

## Effect of Audit Fees, Auditor Competency, Professional Ethics and Professional Skepticism on Audit Quality



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**ABSTRACT:** The phenomenon of client pressure on the behavior of accountants in Indonesia in producing quality audit results is interesting to study, especially in Java and Bali which can represent the condition of Indonesian economy. This study examines the effect of audit fees, auditor competence, professional ethics and professional skepticism on audit quality. The sample framework is based on the 2020 directory of the Indonesian Association of Professional Accountants, with a total of 781 Public Accountant Office in Java and Bali, Indonesia. Based on random sampling obtained 200 auditor respondents. Data analysis technique used factor analysis, followed by multiple regression with SPSS. The uniqueness of the research findings, professional skepticism has a dominant role in influencing audit quality, supported by auditor competence. The amount of the audit fee does not directly affect the quality of the audit, but is determined more by the scope of work which can be reflected by the professional skepticism and competence of the auditor. Likewise with regard to upholding professional ethics in this research model it does not affect audit quality because, the ethical values of the accounting profession are included in the components of professional skepticism and auditor competence. Thus the factors of experience, expertise, militancy in data mining efforts, upholding independence related to pressure on the amount of audit fees, and supported by auditor competence are important factors in improving audit quality.

**KEYWORDS:** Audit fees, ethics, auditor competence, profesional scepticism, audit quality

JEL Classification M42, L84

### 1. INTRODUCTION

Professional skepticism and auditor competence have an important role in efforts to improve audit quality. Improving audit quality, of course, also has an impact on the quality of financial statements. In this case the basis for the auditor to carry out audit work is to enforce financial reporting in accordance with financial accounting standards. Thus, improving the quality of the audit will have an impact on the quality of presentation of standardized financial reports that are useful for stakeholders in making business decisions, both internal and external (Aswar *et al.*, 2021; Doan, Nguyen and Phan, 2020; Santosa, Tambunan and Kumullah, 2020).

It is hoped that the existence of the company's financial statements for stakeholders does not raises to information asymmetry. In this case, information asymmetry can cause to material misstatements in the financial statements, so that stakeholders cannot make economic decisions appropriately and in accordance with the actual conditions of the company. To minimize information asymmetry, need the independent third party, namely an external auditor. One of the important roles of the auditor is to provide adequate assurance on the presentation of the company's financial statements in accordance with applicable financial accounting standards. In the series of auditing processes, the auditor will provide an audit opinion to inform what the auditor has done and the conclusions he has drawn (Kuntari *et al.*, 2017; Authors, 2018). Financial statements that have been audited are more trustworthy than those that have not been audited.

Therefore, in an effort to produce a quality audit, it must pay attention to the level of competence; professional ethics; agree on audit fees based on the scope of work to be performed by maintaining independence, and being able to develop professional skepticism. Thus the trust of the client to use the professional services of an auditor is sustainably (Kurniawan, Ngumar and Kurnia, 2019; Meidawati and Assidiqi, 2019; Phan *et al.*, 2021).

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The phenomenon of practice in Indonesia, auditors often face pressure from clients and conflicts of interest in the audit process. This makes it possible to lead the auditor to unethical behavior and affect the independence and integrity of the auditor. Excessive intervention from clients, resulting in audit conflicts that can affect audit quality.

Some cases of audit failure that occurred in Indonesia are the audit cases of PT. Garuda Indonesia (Persero) Tbk and PT. Sunprima Nusantara Financing (SNP Finance). Based on the two audit cases, it shows that there were violations of the professional ethics committed by dishonest auditors. This indicates that the results of an audit of the company's financial statements by the auditor have doubtful quality and low quality and there is information asymmetry between management as the presenter of the financial statements and outsiders, including investors, creditors, the government and other parties (Michael C. Jensen and William H. Meckling, 1979; Abu, Ibrahim and Muritala, 2022).

The auditor as a public trust, can always ensure that the audit goes well and produces a quality audit. A quality audit will be able to provide adequate information regarding internal control, fraud and irregularities that occur in the client company (Anugerah dan Akbar (2014). Audit quality is influenced by the attitude of the auditor's own behavior both by factors from within the auditor and outside. Factors within the auditor are the competence of the auditor, meanwhile, factors outside the auditor's self are the audit fee and professional ethics of the accountant. The audit fee given by the client is the reason for the auditor to be able to carry out his work (Mulyadi, 2002:63).

Therefore, the auditor must professionally determine the amount of the audit fee through a contract that will be mutually agreed upon with the client which is used for operations in the assignment. Auditors who set low or high audit fees will be able to influence low or high audit quality. Large-scale companies prefer auditors with higher audit fees to produce quality audits (Gammal, 2012).

