Audit Quality Influenced by Auditor Competence and Audit Task Complexity

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Abstract

Audit quality has been an issue for the last two decades. Auditing is an important element in good governance and the audit performance will be of quality if the established standards and guidelines are adhered to consistently. The audit quality is strongly influenced by the auditor’s competence and the audit task complexity. This study is based on the phenomenon that occurs when government financial reporting demonstrates an improvement in the quality of their financial statement, but the audit quality of BPK shows a downward trend. This study aims to analyze how the competence of the auditor can increase audit quality while the complexity of audit task can decrease the quality of an audit. This study involved 320 BPK auditors as respondents using a questionnaire. The data were analyzed using descriptive statistical analysis and SEM techniques. The results of this study provide empirical evidence that auditor competence has a significant positive influence on audit quality while the audit task complexity has a significant negative influence on audit quality.

Keywords: Auditor Competence, Audit Tax Complexity, Audit Quality

1. INTRODUCTION

Auditing is an important element in good governance. By providing an unbiased and objective assessment of whether resources are managed responsibly and effectively to achieve the expected results, auditors help organizations achieve accountability and transparency, improve their operations, and build the trust of the public and stakeholders (Institute of Internal Auditors [IIA] Global, 2012). Good government governance can be achieved if the management of government financial resources is carried out well (Mulyani, Pratama, & Sukmadilaga, 2015). To support good financial management, a strong oversight function is needed as it will drive government performance and handle corruption (Rahmatika & Yadiati, 2016). In Indonesia, audits of state financial reports, for local and central government, are carried out by the Audit Board of the Republic of Indonesia, hereafter referred to as BPK (Republik Indonesia Law No.15 of 2004).

According to Law No.15 of 2004, Law No.6 of 2009, Law No.24 of 2004, and Law No.21 of 2011, every year, the BPK must perform an audit of the financial statements of entities including the central government financial statement (CGFS), state institution financial
statement (SIFS), and local government financial statement (LGFS). Overall, the audit report on financial statements issued by BPK in 2017 amounted to 633 as shown in Table 1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Audit Object</th>
<th>Quantity of FS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central Government</td>
<td>88</td>
</tr>
<tr>
<td>2</td>
<td>Local Government</td>
<td>542</td>
</tr>
<tr>
<td>3</td>
<td>State Institutions based on Law</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>(Bank of Indonesia, Deposit Insurance Agency, Financial Services Authority)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>633</strong></td>
</tr>
</tbody>
</table>

Source: The BPK’s IHPS I, 2017

The audit performance of BPK auditors will be of good quality if the established standards and guidelines are adhered to consistently. The standards and guidelines in question include the State Financial Audit Standards, the Code of Ethics, Audit Management Guidelines and Audit Support Management Guidelines, Technical Audit Guidelines and Quality Control Systems. These standards and guidelines form the basis for creating quality audits in accordance with the BPK Strategic Plan (BPK, 2015a).

In line with that, Principle 11 of the International Standards of Supreme Audit Institutions (ISSAI) No. 12 on the Value and Benefits of SAI, regulates that SAI must prioritize service excellence and quality through policies and procedures that support the quality of work, namely an internal culture that supports quality, compliance with a code of ethics, and competent auditors, supervision, and review as well as the implementation of a system of effective quality assurance (INTOSAI, 2013). Theoretically, Malone and Roberts (1996) state that audit quality will decline due to the auditor's failure to implement audit steps correctly. Meanwhile, Francis (2011) explains that audit quality will be obtained through the issuance of a correct audit report on client compliance with generally accepted accounting principles.

Audit quality has been an issue for the last two decades. The United States Government Accountability Office (GAO) reports that 34% of the 120 audits were examined with substandard results (Samelson, Lowensohn, & Johnson, 2006). According to Deis and Giroux (1992), accounting reporting from local governments in the United States has improved. However, the results of the GAO review found the low audit quality of public funds was carried out by Certified Public Accountants.

