

This case reveals that not all big public accounting firms provide high-quality audits. Meanwhile, the company's difficulties include multiple positions, poor communication, adequate employee training, employee mentality issues, a lack of supervision composition, and a failure to make reports between realizations and adequate budgets. This study aims to investigate the impact of accountability, independence, and auditor experience on the quality of audit services. There is still a scarcity of research on the quality of audit services. As a result, it is hoped that this research will provide benefits as input for connected parties, thereby improving the quality of audits performed by auditors in public accounting companies, particularly auditors in DKI Jakarta.

LITERATURE REVIEW

Agency Theory

The occurrence of conflicts of interest in agency relationships Jensen and Meckling (2016), This conflict of interest occurs when each side has distinct goals. Because the two individuals' interests are not always aligned, there is frequently a conflict of interest between the principal and the agent, as the partner is entrusted with the authority to manage the company due to the need for a third party, an auditor, to examine and provide *assurance* on the financial statements prepared by management.

Audit Service Quality

In a broad sense, an audit or examination represents evaluating an organization, system, process, or product. According to *Auditing and Assurance Services an Integrated Approach* "Audit service quality is the combined probability of an auditor finding and reporting fraud that occurs in the client's accounting system. The audit quality produced by the auditor can be used as a reference in the decision-making process. Therefore the quality of the audit produced by the auditor must be relevant and reliable so that it is not misleading and creates bias." (Arens et.al, 2017)

Accountability

Purwanda dan Harahap (2017) examined the effect of accountability on the quality of the auditor's work, where the aspects of accountability and the correlation of accountability with expertise significantly influenced the quality of the auditor's work. Auditor accountability means a mental desire that can influence public accountants to be responsible for their actions and carry out their roles and duties responsibly as they should.

Independence

Someone who does work in accordance with the knowledge, they will give better results than whose who do not have sufficient knowledge in their duties (Herliansyah *et al.*, 2018). Various forces do not influence an independent public accountant from outside the accountant in considering the facts found in the examination. Sumito dan Setiyawati (2019) explain the auditor independence is "Internal auditors independence is freedom from the condition that threatens the ability of internal audit activities to conduct an objective internal audit responsibility. The independence of internal auditors is measured by three aspects, i.e. independence in the program, independence in implementation, and independence in reporting".

Auditors' Experience

The auditor's experience can influence the decisions taken when carrying out his profession. Galuh Nur Fajarwati (2017) explains auditors with a deeper understanding can provide logical explanations for financial statement errors and categorize errors based on audit objectives and the structure of the underlying accounting system. Widyanto (2018) highlighted that *"Experience is a learning process and the development of potential behavioral increases, both from formal and non-formal education or it can also interpreted as a process that brings someone to a pattern of higher behavior."*

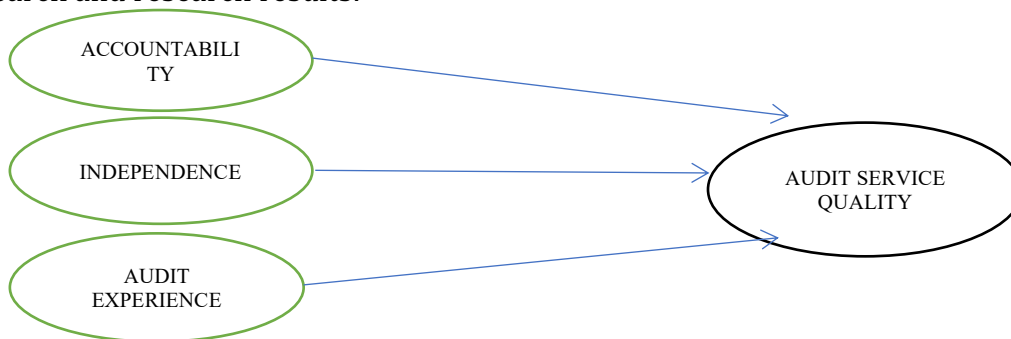
CONCEPTUAL FRAMEWORK AND HYPOTHESIS

The research results from Kurnia dan Furiady (2015) revealed that Competence, Accountability, and Objectivity have a significant effect on audit quality. By increasing the competence of auditors, auditors have more profound knowledge and provide a better assessment to achieve audit quality. Accountability will make the auditor give the best effort in conducting the audit. Meanwhile, Andreinald, Prayoga and Simorangkir (2020) also concluded that work experience, competence, independence, accountability, and complexity significantly positively affected audit quality.