Auditor competence is an internal attribute that has an important role in supporting the audit process. In the Public Accountant Professional Standards (PAPS), auditors are expected to have adequate competence and use it to support the auditing process. The auditor is said to be competent, if the auditor has been able to work easily, quickly, intuitively, and is able to minimize errors. Auditors who have good competence, can find and analyze audit evidence carefully and are able to ensure that the audit goes according to PAPS. Therefore, a competent auditor is able to produce a quality audit.

In addition to the competence of the auditor, the professional ethics of the accountant is an obligation for the auditor to apply in his work. This is important considering that the auditor is an independent third party in a corporate environment, of course, certain pressures and interests from the client allow the auditor to behave unethically which has implications for the results of the audit conducted. Therefore, the auditor must always be able to apply the ethics of the accounting profession in every assignment made. Rahmina dan Agoes (2014), Andriani dan Nursiam, (2018) and Salsabila (2018) in his research shows that the high audit fees provided by the client, the auditor will be able to carry out detailed and in-depth audits, so that the resulting high audit quality. Then, research is done Ningtyas dan Aris (2016), Sari and Lestari (2018), and Puspitasari *et al.* (2019) indicates that a competent auditor will be able to produce a quality audit. In addition, research conducted by Agus and Ghozali (2019), Haeridistia and Agustin (2019) and Handoko and Pamungkas (2020) shows that well-implemented auditor ethics can produce quality audits.

On the other hand, there are several research results showing different results. Research conducted by Sari *et al.* (2019) and Zamzami *et al.* (2017) shows that no matter how much the audit fee given by the client has nothing to do with the quality of the audit performed.

Likewise, in the study of Pham *et al.* (2017) shows that the more audit fees received, the lower the quality of the audit conducted. Research related to auditor competence was conducted by Maharany *et al.* (2016) shows that the competence of the auditor has no role in producing a quality audit. Meanwhile, research related to the ethics of the accounting profession was conducted by Jaya *et al.* (2016) which shows that the ethics of the accounting profession are not related to the quality of the audits performed.

Based on the results of the research above, it was found that there were inconsistencies with the results of previous studies, so that a contingency approach was needed which acted as a moderating or mediating variable (Govindarajan, 1986). This study will use a mediating variable, namely professional skepticism which is thought to be able to mediate audit fees, auditor competence, and accounting professional ethics on audit quality. Research conducted by Kim *et al.* (2018); Basuki *et al.* (2020); and Cahyadi and Rikawati (2019) show that the existence of audit fees, auditor competence, and accounting professional ethics will be able to increase professional skepticism of auditors in order to produce quality audits. Then, the research results of Mardijuwono and Subianto (2018); Puspitasari *et al.* (2019); and Sujarwo (2020) show that professional skepticism possessed by auditors can improve the quality of audits carried out.

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Based on the results of a critical review of the gap between the results of previous studies and the importance of audit quality in ensuring the fairness of company financial statements, this study aims to analyze the effect of audit fee, auditor competence, accountant professional ethics and professional skepticism on audit quality. at the Bali and Java Region Public Accountant office (PAO), Indonesia.

### **2. LITERATURE REVIEW AND HYPOTHESES**

#### **2.1. Adut Quality**

Audit quality can be interpreted as an alternative auditor's actions in finding and reporting violations in the client's accounting system, depending on the quality of understanding and independence, and the objectivity of the auditor (DeAngelo, 1981). In addition, audit quality is defined as a combination of systematic and well-designed audit processes by high-quality auditors taking into account generally accepted auditing standards (Knechel et al., 2013). Thus, audit quality is a series of audit processes carried out by the auditor in a systematic manner and in accordance with applicable auditing standards, namely auditing standards and approved by Indonesian Association Professional Accountant (IAPA) consisting of considerations of professional qualities such as competence, independence, reporting requirements and audit evidence including eligibility determining the amount of the audit fee.

#### **2.2. Audit fees, Auditor Competency, Accountant Professional Ethics, and Professional Skepticism**

The auditor's professional skepticism is an attitude full of interest and a critical assessment of audit evidence (Hery, 2019:63). Professional skepticism is an attitude related to a questioning mind and is alert to conditions that may lead to misrepresentation either due to fraud or error and an important assessment of audit evidence based on knowledge, expertise, practical experience and professional attitude (Thian , 2021:66). The auditor's professional skepticism is needed to make decisions about how much and what type of audit evidence should be collected (Arens et al., 2008).