In Indonesia, improving the quality of financial statements is not directly proportional to audit quality by BPK auditors. The results of the BPK's internal review carried out by the BPK Inspectorate on audit performance revealed that the audit performance of BPK auditors over the past two years has declined (BPK, 2017). The decline in audit performance can be seen in Figure 1. The decline occurred in the average of quality control of three types of audits due to a mismatch between the implementation of procedures and the audit’s standards and guidelines. The decline was mainly evident in the compliance with the implementation of monitoring.
procedures, competencies, tiered reviews, supervision, documentation, and communication and consultation.

According to Francis (2011), audit quality is strongly influenced by the quality of the personnel conducting audits at the level of audit input. If the personnel test the audit competently, the audit will be of high quality. Furthermore, according to Percy (2001), public sector auditors must be independent and competent; the task is not only to maintain public confidence in government spending but also to provide added value through constructive audit reporting that encourages improvements in public service delivery.

The auditor’s professional competence includes education and experience. The auditor must maintain professional skills through a commitment to learning and development in the entire professional life of the auditor (BPK, 2015). According to the results of the 2016 BPK Inspectorate’s review of the 2015 and 2016 examinations, there were several violations of the competency standards that could affect the audit quality of the BPK auditor, namely that not all auditors had fulfilled a minimum of 80 hours of training in the past two years.

Another factor that can affect audit quality is the complexity of audit tasks (Bonner, 1994; Joshi & Al-Bastaki, 2000; Kusharyanti, 2012; Marginingsih & Martani, 2009; ). Furthermore, Mohd-Sanusi and Mohd-Iskandar (2007) indicated in their research that auditors often face difficulties in completing their audit assignments due to the complex nature of their work. Challenges arise from work pressure, lack of auditing staff, and task uncertainty, which affect the accuracy of the judgment taken. In addition, in carrying out their responsibilities, the auditor must process a lot of information and the level of difficulty varies because the auditor must obtain sufficiently competent audit evidence.

Several studies have concluded that the complexity of audit tasks has a significant effect on the judgments (considerations) taken by auditors (Mohd-Iskandar & Mohd-Sanusi, 2011;
Praditaningrum, 2012; Yendrawati & Mukti, 2015) and whether the auditor’s judgment will
determine the quality of audit results and the opinions they issue.

Khasanah and Rahardjo (2014) explain that the number of local government work units
(LGWU) determines the complexity of a government. The more LGWU, the more information
that must be disclosed in the financial statements to reduce information asymmetry and
demonstrate better performance. In addition, the increasing number of LGWU will result in a
higher fulfillment of the disclosure of financial statements of the regional government. This
causes the audits of the LGFS to be more complex than audits of the CGFS or SIFS. According
to the BPK (2017), there are 34 provinces, 415 regencies, and 93 cities whose financial reports
must be examined with 27,295 LGWUs throughout Indonesia.

The use of information systems in preparing reports can also determine audit complexity.
According to Rosdini and Ritchi's (2017) research, the quality of implementing Government
Accounting Systems as accounting software, specifically the quality of the information
produced and the level of the use of information systems, affects efficiency and provides
performance benefits for its users. In addition, the large number of audit reports that must be
compiled by auditors also makes audits of CGFS, SIFS, and LGFS complex.

Auditors are also expected to have specific knowledge in the rapid development of information
technology. An auditor’s competence in IT has been tested to have influence on the success of
the E-Audit system implementation in the BPK (Supriadi, Mulyani, Soepardi, & Farida, 2019).

Based on the phenomenon that occurs in the community of interests, the gap theory, and
arguments explained in the research background, the research problems are formulated as
follows:
1. How much influence does auditor competence have on audit quality?
2. How much influence does audit tax complexity have on audit quality?

2. LITERATURE REVIEW
In research, there must be a theory that is used as the basis for applying the concepts of variables
and indicators. In this section, each review will be explained for the three research variables,
namely: Auditor Competence, Audit Tax Complexity, and Audit Quality.

1) Auditor Competence Variable
Based on the literature (AICPA, 2015; Houghton & Jubb, 1998; IIA Global, 2013), auditor
competence in this study is defined as the auditor’s professional expertise based on personal
qualities, managerial knowledge, and special expertise in carrying out audit tasks and functions.