Based on the results Sarca and Rasmini (2019) concluded that auditor experience has a positive effect on audit quality, auditor independence has a positive effect on audit quality, auditor ethics strengthens the effect of auditor experience on audit quality, and auditor ethics strengthens the influence of independence on audit quality. In contrast to the research findings, Rumapea (2018) argues that independence does not significantly affect audit quality.

This hypothesis is cultivated based on the results of the study Kuntari, Chariri and Nurdhiana (2017) They concluded that auditor ethics, auditor experience, audit fees, and motivation significantly affect audit quality. Auditor ethics, auditor experience, and auditor motivation on the quality of each audit partially have a significant effect on audit quality. This conclusion is in line with the results of research conducted Satria (2020) concluding that Auditor Experience and Auditor Ethics significantly affect Audit Quality. This conclusion is different from the results of research conducted by Widyanto (2018) concluding that Competence positively affects the Quality of Internal Auditors, while Ethics and Experience do not affect the Quality of Internal Auditors.

The research concept can be seen in the illustration below, that is based on the theoretical search and research results:



Picture 1: Conceptual Framework

In accordance with the described conceptual framework, the hypotheses offered in this study are:

H1: Accountability affects the Quality of Audit Services

H2: Independence affects the Quality of Audit Services.

H3: Auditor experience affects the Quality of Audit Services.

RESEARCH METHODS

This study's research method is *explanatory research*. The population in this study are auditors who work at the Public Accounting Firm in the city of DKI Jakarta, totaling 221 KAP. Purposive sampling is the procedure used to select the sample. The sample for this study was chosen based on gender, age, and length of employment. This study sampled 90 auditors from 44 Public Accounting Firms in DKI Jakarta. The data used in this study is primary data. Audit quality is the dependent variable in this study, while accountability, independence, and auditor experience are the independent variables. The *Structural Equation Modeling* (SEM) analysis tool will be used in this study, with PLS as the test tool. Validity and reliability testing can be done directly with the *Partial Least Square* method. The calculation of *Path Coefficients* can be assessed from hypothesis testing on the *inner model* test. The hypothesis is accepted if the value of T statistics > from T table 1.96 (α 5%) means that if the value of T statistics in each hypothesis > from T table, then the results are proven.

RESULT AND DISCUSSION

The result of the description of the Accountability variable:

Table 1 Accountability Variable Description

No.	Dimensions	Indicator	Score	Category
1.	Motivation	1. Intensity element	3,944	Good
		2. Fact element	3,689	Good
		3. Perseverance element	3,922	Good
2.	Social Obligation	1. Public interest service	3,956	Good
		2. Integrity	3,956	Good
		3. Maintain public trust in the profession	3,933	Good
3.	Dedication to the profession	1. Professional responsibility	3,856	Good
		2. Total dedication to work	3,844	Good
		3. Carry out professional activity programs	3,989	Good
Total			35,089	
Average			3,899	Good

source : result in 2022

Table 1 shows that the average score of the accountability variable is 3.899 with a suitable category, which means that the deviation from accountability is minimal. Then for the dimension of social obligation with indicators of public interest service and integrity, the highest score is 3.956 and is included in the excellent category, which means that the auditor has a high social obligation in serving the public interest and has good integrity. The lowest score is 3.689 but is still in the excellent category, namely the dimension of motivation with an

indicator of fact elements, meaning that the auditor is highly motivated to reveal facts when doing his job.

The result of the description of the Independence variable:

Table 2 Independence Variable Description

No.	Dimensions	Indicator	Score	Category
1.	Programing Independence	1. Free from pressure or managerial intrusion	3,944	Good
		2. Free from any intrusion from unsupportive attitude	3,911	Good
		3. There is no way/power of an outside party to claim audit work	4,056	Good
2.	Investigative Independence	1. Direct and free access	4,022	Good
		2. Active cooperation of company directors	3,989	Good
		3. Independent of personal interest	4,022	Good
3.	Reporting Independence	1. Free from loyal feelings	4,122	Good
		3. Get rid of the use of cryptic language	4,056	Good
		3. Independent from attempt to dismiss auditors	4,022	Good
Total			36,144	
Average			4,016	Good

source : result in 2022

The reporting independence dimension with indicators unrestricted from feelings of loyalty means that the auditor works independently and is free from all pressures. The auditor receives the highest score of 4.122 and remains in the excellent category. For the programming independence dimension, with indicators free from intrusion from an unsupportive attitude, the auditor receives the lowest score of 3.911 and remains in the excellent category.