Previous research related to audit fees on professional skepticism was conducted by Kim et al. (2018) shows that audit fees are high, auditors can expand audit complexity to produce quality audits. Darafni et al. (2017) and Basuki et al. (2020) related to auditor competence on audit quality shows that the higher the auditor's competence, the higher the attitude of professional skepticism effect audit quality. Then, research conducted by Darafni et al. (2017), Cahyadi and Rikawati (2019) regarding the professional ethics of professional skepticism, indicating that the application of professional ethics by auditors on an ongoing basis can increase the professional skepticism of auditors. Thus, the higher the audit fees, the competence of the auditors, and the ethics of the accounting profession, can encrease the higher of professional skepticism (Mardijuwono dan Subianto, 2018).

Audit fees are one of the factors that can affect audit quality. The existence of an audit fee given will reflect better effort and consideration in conducting audits, so that it will produce quality audit results (Sari et al., 2019). This is in accordance with contract theory, trying to explain the parties involved in an agreement who are obliged to design the contract and determine the agreed contract price, so that this will be able to realize good quality, especially in the audit process which ultimately affects audit quality.

Attribution theory covers auditor competencies related to internal attributes that can always be used optimally to produce quality audits. Auditor competence is basically the personal quality of an auditor to be used optimally in supporting the audit assignment process (Sari and Lestari, 2018). The competence of the auditor shows the achievement and uphold of a certain level of knowledge and understanding and attitudes that enable it to produce a quality audit (Meidawati and Assidiqi, 2019).

A sequential of studies by Rahmina and Agoes (2014), Sari and Lestari (2018), Agus and Ghozali (2019), and research by Mardijuwono and Subianto (2018) show that audit fees, auditor competence, professional ethics and professional skepticism affect audit quality, and Professional skepticism has a dominant influence on audit quality.

Audit fee (Audit Fee) can be defined as the amount of fee (wages) charged by the auditor for the audit process to the company (Gammal, 2012). Audit Fee is a reward in the form of money, goods or in other forms given and received by the auditor to obtain an audit engagement (Agoes, 2012: 18). Audit fees are usually determined before starting the audit process. The amount of the fee depends on the risk of the assignment, the complexity of the services provided, the level of expertise required to carry out these services, in addition, the fee structure of the Public Accountant Office (PAO) and other professional considerations, thus the audit fee will affect audit quality (Agoes, 2012: 18). In addition to the audit fee, which is agreed upon in the contract, of course it must be supported by the level of competence of the auditor, and upholding the ethics of the accounting profession in carrying out the audit process in producing audit quality. In this case, auditor competence can be interpreted as expert of knowledge, skills, and attitude in carrying out the audit process (Earnest and Melo, 2001; Hutapea and Thoha 2008).

The next important factor is the ethics of the accounting profession, which relates to principles or moral values and norms of human behavior that are considered good or bad (Duska et al., 2011: 34). Professional auditors must always fulfill of ethics that

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applies to auditors regulated in the ethics of professional for the accounting profession from the Indonesian Association of Accountants (IAI) and the ethics for the public accountant profession from IAPI, there are five basic principles, namely integrity, objectivity, competence and professional prudence, confidentiality, and professional conduct. It must be realized that the audit fees provided may affect independence, so that the audit results will have low quality. Therefore, it is necessary to develop other factors that influence the results of audit quality, namely professional skepticism which is expected to affect audit quality. The attitude of professional skepticism can lead to an attitude that always questions the evidence found to provide adequate assurance. The auditor's professional skepticism will certainly have implications for finding relevant audit evidence that can provide more and more significant information, so that the auditor will have confidence in the necessary audit evidence (Adnyani et al. 2014).

Kim et al. (2018) stated that audit fees have a relationship with auditor professional skepticism. Research conducted by Maharany et al. (2016) and Jaya et al. (2016) shows that auditor competence and professional ethics have not been able to provide quality audit results. this indicates the need for an important role of a mediating variable to uncover the indirect effect of producing a quality audit using an attitude of professional skepticism. Then, referring to the research of Fa'ati and Sukirman (2014) and Raynaldi and Afriyenti (2020) shows that the role of auditor competence and accounting professional ethics is very important in relation to professional skepticism. Thus, the role of professional skepticism in the audit process, audit fees, auditor competence, and professional accounting ethics affect audit quality. Based on the framework of thought and theory described above, the conceptual framework and development of the research hypothesis can be formulated as follows.