Using criteria found in the literature (AICPA, 1999; BPK, 2017; Tan & Libby, 1997), the
conceptual definition, and the author’s empirical experience, in this study auditor competence
was measured using three dimensions with nine indicators, namely: 1) Personal Quality (work
ethic, communication skills, and ability to work together in teams); 2) Managerial Knowledge
(ability to manage time, ability to manage staff, and ability to manage careers); and 3) Special
Skills (certified personnel, ability to use information technology, and accuracy in work).
2) Audit Tax Complexity Variable
Based on the literature (Bonner, 1994; Joshi & Al-Bastaki, 2000; Kahneman, 1973; Kusharyanti, 2012; Simon, 1973), audit tax complexity in this study is defined as the difficulty that is represented by the amount of attentional capacity or mental processing required by the audit task.

Using criteria found in the literature (Bonner, 1994; Mappanyuki, 2016), the conceptual definition, and the author’s empirical experience, in this study audit tax complexity was measured using three dimensions with seven indicators, namely: 1) Complexity Input (the number of organizational units managed by the entity, directly or indirectly, and the clarity of information in the financial statements); 2) Complexity Process (the number of financial transactions with the entity, audit time span, and number of audit procedures to be performed); and 3) Complexity Output (the number of reports produced and the clarity of assignment expectations).

3) Audit Quality Variable
Based on the literature (Francis, 2011; IAASB, n.d.; Wooten, 2003), audit quality in this study is defined as the achievement of the audit process in accordance with professional standards and requires the good support and interaction from all parties involved in the preparation of financial statements to avoid the demands of the court and to prevent the audit institution from generating a bad reputation.

Using criteria found in the literature (AICPA, 2017; Knechel, Krishnan, Pevzner, Shefchik, & Velury, 2012; Sutton, 1993), the conceptual definition, and the author's empirical experience, audit quality was measured using three dimensions with 11 indicators, namely: 1) Audit Input (auditor incentives and motivation, application of professional skepticism, and availability of auditor resources); 2) Audit Process (preparation of audit programs, understanding of auditee systems/business processes, audit processes in accordance with standards, completion of audit work papers, and quality control); and 3) Result Audit (improving the quality of financial statements, a clear, accurate, and timely audit report, and whether the audit report was useful for the entity).

3. DEVELOPMENT OF HYPOTHESES
According to Sekaran and Bougie (2013), a hypothesis is a logically conjectured relationship between two or more variables expressed in the form of a testable statement.

1) Hypothesis 1: The Influence of Auditor Competence on Audit Quality
According to DeAngelo’s research (1981), it is proven that audit quality is determined by two factors, namely, the auditor’s competence in finding violations of the accounting system and the auditor’s independence in reporting those findings. Similarly, according to Lee (1998), without competence, other factors that determine audit quality, such as independence, become
useless. A lack of competence demonstrated by a lack of expertise and experience will force auditors to rely heavily on management from clients, both in terms of asking questions and evaluating the responses provided by management.

Research from Watkins, Hillison, and Morecroft (2004) also indicates that the auditor’s competence to find and eliminate material misstatements and improve financial statements has a positive influence on audit quality. Then, according to Dwiputrantri (2011), the auditor’s skill level affects audit quality as determined by audit standards. Furthermore, research from Halim, Sutrisno, Rosidi, and Achsin (2014) illustrates that high audit quality is influenced by the auditor’s ability to detect material misstatements in the financial statements. Therefore, a quality audit can reduce the asymmetric information/information gap between the principal and the agent so that the contents of the audit report can guarantee the interests of the stakeholders.

In their research, Bouhawia, Irianto, and Baridwan (2015) concluded that auditor competence and independence positively affected audit quality. This means that the higher the auditor’s competence and independence, the higher the quality of the audit produced. According to Furiady and Kurnia (2015), having a limited number of qualified public sector auditors can affect the capability of a state audit institution to conduct audits. So that auditors who have more in-depth knowledge and the ability to produce professional judgments are better able to conduct a good quality audit.

Based on Bouhawia et al. (2015), DeAngelo (1981), Dwiputrantri (2011), Furiady and Kurnia (2015), Lee (1998), Halim et al. (2014), and Watkins et al. (2004), this study can hypothesized that auditor competence has a positive influence on audit quality.

2) Hypothesis 2: The Influence of Audit Tax Complexity on Audit Quality
According to Libby (1985), the complexity of audit assignments can negatively affect professional judgment on audit results, especially because many audit assignments are very complex in nature. The research results of Jelista (2015) and Setyorini (2011) demonstrate that audit complexity affects audit quality.