The result of the description of the Auditors' Experinece variable:

Table 3 Auditors' Experience Variable Description

No.	Dimensions	Indicator	Score	Category
1.	Knowledge	1. Critical thinking	3,811	Good
		2. Knowledge of audit procedures	3,856	Good
		3. Knowledge of technical audit	4,000	Good
2.	Skills	1. Administrative skills	3,978	Good
		2. Managerial skills	4,022	Good
		3. Technical skills	4,000	Good
3.	Behavioral Attitude	1. Professional skepticism	3,989	Good
Total			27,656	
Average			3,951	Good

Source : result in 2022

Then in table 3, it is known that the average score of the auditor's experience variable is 3,951 with a suitable category, which means the auditor has mastered his work and the auditor has experience being careful in conducting audits, thorough and objective is feasible. The highest score for the skill dimension with managerial skills indicators is 4.022. It is in a suitable category, which means that the auditor, when doing work, has high managerial skills and the lowest score is 3.811, namely the knowledge dimension with critical thinking indicators, although it has the lowest average. Compared to other dimensions, the auditors' knowledge and critical thinking are still in the excellent category, meaning that the auditor provides a mature professional assessment during the audit process.

The result of the description of the auditors' service quality variable:

Table 4 Audit Service Quality Variables Description

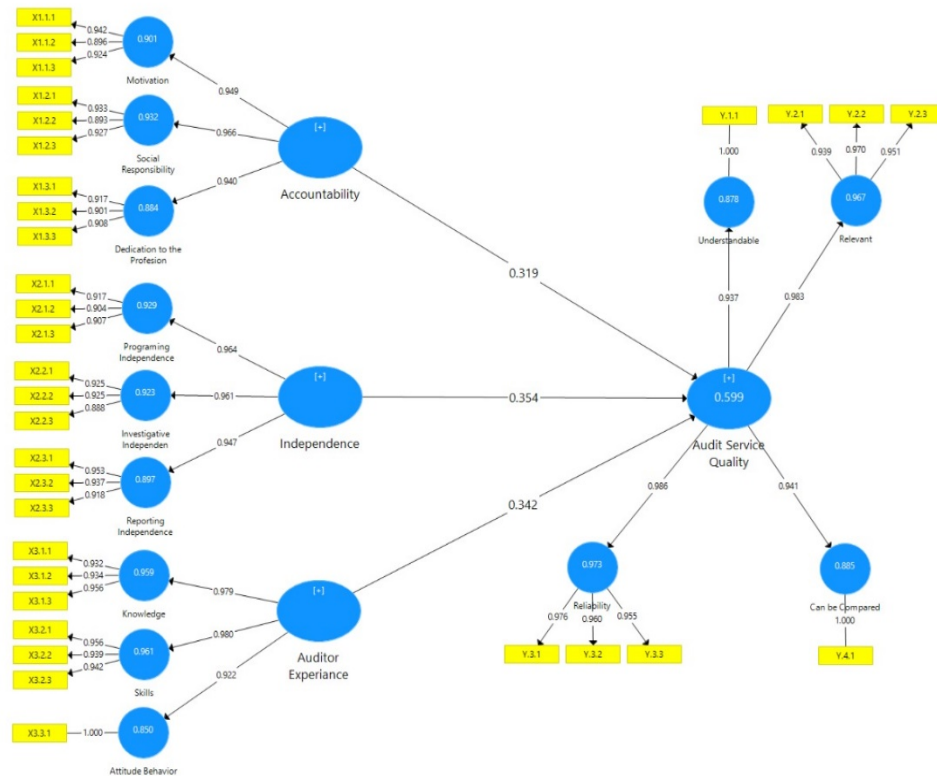
No.	Dimensions	Indicator	Score	Category
1.	Understandable	1. Understanding of users	3,733	Good
2.	Relevant	1. Have the benefit of feedback	3,667	Good
		2. Complete	3,767	Good
		3. Timely presentation	3,789	Good
3.	Reliability	1. Honest presentation	3,811	Good
		2. Can be verified	3,789	Good
		3. Neutral	3,722	Good
4.	Can be compared	1. Can be compared with the previous period	3,800	Good
Total			30,078	
Average			3,760	Good