### 2.1. Conceptual Framework and Hypotheses Development

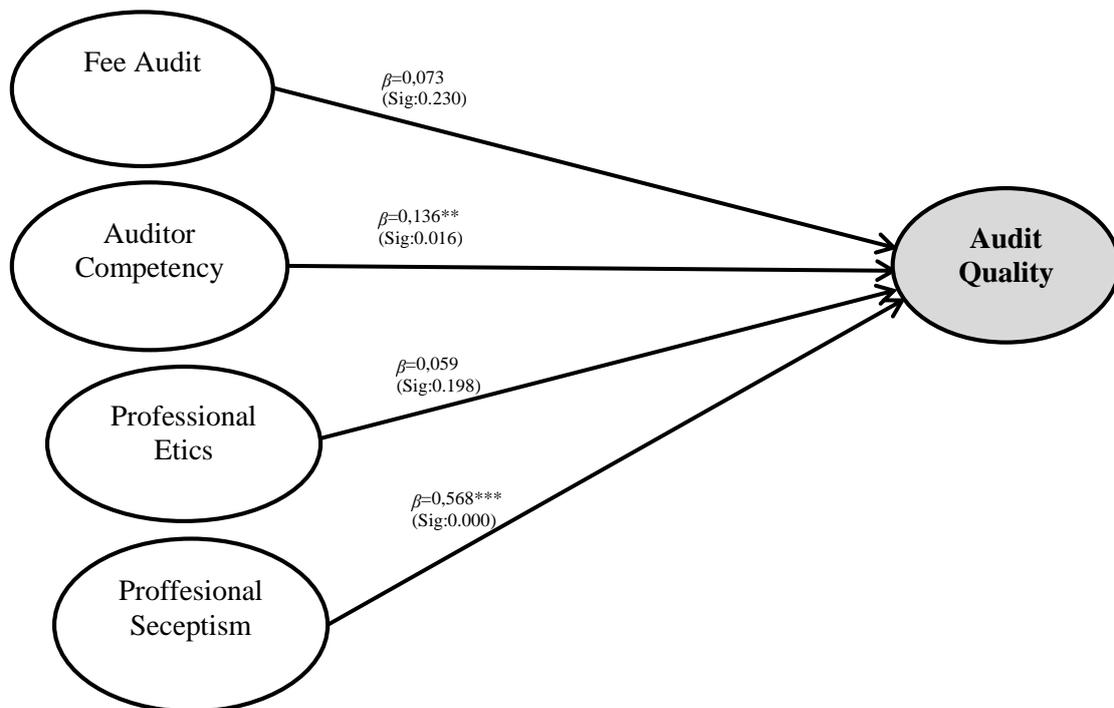


Figure 1: Conceptual Framework

Figure 1 describes the research conceptual framework that was developed based on the gap between the results of previous research, which is supported by the concepts of audit quality, professional skepticism, ethics of the accounting profession and audit fees. In accordance with the conceptual framework in Figure 1, the research hypothesis can be formulated as follows:

H<sub>1</sub>: Audit fees has a positive affect on audit quality

H<sub>2</sub>: Auditor competence has a positive effect on audit quality

H<sub>3</sub>: The ethics of the accounting profession has a positive effect on audit quality H<sub>4</sub>: Professional skepticism has a positive effect on audit quality

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## 3. METHODOLOGY

The design of this study is an explanatory research which explains the causality relationship between the dependent and independent variables with a deductive approach through the formulation of hypotheses to prove the effect of audit fee, auditor competence, accounting professional ethics and professional skepticism on audit quality. Measurement of research variables using a Likert scale, related to variables Audit quality is measured using 4 (four) indicators including inputs, processes, outputs, and audit contexts which are systematically designed by referring to auditing standards and stated in the questionnaire.

Next, professional skepticism is an attitude related to behavior that always questions and evaluates critically, which is very necessary in the auditing process so that the audit produced is in accordance with applicable standards and regulations. Professional skepticism in this study uses 6 (six) indicators including a questioning mind, suspension on judgment, search for knowledge, interpersonal understanding, self confidence, and self determination.

Audit fee (audit fee) is the amount of fee determined to be used in the audit assignment process. The audit fee uses 4 (four) indicators including the complexity of the services provided, audit risk, efforts made, Public Accountant Office fee structure.

Auditor competence is the auditor's ability to carry out an audit assignment with a specified level of proficiency. Auditor competence uses 3 (three) indicators including knowledge, skills, and attitudes.

The last variable, namely the ethics of the accounting profession, is a guideline relating to ethical and moral values regulated in the accounting profession's of ethics which regulates professional behavior that must be implemented in carrying out work or providing services. The ethics of the accounting profession uses 5 (five) indicators including integrity, objectivity, competence and professional prudence, confidentiality, and professional behavior.