Audit complexity is regulated by AICPA (2015) in the AU-C Section 300 audit plan standard, Paragraph 01 which states that in audit planning, the audit team needs to consider the complexity of the audit entity. In addition, to maintain the quality of the audit, in compiling the audit strategy, the audit team needs to consider the use of experts to handle complex matters (AICPA: AU-C Section 300 Par. 07-08).

Based on the research by AICPA (2015), Jelista (2015), Libby (1985), and Setyorini (2011), this study can hypothesized that audit task complexity has a negative influence on audit quality. This means that the more complex the audit task performed, the greater the reduction in the quality of the audit results.

4. RESEARCH METHODOLOGY
The object in this study is to determine the influence of auditor competence and audit tax complexity on audit quality. This study uses descriptive and causal-explanatory methods by
testing hypotheses. Based on the research time horizon, included in the category of cross-sectional studies, namely research performed over a period of time, data are collected only once, perhaps in a period of several days or weeks or months, to answer research questions (Sekaran & Bougie, 2013). The data used are primary data collected through instruments (questionnaires) and secondary data obtained from journals or previous research reports that are used as theories, concepts used to build frameworks and research hypotheses and to deepen analysis in explaining the conclusions of the research results.

The unit of analysis in this study are BPK’s auditors. Thus, the sample size in this study was 320 auditors from all over Indonesia. This study can be regarded as survey research information was collected using a questionnaire with Likert scale. The questionnaire was distributed by sending the link of a Google form via e-mail to BPK’s auditors. In this study, descriptive statistics were used by compiling a frequency distribution table to determine the level of value (average score) of the research variable. The criteria of the respondent’s answer scores were arranged based on the maximum score range and the minimum score divided by the number of desired criteria. The guidelines for criteria for the research variable scores are presented in Table 2.

<table>
<thead>
<tr>
<th>Average Index</th>
<th>Not Good</th>
<th>Not Fair</th>
<th>Fair</th>
<th>Good</th>
<th>Very Good</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.00 – 1.80</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.81 – 2.60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.61 – 3.40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3.41 – 4.20</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.21 – 5.00</td>
<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

This study used quantitative methods with probability statistics which are statistical techniques used to analyze sample data. The results were applied to the population by testing the significance level of sample data on population parameters through the t-statistics on the confidence interval of 95% and the risk of error at $\alpha = 5\%$.

The research hypothesis was tested using the Structural Equation Modeling (SEM) method with the help of Lisrel statistical software. In this study, the construct or latent variable cannot be measured directly using observed variables or indicators. It must be lowered first in the form of dimensions, then it can be reflected through the indicators according to the theory used. Indicators used to measure latent variables must be tested for the validity and reliability of the instrument. The test uses the concept of Confirmatory Factor Analysis (CFA). According to Wijanto (2015, p. 76), a variable is said to have good validity for constructs or latent variables if the value of the t-factor is greater than the critical value ($t_{value} \geq 1.96$) and the standard factor loading is $\geq 0.70$. Meanwhile, Hair, Huitf, Ringle, and Sarstedt (2014) stated that the value of factor loading $\geq 0.50$ is very significant and therefore the indicator can be declared valid.

In SEM, reliability testing uses a composite reliability measure and a variance extracted measure. A construct has good reliability if the value of construct reliability (CR) is $\geq 0.70$ and the value of variance extracted (VE) is $\geq 0.50$. Figure 2 examines the influence of independent variables (exogenous) on the dependent variables (endogenous).
Based on Figure 2, the structural model in this study is formulated mathematically, as follows:

$$\eta_1 = \gamma_{11} \xi_1 + \gamma_{21} \xi_2 + \zeta$$

Description: $\xi_1$ = auditor competence variable; $\xi_2$ = audit tax complexity variable; $\eta_1$ = audit quality; $\gamma$ = path coefficient between exogenous latent variables; and $\zeta$ = measurement error of endogenous latent variables

The over-identified model that meets the requirements for analysis is based on the following degree of freedom formula requirements:

$$df = \frac{1}{2} (p+q)(p+q+1) - t > 0$$

Description: $p$ = number of exogenous observed variables; $q$ = number of endogenous observed variables; and $t$ = number of parameters to be estimated

