

The Effect of Integrity, Professionalism and Audit Knowledge on Auditor Performance in Aceh Inspectorate Office Banda Aceh, Indonesia

Muhammad Amin (Corresponding Author)

Faculty of Economics and Business, Universitas Syiah Kuala
Jl. Teuku Chik Pante Kulu No.7, Kopelma Darussalam, Syiah Kuala, Kota Banda Aceh, Aceh 23373,
Indonesia
Phone: (0651) 755-3205
muhammad.amin947@gmail.com

Muhammad Arfan

Faculty of Economics and Business, Universitas Syiah Kuala
Jl. Teuku Chik Pante Kulu No.7, Kopelma Darussalam, Syiah Kuala, Kota Banda Aceh, Aceh 23373,
Indonesia
Phone: (0651) 755-3205

Darwanis

Faculty of Economics and Business, Universitas Syiah Kuala
Jl. Teuku Chik Pante Kulu No.7, Kopelma Darussalam, Syiah Kuala, Kota Banda Aceh, Aceh 23373,
Indonesia
Phone: (0651) 755-3205

Muslim A. Djalil

Faculty of Economics and Business, Universitas Syiah Kuala
Jl. Teuku Chik Pante Kulu No.7, Kopelma Darussalam, Syiah Kuala, Kota Banda Aceh, Aceh 23373,
Indonesia
Phone: (0651) 755-3205

Abstract

The purpose of research is to examine the effect of integrity, professionalism and audit knowledge on the performance of auditors of Aceh Inspectorate Office, either simultaneously or partially. The population in this study is all auditors at the office as many as 83 people, while the data in this study is derived from the primary source in the form of questionnaire survey in the form of statements in a structured manner. The result of the research shows that integrity, professionalism, and audit knowledge have positive influence on auditor performance of the inspectorate agency of Aceh either simultaneously or partially

Keywords: Integrity, Professionalism, Audit Knowledge, Auditor Performance.

1. Introduction

One of the biggest challenges in the current reform era is to change government management to be more effective in promoting good governance, including in the management of state and local finances. Clean and good governance demands an accountability system that is precise, clear, and real in ensuring the ongoing tasks of government economically, efficiently, effectively, equitably, and eccentric or often in short with 5E. Governments are required to be accountable for financial tasks to institutions or interested and legitimate persons. Institutions or persons in question include the central government, parliament, regional heads, communities and other interest groups (NGOs). Local financial management procedures allow each program to be planned and implemented to achieve the maximum objectives and outcomes.

Users of financial information of government units are governments, investors and creditors, communities, other parties concerned about the financial statements (Suseno, 2013). The financial information required is information about whether the financial operations are carried out properly, whether the financial reporting of an entity's audit is reasonably presented and whether the entity has complied with existing laws and regulations, and to see accountability in real terms, assessing the integrity, performance and accountability of activities government. To meet the needs of these users, the financial information presented in the financial statements needs to be audited, it is carried out by the auditor in conducting the audit to achieve a good audit quality. Based on existing facts indicate that the number of supervisory apparatus performing supervisory function is still less and minimal is not proportional to the number of objects to be supervised within the Provincial Government of Aceh, considering this area is the archipelago so that the object to be watched is mostly located on the islands. This condition is certainly a constraint and problems that must be faced by the supervisory officers in the Inspectorate of Aceh Province. The four availability of supporting facilities and infrastructure that have not been adequate such as internet network and of course this problem will have an impact on the performance of the Regional Inspectorate in performing supervisory functions, (De Angolo, 2012). Every auditor in carrying out the audit is very concerned about the quality of audit it produces. Audit is one part of the supervision, in practice the audit consists of the act of seeking information about what is being carried out within an agency examined, comparing the results with established criteria and approving or rejecting the results by providing recommendations on corrective actions. audit quality can be achieved if the auditors are obedient to the code of ethics reflected by the attitude of competence, professionalism, independence, integrity and accountability. Code of conduct is the norms that every examiner must comply with during his / her duties. In order to obtain a quality audit report of course required the integrity of the auditors in carrying out its audit duties. Integrity is the quality that underlies public trust and is a benchmark for members in testing all decisions taken, Mulyadi (2012: 56). Then Sukriah et al, (2013) argued that integrity is necessary so that auditors can act honestly and decisively in the implementation of the audit. Alim et al, (2014) states that collaboration with an object of prolonged and repeated examination may lead to a vulnerability to the independence of the auditor. The various facilities provided by the examination object during the assignment may also affect the integrity of the auditor, and it is not impossible that the auditor becomes dishonest in disclosing the facts that indicate the low integrity of the auditor. Sukriah et al's (2013) research on integrity gives results that there is no effect of integrity on the quality of the results of examination, while Mabruri's (2013) study states that integrity can affect audit quality. In addition, the auditor's integrity factor, especially in improving audit quality, can generate trust from the public and also become a benchmark for members in testing all decisions taken, also less good, so the auditor should be able to be honest, courageous, wise and responsible in carrying out audit, so that will get the audit results that really fit with the findings in the field.