### 3.1. Population and Research Sample

The population of this research is 372 auditors who work in the Bali and Java Regional Public Accountant Office (PAO) who are registered in the IAPI 2020 directory which is locally based (not branch). The reason for choosing an auditor who works at PAO is the role of the auditor is very important in the audit process and produces a quality audit. The sampling technique used a purposive sampling method with the following criteria:

1. Auditors who work at PAO Bali and Java Regions with a minimum length of work of 1 year at the same PAO.
2. Auditors with positions as junior auditor, senior auditor, and partner in PAO Bali and Java regions.
3. Willing to fill out the research questionnaire

In accordance with the criteria for determining the sample, 200 auditors who worked at PAO in the Bali and Java Regions were registered in the IAPI 2020 directory.

### Sources and Data Collection Methods

The data used were primary data in the form of respondents' answers from the questionnaire statements according to the conceptual framework that was built, which had been distributed and collected to answer the formulation of the research problem. The research questionnaire was distributed via e-mail to each PAO in the Bali and Java Regions using a Google form containing question items and distributed by coming directly to the respective PAO according to the list in the Bali and Java regions. This study uses factors analysis and multiple regression analysis techniques which is processed with SPSS.

## 4. RESULTS

### 4.1. Statistik Deskriptif

**Table 1: Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Audit Quality (AQ) (y)	200	32	40	37.02	2.866	8.215
Audit Fees (AF) (X1)	200	24	40	35.33	3.649	13.318
Auditor Competence (X2)	200	23	30	27.39	2.385	5.686
Professional Ethics (X3)	200	40	50	46.56	3.781	14.297
Professional Skepticism (X4)	200	48	60	55.66	4.522	20.445
Valid N (listwise)	200					

**Source:** Results of data analysis (2022)

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Table 1 describes a sample of 200 respondents, able to explain the condition of the data in each variable, which has the highest average value of 55.66, which is professional skepticism with a standard deviation of 4.569, meaning that the variance value of the data is relatively high, in principle with regard to the militancy of auditors in explore audit findings in a valid and reliable manner, based on the auditor's experience and inquisitiveness, integrity, and intellectuality. Next is the ethics auditor with an average of 46.66 with a standard deviation of 3.751. Auditor ethics describes the attitude of maintaining client confidentiality, upholding an attitude of independence, honesty, objectivity and consistency in producing audit quality. An interesting condition is that the audit fee has a relatively low average of 35.47 with a standard deviation of 3.613. The amount of professional fees must be related to the scope of the audit to be carried out, the level of expertise of the auditors, the level of audit materiality. Meanwhile, audit quality has relatively stable data, shown by an average value of 37.02 with the lowest standard deviation of 3.035. This illustrates the level of audit sustainability in maintaining good relations with clients, the level of public trust in accounting firms, and being able to produce reports the quality of finance statement. and finally the competence of the auditor has the lowest average value of 27.66 with a standard deviation of 2.321 describing the auditor's ability to cooperate with colleagues and be a good role model, be responsible for his work and represent audit results in accordance with statement financial accounting standards (SFAS).

### 4.2. Hubungan antar variabel Table 2: Correlations between variables

		Audit Quality	Professional Skepticism	Audit Fees	Competency	Professional Ethics
AuditQuality	Pearson Correlation	1***				
	Sig. (2-tailed)					
	N	200				
Professional Scepticism	Pearson Correlation	.710***	1***			
	Sig. (2-tailed)	.000				
	N	200	200			
Audit Fees	Pearson Correlation	.480***	.584***	1***		
	Sig. (2-tailed)	.000	.000			
	N	200	200	200		
Audit Competency	Pearson Correlation	.423***	.402***	.300***	1***	
	Sig. (2-tailed)	.000	.000	.000		
	N	200	200	200	200	
Professional Ethics	Pearson Correlation	.489***	.555***	.427***	.454***	1***
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	200	200	200	200	200

\*\*\*, \*\* Correlation is significant at the 0.01, 0.05 level (2-tailed).

Table 2 describes the relationship between variables with audit quality, which has the strongest relationship, namely professional skepticism of 0.710; with (p = 0.000), the second is professional ethics of 0.489 with a value of (p = 0.000), then the audit fees variable with a correlation coefficient of 0.480 with (p = 0.000), and finally the audit competence variable significantly shows the most significant relationship weak compared to the variables of professional skepticism, professional ethics, and audit fees which is equal to 0.523. Thus the attitude of professional skepticism of auditors has a dominant role in improving audit quality. Namely an attitude of militancy in seeking audit evidence, an attitude of integrity, and intellectuality, will produce an audit report that conforms to financial accounting standards.