The model in this study has a value of $p = 16$, $q = 11$, $t = 56$, with a value of $df = \frac{1}{2} (16+11) (16+11+1) - 56 = \frac{1}{2} (27)(28) - 56 = 378 - 56 = 322 > 0$. This research model was over-identified so it was used in the parameter estimation stage. The author chose to use the Maximum Likelihood (ML) method to estimate the parameters of this research model. The next step was to evaluate the Goodness of Fit (GoF) between the data and the research model. After the model was determined to fit with the data, the hypotheses built into the research model were tested.

5. RESULTS

5.1. Descriptive Statistics Analysis

Based on the answers of 320 respondents, the descriptive statistical analysis provided data for each variable and dimension, as presented in Table 3. The variables and dimensions have a total score and average criteria as “fair, good, and very good”. The average score of the research variable is 3.97 so, in general, all research variables meet the criteria of “good”.
Table 3. Analysis of Research Variable Scores

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable/Dimension</th>
<th>Σ Score</th>
<th>Mean</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Auditor Competence (AC)</td>
<td>11,816</td>
<td>4.10</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>a. Personal Quality (PQ)</td>
<td>4,234</td>
<td>4.41</td>
<td>Very Good</td>
</tr>
<tr>
<td></td>
<td>b. Management Knowledge (MK)</td>
<td>3,913</td>
<td>4.08</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>c. Special Skills (SS)</td>
<td>3,669</td>
<td>3.82</td>
<td>Good</td>
</tr>
<tr>
<td>2</td>
<td>Audit Tax Complexity (ATC)</td>
<td>8,351</td>
<td>3.73</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>a. Complexity Input (CI)</td>
<td>2,355</td>
<td>3.68</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>b. Complexity Process (CP)</td>
<td>3,884</td>
<td>4.05</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>c. Complexity Output (CO)</td>
<td>2,112</td>
<td>3.30</td>
<td>Fair</td>
</tr>
<tr>
<td>3</td>
<td>Audit Quality (AQ)</td>
<td>14,356</td>
<td>4.08</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>a. Audit Input (AI)</td>
<td>3,744</td>
<td>3.90</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>b. Audit Process (AP)</td>
<td>6,614</td>
<td>4.13</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>c. Audit Result (AR)</td>
<td>3,998</td>
<td>4.16</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>34,523</td>
<td>3.97</td>
<td>Good</td>
</tr>
</tbody>
</table>

5.2. Confirmatory Factor Analysis (CFA)

Suitability of the measurement model was tested using CFA to find the undimensional of the indicators that explained a factor or variable formed. The following describe the CFA in each research variable.

1) Auditor Competence (AC) Variable

This exogenous variable is measured by three dimensions consisting of nine indicators. The results of the CFA testing with the second order model for the AC variable are shown in Figure 3. As illustrated in Figure 3, all indicators already have factor loading > 0.5, so it can be concluded that each indicator is valid as a measure of the AC variable. The details of the value of dilihat can be seen in Table 4.

As outlined in Table 4, the results of the first order test on the dimensions of PQ, MK, and SS all reveal that the indicators have factor loading > 0.5, so all indicators are valid in measuring each dimension. All values of CR > 0.7 and VE > 0.5, so it is reliable. This demonstrates that the indicators are consistent in measuring each dimension of the AC variable.
Table 4. Validity and Reliability Test Results of AC Variable