source : result in 2022

According in table 4, the average score of the audit service quality variable is 3,760 with a suitable category, which means that the KAP administration and storage of audit documents have been carried out well so that the audit standards that have been set are under the quality of the audit results. The highest score for the reliability dimension with honest presentation indicators is 3.811. It is included in the excellent category, meaning that in presenting the audit results, the auditor acts as is and does not reduce, add, or hide information that should be. The lowest score is 3,667, but it is still in the excellent category. The dimensions relevant to the indicators benefit from feedback, meaning that the auditors' work will be monitored and reviewed by the Team Leader or Technical Controller.

Validity Test Result

The results of the *loading factor* and reliability test of each indicator and variable are shown in the following picture:



Picture 1 Second Order Confirmatory Factor Analysis

The output results of *Composite Reliability* dan *Cronbach's Alpha*:

Table 5 Reliability Test Results

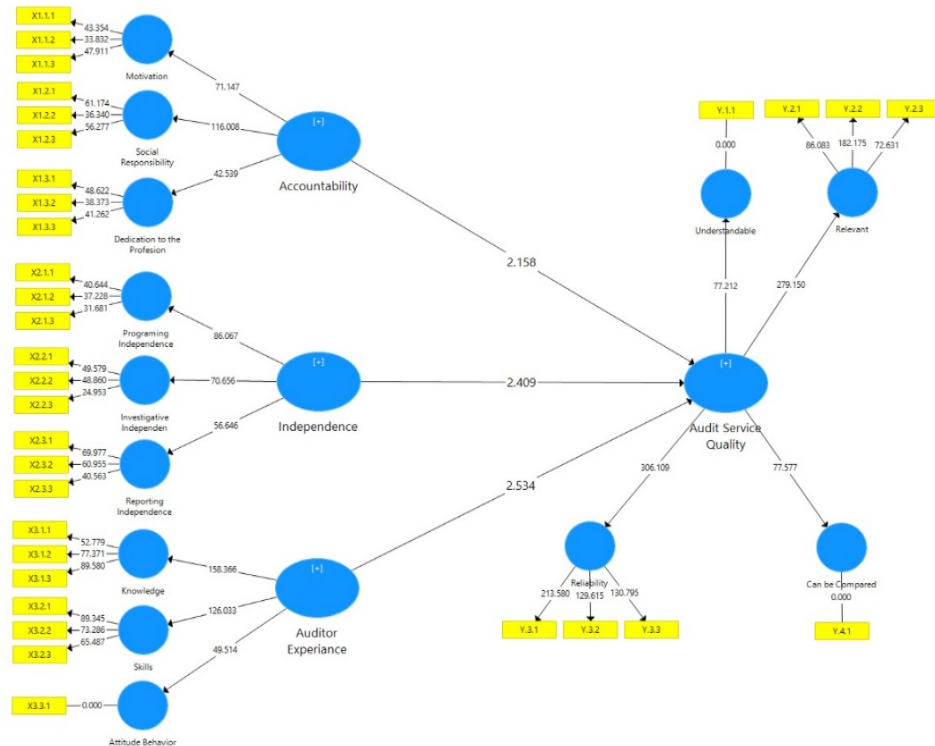
Variable	Composite Reliability	Cronbach's Alpha	Description
Accountability	0,966	0.960	Reliable
Independence	0,963	0.963	Reliable
Auditor Experience	0,971	0.971	Reliable
Audit Service Quality	0,982	0.982	Reliable

source: results by Smart PLS

Based on picture 1, calculations with smart PLS show that all indicators have a *loading factor* value greater than 0.7. Therefore, it can be concluded that all of these variables are valid. While reliability testing shows *Composite Reliability* and *Cronbach Alpha* values of all latent variables > 0.70, it is stated that all research variables have reliable data.

Hypothesis Test Results

Picture 2 presents the results of the structural model using *SmartPLS 3.0*.