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### 4.3. Validity and Reliability Test

**Table 3. Composite Reliability Test**

Variabel	Composite Reliability	Cronbach's Alpha	Conclusion
Fee Audit (X1)	0,929	0,912	Reliable
Auditor Competency (X2)	0,904	0,872	Reliable
Auditor Ethics (X3)	0,940	0,929	Reliable
Professional Skepticism (X4)	0,953	0,947	Reliable
Audit Quality (Y)	0,930	0,914	Reliable

**Sumber:** Hasil analisis data (2022)

**Table 4. Descriptive Statistics and Convergent Validity**

Loading Std.		Conclusion					
Variables	Indicator	Item					
Factor	Mean	Deviation					
Fee Audit (X1)	The complexity of the services provided	X <sub>1.1</sub>	0,912	45.853	.53159	Valid	
		X <sub>1.2</sub>	0,913	45.116	.58003	Valid	
		Risk Audit	X <sub>1.3</sub>	0,917	44.535	.57828	Valid
		X <sub>1.4</sub>	0,919	43.721	.57941	Valid	
		Struggle done	X <sub>1.5</sub>	0,951	42.868	.60083	Valid
		X <sub>1.6</sub>	0,956	43.101	.58912	Valid	
		Cost Budget Structure	X <sub>1.7</sub>	0,924	44.380	.55621	Valid
		X <sub>1.8</sub>	0,914	45.155	.56637	Valid	
Auditor Competency (X2)	Knowledge	X <sub>2.1</sub>	0,902	45.581	.49757	Valid	
		X <sub>2.2</sub>	0,914	46.395	.48107	Valid	
		Skill	X <sub>2.3</sub>	0,904	45.969	.49933	Valid
			X <sub>2.4</sub>	0,892	45.969	.52218	Valid
		Attitude	X <sub>2.5</sub>	0,917	46.085	.48903	Valid
			X <sub>2.6</sub>	0,911	46.589	.47500	Valid
Auditor Ethics (X3)	Integrity	X <sub>3.1</sub>	0,931	47.054	.45674	Valid	
		X <sub>3.2</sub>	0,938	46.783	.46804	Valid	
		Objectivity	X <sub>3.3</sub>	0,889	46.822	.46654	Valid
			X <sub>3.4</sub>	0,891	46.434	.47992	Valid
	Professional competence and Conservatism	X <sub>3.5</sub>	0,909	46.318	.48326	Valid	
		X <sub>3.6</sub>	0,893	46.589	.47500	Valid	
		Confidentiality	X <sub>3.7</sub>	0,926	46.628	.47368	Valid
	X <sub>3.8</sub>		0,927	46.357	.48218	Valid	
	Professional behavior		X <sub>3.9</sub>	0,928	46.202	.48629	Valid
		X <sub>3.10</sub>	0,927	46.899	.46342	Valid	
Professional Skepticism (Y1)	Questioning mind	Y <sub>1.1</sub>	0,911	46.550	.47628	Valid	
		Y <sub>1.2</sub>	0,914	46.589	.47500	Valid	
	Suspension on judgment	Y <sub>1.3</sub>	0,902	46.783	.46804	Valid	

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		Y <sub>1.4</sub>	0,907	46.783	.46804	Valid
	Intellectuallity	Y <sub>1.5</sub>	0,911	46.357	.48218	Valid
		Y <sub>1.6</sub>	0,925	46.202	.48629	Valid
	Interpersonal understanding	Y <sub>1.7</sub>	0,908	45.814	.49429	Valid
		Y <sub>1.8</sub>	0,911	46.085	.48903	Valid
	Self confidence	Y <sub>1.9</sub>	0,896	46.357	.48218	Valid
		Y <sub>1.10</sub>	0,883	46.279	.48430	Valid
	Independency	Y <sub>1.11</sub>	0,936	46.550	.47628	Valid
		Y <sub>1.12</sub>	0,929	47.016	.45847	Valid
Audit Quality (Y2)	Inputs	Y <sub>2.1</sub>	0,936	46.434	.47992	Valid
		Y <sub>2.2</sub>	0,938	46.395	.48107	Valid
	Process	Y <sub>2.3</sub>	0,949	47.093	.45497	Valid
		Y <sub>2.4</sub>	0,947	46.434	.47992	Valid
	Outcomes	Y <sub>2.5</sub>	0,929	46.047	.48988	Valid
		Y <sub>2.6</sub>	0,931	46.124	.48815	Valid
	Audit Context	Y <sub>2.7</sub>	0,925	45.194	.50060	Valid
		Y <sub>2.8</sub>	<u>0,923</u>	<u>46.434</u>	.47992	Valid

Sumber: Hasil analisis data 2022

The condition for the validity of the data for each variable has met high convergent validity, namely having an average loading factor of 0.912, > 0.600 with a relatively small standard deviation value, all of which are below the highest average value having 0.60083, and the lowest being 0.45674, with an average value the highest range is 47.093 and the lowest is 0.45674, thus all variables can be concluded as valid. Then, the results of the reliability test using Cronbach's Alpha for all factors show the value of Composite Reliability > Cronbach's Alpha value, thus all variables are Reliable. The results of the validity and reliability tests in detail can be shown in Table 3 and Table 4.