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Indicator</th>
<th>λ</th>
<th>λ²</th>
<th>ε</th>
<th>CR</th>
<th>VE</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>First Order</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PQ</td>
<td>X1</td>
<td>0.83</td>
<td>0.689</td>
<td>0.311</td>
<td>0.828</td>
<td>0.618</td>
<td>Reliable</td>
</tr>
<tr>
<td></td>
<td>X2</td>
<td>0.69</td>
<td>0.476</td>
<td>0.524</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X3</td>
<td>0.83</td>
<td>0.689</td>
<td>0.311</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MK</td>
<td>X4</td>
<td>0.69</td>
<td>0.476</td>
<td>0.524</td>
<td>0.776</td>
<td>0.539</td>
<td>Reliable</td>
</tr>
<tr>
<td></td>
<td>X5</td>
<td>0.84</td>
<td>0.706</td>
<td>0.294</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X6</td>
<td>0.66</td>
<td>0.436</td>
<td>0.564</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>SS</td>
<td>X7</td>
<td>0.67</td>
<td>0.449</td>
<td>0.551</td>
<td>0.752</td>
<td>0.505</td>
<td>Reliable</td>
</tr>
<tr>
<td></td>
<td>X8</td>
<td>0.81</td>
<td>0.656</td>
<td>0.344</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X9</td>
<td>0.64</td>
<td>0.410</td>
<td>0.590</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Second Order</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AC</td>
<td>PQ</td>
<td>0.78</td>
<td>0.608</td>
<td>0.392</td>
<td>0.906</td>
<td>0.764</td>
<td>Reliable</td>
</tr>
<tr>
<td></td>
<td>MK</td>
<td>0.98</td>
<td>0.960</td>
<td>0.040</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SS</td>
<td>0.85</td>
<td>0.723</td>
<td>0.278</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the results of the second order test on the AC variable, all dimensions have factor loading > 0.5, so all dimensions are valid in measuring the AC variable. Based on the results of the factor loading, the MK dimension has the highest value, making it the strongest in reflecting the AC variable while the PQ dimension has the lowest value, so that dimension is the weakest in reflecting the AC variable. The value of CR is 0.906 > 0.7 and the value of VE is 0.764 > 0.5, so it is reliable. This demonstrates that the three dimensions are consistent in measuring the AC variable.

2) Audit Tax Complexity (ATC) Variable
This exogenous variable is measured by three dimensions consisting of seven indicators. The results of the CFA testing with the second order model for the ATC variable are shown in Figure 4. As illustrated in Figure 4, there is one indicator that does not have factor loading > 0.5 which is x16, so it must be removed from the model. The results were revised in Figure 5 to show that all indicators have factor loading > 0.5, but the RMSEA value is 0.112 > 0.08, so that model was re-specified. Based on the results of the CFA after re-specification, illustrated in Figure 6, it can be concluded that each indicator is valid as a measure of the ATC variable. The details the value of factor loading can be seen in Table 5.

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Indicator</th>
<th>( \lambda )</th>
<th>( \lambda^2 )</th>
<th>( \varepsilon )</th>
<th>CR</th>
<th>VE</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X10</td>
<td>0.67</td>
<td>0.449</td>
<td>0.551</td>
<td>0.677</td>
<td>0.513</td>
<td>Reliable</td>
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<tr>
<td></td>
<td>X11</td>
<td>0.76</td>
<td>0.578</td>
<td>0.422</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>X12</td>
<td>0.81</td>
<td>0.656</td>
<td>0.344</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>X13</td>
<td>0.76</td>
<td>0.578</td>
<td>0.422</td>
<td>0.846</td>
<td>0.646</td>
<td>Reliable</td>
</tr>
<tr>
<td></td>
<td>X14</td>
<td>0.84</td>
<td>0.706</td>
<td>0.294</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>X15</td>
<td>1.00</td>
<td>1.000</td>
<td>0.000</td>
<td>1.000</td>
<td>1.000</td>
<td>Reliable</td>
</tr>
<tr>
<td>ATC</td>
<td>MA</td>
<td>0.86</td>
<td>0.846</td>
<td>0.154</td>
<td>0.854</td>
<td>0.663</td>
<td>Reliable</td>
</tr>
<tr>
<td></td>
<td>WB</td>
<td>0.88</td>
<td>0.980</td>
<td>0.020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ID</td>
<td>0.69</td>
<td>0.903</td>
<td>0.098</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As outlined in Table 5, the results of the first order test on the dimensions of CI, CP, and CO, reveal that all the indicators have factor loading > 0.5, so all indicators are valid in measuring
each dimension. All values of CR > 0.7 and all values of VE > 0.5, so it is reliable. This shows that the indicators are consistent in measuring each dimension of the ATC variable.