Picture 2 Statistical T Value Path Chart

Based on the structural results presented in picture 2, an outline can be made in the table, which will be shown in table 6 below:

Table 6 Statistical T Test Results

	<i>Original Sample</i>	<i>T Statistics</i>	<i>P Values</i>	Description
Accountability -> Audit Service Quality	0,319	2,158	0,031	Significant Influence
Independence -> Audit Service Quality	0,354	2,409	0,012	Significant Influence
Auditor Experience -> Audit Service Quality	0,342	2,534	0,016	Significant Influence

Source: results by *Smart PLS*

DISCUSSION

The Effect of Accountability on Audit Service Quality

Accountability has a significant positive effect on the quality of audit services, meaning that the more accountability of the auditor, the higher the auditor's knowledge and the quality of the auditor's work. This study's results follow previous research Kalsum (2021) examines the Effect of Auditor Competence, Accountability, and Ethics on Audit Quality at Public Accounting Firms in Makassar City. Rumapea (2018) examined the effect of *independence*, *professional care*, *accountability*, and *fraud risk assessment* the inspectorate apparatus's competence on audit

quality when implementing good governance in the Deli Serdang Regency Government. She concludes that accountability has a significant positive effect on audit quality.

The Effect of Independence on Audit Service Quality

Independence has a significant effect in positive direction on the quality of audit services at the Public Accounting Firm in Jakarta. It means that the increased independence of auditors in doing their work will result in the quality of audit services produced regarding the financial statements will be in line with actual events. This study's results follow previous research Haeridistia and Agustin (2019), Sarca and Rasmini (2019), Adang (2019) and, Widnyana and Sapta (2020) argue that independence has an effect on audit quality. However, this study is not in accordance with the research of Rumapea (2018), Sumito and Setiyawati (2019), Prihartini, Sulindawati and Darmawan (2015), Wisteri, Nandari and Latrini (2015), Putri and Mardijuwono (2020) and research Marwa, Wahyudi and Kertarajasa (2019) highlighted that independence has no effect on audit quality.

The Effect of Auditors' Experience on Audit Service Quality

Auditor experience has a significant positive effect on the quality of audit services. With the auditor's improving experience, as well as his extended hours as an auditor and the number of assignments he handles, it is believed that the quality of the audit performed would improve. This study's results follow previous research Kuntari, Chariri dan Nurdhiana (2017), Satria (2020), and Adang (2019) state that Auditor experience has a significant effect on the quality of audit. Therefore, to advance the quality of auditing, the experience of auditors is essential. The more experience the auditors are, the more capable they are of handling their duties and the work being audited. Auditor experience will continue to grow along with the increasing number of audits conducted by auditors.

CONCLUSION AND SUGGESTIONS

Conclusion

Accountability has a significant and positive effect on audit quality. The greater an auditor's accountability, the greater the quality of the audit produced by the auditor, resulting in higher-quality audited financial statements. Independence has a significant and favorable impact on audit quality. The greater an auditor's independence in carrying out his duties, the higher the audit quality of the financial statements in conformity with the actual situation. Auditor expertise has a significant and beneficial impact on audit quality. The longer the auditors have worked and the more experience they have, the better and higher the quality of the audit generated.

Suggestions

Hopefully, Public Accounting Firms (KAP) can maintain quality in conducting audits in line with audit results remain quality by prioritizing the quality of auditors who have high accountability, are independent and have sufficient experience. Further research is expected to add other independent variables such as competence because auditors must have good personal qualities, adequate knowledge and expertise in their fields, and auditor ethics variables. In that way, auditors can assess good and bad things about moral rights and obligations.

Implication

According to the results of this study, the auditor's accountability, independence, and experience have a favorable and significant impact on the quality of audit services at KAP in DKI Jakarta. This implies that when performing their tasks in the profession, auditors must present audited financial statements in accordance with the standard of fairness and generally understood accounting standards, in order for the quality of the audit generated to be not called into question. Accountability aims to assess work results based on the complexity of the activities encountered directly without affecting the work results for jobs with low, medium, or high work severity. While the purpose of independence is to produce quality reports whose results can increase users' confidence in financial statements as a basis for decision-making. Then with the experience of auditing, putting the auditor under high time pressure will not affect the quality of the audit it produces.

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