#### 4.4. Goodness Fit of The Model

Table 5: Model Summary

	Adjusted R Square	Std. Error of the Estimate	R Square Change	R Square	Sig. F Change	F	Df1	Df2	R	R
1	.732 <sup>a</sup>	.535	.526	.535	56.196	4	195	.000		

a. Predictors: (Constant), Professional Scepticism, Audit Competency, Audit Fees, Professional Ethics

Table 6: ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.679	4	3.420	56.196	.000 <sup>a</sup>
	Residual	11.866	195	.061		
	Total	25.545	199			

a. Predictors: (Constant), Professional Scepticism, Audit Competency, Audit Fees, Professional Ethics

b. Dependent Variable: Audit Quality

Based on the results of the model accuracy test Table 5 dan Table 6 using the F test of 199 N samples, the Adjusted R Square determination coefficient is 0.526 with a significance level ( $p = 0.000$ ) meaning that the variable audit fees, audit competence, accounting professional ethics and professional skepticism affect quality, have shown an appropriate model and already

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considered the classic assumption test, namely the data normality test, multicollinearity test, the VIF value of all variables is below 5% and the heteroscedasticity using a graphical distribution pattern has not occurred with a particular distribution pattern. Thus the model is fit and ready to proceed to test the hypothesis.

### 4.5. Hasil Uji Hipotesis

Table 7: Hasil Uji Hipotesis (Uji-t)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.954	.264		3.608	.000		
Audit Fees	.058	.048	.073	1.204	.230	.643	1.556
Audit Competency	.123	.050	.136	2.430	.016	.760	1.316
Professional Ethics	.076	.059	.080	1.291	.198	.617	1.621
Professional Scepticism	.540	.064	.568	8.481	.000	.531	1.884

After the model is fit, Table 7 shows the results of hypothesis testing. The first hypothesis states  $H_1$ : audit fees affect audit quality, showing a regression coefficient of 0.073 with a significance level ( $p=0.230$ ), the first hypothesis ( $H_1$ ) is rejected, the meaning that the amount of the audit fee is not affect the level of audit quality results, this can be interpreted as auditors cannot be suppressed by using amount audit service fees. In this case, auditors prioritize professional skepticism and auditor competence in improving the quality of audit reports.

Second hypothesis  $H_2$ : auditor competence influences audit quality with a regression coefficient of 0.136, and ( $p=0.016$ ), indicating that the second hypothesis is accepted. That is, the auditor competence can affect the level of audit quality results. In this case the auditor uphold a level of competence in maintaining good relations with work colleagues, being responsible for work, and adopt financial accounting standards and enforcing public accounting professional standards (PAPS).

Next, the third hypothesis states  $H_3$ : The ethics of the accounting profession have an effect on audit quality, with a regression coefficient of 0.059 with ( $p=0.158$ ) thus the third hypothesis is rejected, which means that auditors tend to use their competence in improving the quality of audit results compared to compliance with professional accounting ethics. as long as it does not affect the misstatement of financial statements or the attitude of professionalism as an auditor, even though it is not in accordance with the professional ethics, auditors still carry out the audit process by prioritizing professional skepticism and audit competence.

The fourth hypothesis of professional skepticism has an effect on audit quality with a coefficient of 0.568 with a regression coefficient of ( $p=0.000$ ) being the dominant variable affecting audit quality. This means that the quality of the audit results is basically determined by the level of skepticism that the auditor has in carrying out the audit, namely; attitude of uphold independence, attitude of militancy in validly exploring audit evidence, attitude of integrity, and attitude of ability to give an opinion supported by valid evidence.

Based on the results of testing the four hypotheses, it can be concluded that the quality level of audit results is determined by two explanatory variables, namely the level of audit competence consists of the militancy auditor's fighting power in exploring audit evidence in order to provide quality audit services in order to produce valid and reliable financial reports. there are no misstatements that can ultimately result in standard quality financial reports and are useful for decision making. In detail see Table 7.