In the results of second order test on the ATC variable, all dimensions have factor loading > 0.5, so all dimensions are valid in measuring the ATC variable. Based on the results of the factor loading, the CP dimension has the highest value, making it the strongest in reflecting the ATC variable. The value of CR is 0.854 > 0.7 and the value of VE is 0.663 > 0.5, so it is reliable. This indicates that the three dimensions are consistent in measuring the ATC variable.

3) Audit Quality (AQ) Variable

This endogenous variable is measured by the dimensions consisting of 11 indicators. The results of the CFA testing with the second order model for the AQ variable are shown in Figure 7. As illustrated in Figure 7, there is one indicator that does not have factor loading > 0.5, which is Y3, so it must be removed from the model. The results of the re-specification in Figure 8 show that all indicators have factor loading > 0.5 and the RMSEA value is 0.074 < 0.08, so it can be concluded that each indicator is valid as a measure of the AQ variable. The details of the value of factor loading can be seen in Table 6.

As illustrated in Table 6, the results of the first order test on the dimensions of AI, AP, and AR reveal that all the indicators have factor loading > 0.5, so all indicators are valid in measuring each dimension. All values of CR > 0.7 and VE > 0.5, so it is reliable. This shows that the indicators are consistent in measuring each dimension.

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Indicator</th>
<th>$\lambda$</th>
<th>$\lambda^2$</th>
<th>$\epsilon$</th>
<th>CR</th>
<th>VE</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Order</td>
<td>Y1</td>
<td>0.86</td>
<td>0.740</td>
<td>0.260</td>
<td>0.748</td>
<td>0.601</td>
<td>Reliable</td>
</tr>
<tr>
<td></td>
<td>Y2</td>
<td>0.68</td>
<td>0.462</td>
<td>0.538</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6. Validity and Reliability Test Results of Re-specification of AQ Variable
In the results of the second order test on the AQ variable, all dimensions have factor loading > 0.5 so all dimensions are valid in measuring the AQ variable. Based on the results of the factor loading, the AP dimension has the highest value, making it the strongest in reflecting the AQ variable while the AI dimension has the lowest value so that dimension is the weakest in reflecting the AQ variable. The value of CR is 0.937 > 0.7 and the value of VE is 0.834 > 0.5, so it is reliable. This demonstrates that these dimensions are consistent in measuring the AQ variable.

5.3. Test Results of Full Structural Model

In this section, the evaluation results of the fit model and parameter values are estimated from the SEM. The empirical model generated from the theoretical model in this study required full model testing. After the CFA for each latent variable, the full structural model estimation was carried out, as shown in Figure 9. As illustrated in Figure 9, the RMSEA value is 0.156 > 0.08, so the structural model needed to be re-specified; the results are shown in Figure 10. Furthermore, the Lisrel results, based on the re-specifications of the full structural model produced the following structural equation:

$$AQ = 0.81\ AC - 0.09\ ATC + 0.29$$

The test of the full model of the SEM is conducted with two types of conformity model testing and model hypothesis testing. Full SEM testing models were used to see the fairness of the model or suitability model. An evaluation of the good suitability of the SEMs, by comparing the values of recommended fit indexes, is presented in Table 7.

As outlined in Table 7, the results of testing the suitability of the overall model reveal that almost all GoF indexes have met the fit criteria except the P-value, so it can be used in the next analysis stage to test the research hypotheses. The summary of the results of the structural
model estimation of the relationship between latent variables through the path coefficient test is presented in Table 8 and the Lisrel results are shown in Figure 11.

Table 7. Evaluation of Indexes Fit Model Structural Re-specification

<table>
<thead>
<tr>
<th>No.</th>
<th>Goodness of Fit</th>
<th>Target Value</th>
<th>Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chi-square</td>
<td>expected small</td>
<td>32.78 (≥ 0.05)</td>
<td>Small (Not Fit)</td>
</tr>
<tr>
<td>2</td>
<td>RMSEA</td>
<td>≤ 0.08</td>
<td>0.048</td>
<td>Fit</td>
</tr>
<tr>
<td>3</td>
<td>NFI</td>
<td>≥ 0.90</td>
<td>0.99</td>
<td>Fit</td>
</tr>
<tr>
<td>4</td>
<td>NNFI</td>
<td>≥ 0.90</td>
<td>0.99</td>
<td>Fit</td>
</tr>
<tr>
<td>5</td>
<td>CFI</td>
<td>≥ 0.90</td>
<td>1.00</td>
<td>Fit</td>
</tr>
<tr>
<td>6</td>
<td>IFI</td>
<td>≥ 0.90</td>
<td>1.00</td>
<td>Fit</td>
</tr>
<tr>
<td>7</td>
<td>RFI</td>
<td>≥ 0.90</td>
<td>0.98</td>
<td>Fit</td>
</tr>
<tr>
<td>8</td>
<td>SRMR</td>
<td>≤ 0.05</td>
<td>0.027</td>
<td>Fit</td>
</tr>
<tr>
<td>9</td>
<td>GFI</td>
<td>≥ 0.90</td>
<td>0.98</td>
<td>Fit</td>
</tr>
<tr>
<td>10</td>
<td>AGFI</td>
<td>≥ 0.90</td>
<td>0.95</td>
<td>Fit</td>
</tr>
</tbody>
</table>
Table 8. Results of Path Coefficient Estimates and Statistical Tests

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Path Coefficient</th>
<th>T-value</th>
<th>R-square (Simulation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC → AQ</td>
<td>0.81</td>
<td>13.69</td>
<td>0.71</td>
</tr>
<tr>
<td>ATC → AQ</td>
<td>-0.09</td>
<td>-2.66</td>
<td></td>
</tr>
</tbody>
</table>

Table 8 outlines, in the first substructure, that the variables AC and ATC have an influence of 71% on the AQ variable. The remaining 29% is determined by other variables besides the independent variables. Judging from the path coefficient, the most dominant variable affecting the AQ is the AC with a path value of 0.81, then the ATC with a path value of -0.09.

5.4. Hypotheses Testing

The hypothesis is tested by t-test statistics provided that $H_0$ is rejected if $t_{value} > 1.96$ or $-t_{value} < -1.96$ for $\alpha = 0.05$ in the 95% confidence interval. The results are listed in Table 8.

1) **Hypothesis 1: Influence of Auditor Competence on Audit Quality**

$H_0 : \gamma_{11} = 0$ Auditor competence has no influence on audit quality

$H_1 : \gamma_{11} 0$ Auditor competence has influence on audit quality

Lisrel Result $t_{value} = 13.69$ then $H_0$ Rejected and $H_1$ Accepted

This result provides empirical evidence that auditor competence has a significant positive influence on audit quality. The results of this study are in line with previous studies that indicate that digital forensic support positively influences the audit quality (Bouhawia et al., 2015; DeAngelo, 1981; Dwiputrantri, 2011; Furiady & Kurnia, 2015; Halim et al., 2014; Lee, 1998; Watkins et al., 2004).

2) **Hypothesis 2: Influence of Audit Tax Complexity on Audit Quality**

$H_0 : \gamma_{21} = 0$ Audit tax complexity has no influence on audit quality

$H_1 : \gamma_{21} 0$ Audit tax complexity has influence on audit quality

Lisrel Result $t_{value} = -2.66$ then $H_0$ Rejected and $H_1$ Accepted

This result provides empirical evidence that audit tax complexity has a significant negative influence on audit quality. The results of this study are in line with previous studies that suggest that audit tax complexity positively influences the audit quality (AICPA, 2015; Jelista, 2015; Libby, 1985; Setyorini, 2011).

6. **CONCLUSION**
The findings, based on the evaluation of Structural Model Fit Indexes, resulted in overall model suitability testing based on the RMSEA of 0.048 as fit, as well as almost all other GOF indexes meeting the fit criteria. Through the recapitulation results contained in this study, it can be seen that the variables auditor competence (AC) and audit tax complexity (ATC) have a positive effect of 71% on audit quality (AQ), while the remaining 29% is influenced by other variables besides the independent variables. Judging from the path coefficient values, the most dominant variables to influence the audit quality (AQ) were auditor competence (0.81) and audit tax complexity (-0.09).

Based on testing the hypotheses, the results of this study provided empirical evidence that auditor competence has a direct positive influence on audit quality, thus the higher the competence of the auditor, the higher the audit quality. Likewise, audit tax complexity has a direct negative influence on audit quality, so the higher the complexity of audit tax, the lower the audit quality.

REFERENCES