## 5. DISCUSSION

### 5.1. Effect of Audit Fees on Audit Quality

Discussion of the first hypothesis which states  $H_1$ : audit fees have an effect on audit quality. In fact have no significant effect on the audit quality. Based on the conceptual framework and models developed, it shows that the variables that influence audit quality are professional skepticism and audit competence. Thus it can be argued, what influences audit quality is determined by the scope of the audit work to be carried out, which can be illustrated by the amount of effort the auditor has made in exploring valid data that will be used as the basis for implementing the auditor's process. In this case the amount of the audit fee does not

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necessarily directly affect the level of audit quality produced. However, the scope of the audit will be determined by the carried out of work following the concept of professional skepticism, namely the level of militancy in the process of seeking audit evidence, capacity of knowledge regarding financial accounting standards and the level of integrity of the auditor in upholding the audit quality that will be produced.

### **5.2. Effect of Auditor Competence on Audit Quality**

The second hypothesis H<sub>2</sub>: shows the results of auditor competence can affect audit quality. This means that apart from professional skepticism in producing the level of audit quality, it is also determined by the level of competence of the auditor. What is meant by the level of competence of the auditor is the level of expertise in carrying out the audit process based on audit experience, then the ability to work in teams with colleagues, as well as implement of the substance of financial accounting standards and their implementation, as well as understanding the public accountant professional standards (SPAP).

### **5.3. The Effect of Professional Ethics on Audit Quality**

The results of testing the third hypothesis which states H<sub>3</sub>: The ethics of the accounting profession have an effect on audit quality, showing insignificant results. This means that the ethics of the accounting profession does not affect the level of audit quality. The results of testing this hypothesis, the attitude of upholding professional ethics includes; (1) independent and professional attitude; (2) have an attitude of fairness and strictness; (3); able to maintain the consistency of the profession's reputation (4) able to uphold the confidentiality of client information (5) always maintain the existence of the profession by complying with SPAP and the profession ethics, does not directly affect audit quality. However, the attitude of maintaining professional ethics has been reflected or has entered into an attitude of professional skepticism which describes the attitude of (1) the ability to face pressure in the audit process and consider relevant information, (2) the attitude in upholding objectivity, (3) the ability to explore audit evidence, and (4) the courage of the auditors in rejecting statements where there is no clear evidence, indirectly represents the attitude of upholding professional ethics.

### **5.4. The Effect of Professional Skepticism on Audit Quality**

The results of testing the hypothesis of professional skepticism towards audit quality show that professional skepticism is the dominant variable in influencing audit quality results, compared to audit competence in fact, audit fees and accounting professional ethics do not affect audit quality. In this case the attitude of professional skepticism describes the attitude of (1) the ability to face pressure in the audit process and consider relevant information, (2) the attitude in upholding objectivity, (3) the ability to explore audit evidence, and (4) the auditor's courage in rejecting statements for which there is no clear evidence. The results of this study indicate that attitude of professional skepticism is an important variable that must be considered in producing audit quality, then supported by auditor competence, in this case professional ethics, and the amount of audit fees is determined by the scope of audit work to be carried out in accordance with professional skepticism. and planned by the auditor, as well as the level of competence includes (1) independent and professional attitude; (2) have an attitude of fairness and firmness; (3); able to uphold the consistency of the profession's reputation (4) able to uphold the confidentiality of client information (5) always maintain the existence of the profession by complying with SPAP and the professional ethics.

## **6. CONCLUSION**

Based on the results of testing the hypotheses that have been carried out, it can be concluded that the amount of the audit fee alone cannot affect the results of audit quality but is determined more by the scope of audit work to be carried out based on the extent to which efforts are made to explore audit evidence objectively, valid and reliable to be used as a basis for determining the audit plan to be carried out. In this case following the auditor's professional skepticism scheme. In addition, in improving audit quality, it must be supported by auditor competencies including 1) independent and professional attitude; (2) have an attitude of fairness and strictness; (3); able to maintain the consistency of the profession's reputation (4) able to uphold the confidentiality of client information (5) always maintain the existence of the profession by complying with SPAP and the professional ethics.

The influence of the professional ethics of the accountant in influencing the results of audit quality, has been included in the attitude of professional skepticism including; (1) the ability to face pressure in the audit process and consider relevant information, (2) the attitude in upholding objectivity, (3) the ability to explore audit evidence, and (4) the auditor's courage in rejecting statements where there is no clear evidence. With an attitude of professional skepticism and supported by auditor competence including; 1) independent and professional attitude; (2) have an attitude of fairness and strictness; (3); able to maintain the consistency of the profession's reputation (4) able to uphold the confidentiality of client information (5) always maintain the existence of the profession by complying with SPAP and the professional ethics, indirectly maintaining the ethical attitude of the accounting profession

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