The integrity of the auditor should reflect the auditor's honesty in carrying out the audit task, an auditor must dare to disclose the findings to the public or other authorities in the context of transparency in the management of state finances. Integrity and commitment of the auditor is an indicator to determine whether the bad attitude of an auditor's behavior in carrying out its duties and obligations in government. The auditor is required to always remember with his oath and promise, so as not to neglect the duty of his obligations, and not to do something that is against his duties and obligations in government.

2. Literature Review

Auditor Performance

Etymologically, performance comes from the word (performance). As has been stated by Mangkunegara (2010: 67) that the performance comes from the word job performance or actual performance (work performance or achievement that actually achieved someone) is the work in quality and quantity achieved by an employee in performing their duties in accordance with assigned responsibilities. Trisnaningsih (2007) states that performance or work performance is a work achieved by a person in carrying out the tasks assigned to him based on the skills, experience and seriousness of the time measured by considering the quantity, quality and timeliness. Employee performance / auditor's performance can be measured by a certain measurement (standard) where quality is related to the quality of work produced, while quantity is the amount of work produced within a certain period of time, and the timeliness is the conformity of the planned time. Trisnaningsih (2007) also states that employee performance is a measure that can be used to define the comparison of the results of the implementation of tasks, the responsibilities given by the organization in a certain period and can be used to measure the performance of work or organizational performance. Auditor performance is an action or execution of inspection tasks that have been completed by the auditor within a certain time. Performance of auditors according to Mulyadi (2012: 11) is an accountant, both public and government who conduct an objective examination of the financial statements of a company or other organization in order to determine whether the financial statements present fairly in accordance with accounting principles applicable general, in all material respects, the financial position and results of operations of the organization. Santoso (2010: 77) states that the performance of auditors is the work achieved by an auditor in carrying out his duties, in accordance with the responsibilities given to him and become one of the benchmarks used to determine whether a job done will be good or vice versa, which aims to achieve the goals of the organization.

Integrity

It refers to a qualification that underlies public trust and is a benchmark for members in testing all their decisions. Integrity requires an auditor to be honest and transparent, courageous, prudent and responsible in conducting audits. These four elements are needed to build trust and provide the basis for reliable decision-making (Pusdiklatwas BPKP, 2004 in Sukriah, et al, 2013). According to Mulyadi (2012: 56), integrity is a quality that underlies public trust and is a benchmark (banchmark) for members in testing all decisions taken. Integrity requires that one be honest and honest without sacrificing the secrets of recipients of service, service and public trust should not be overcome by personal gain. The integrity indicator is the auditor's honesty in performing its duties, auditor's audacity to disclose the problem and wise attitude of the auditor.

Professionalism

It denotes as an auditor in carrying out its duties and responsibilities is necessary, where professionalism attitude will reflect if the employee concerned can behave and behave like a person who has been professional in carrying out the task, so as to separate between personal interests and the interests of the organization. In the opinion of Kalbers and Fogarty (1995) in Wahyudi and Mardiyah (2005: 5) professions and professionalism can be distinguished conceptually. Profession is a type of work that meets several criteria, while professionalism is an important individual attribute without seeing a job is a profession or not. As a professional, employees at the Office of the Aceh Inspectorate acknowledge their responsibility to the leadership as well as the community, including to behave respectably, even though this is a personal sacrifice.

Professionalism is a concept to measure how professionals perceive their profession as reflected through their attitudes and behavior as an employee. Professionalism is one of the requirements that must be met and owned by an employee where this will affect the attitude and persistence in running the profession as an independent employee. (Yendrawati, 2008: 76). In a general sense, a person is said to be professional if it meets three criteria, that is having the expertise to perform the task in accordance with his field, performing a task or profession by setting the standard in the field of profession concerned and carrying out his professional duties by complying with established professional ethics. Profession and professionalism can be distinguished conceptually (Lekatompessy, 2003). Profession is a type of work that meets several criteria, while professionalism is an important individual attribute regardless of whether a job is a profession or not. A professional employee must fulfill his or her responsibilities to the organization, leadership and community.

Audit Knowledge

According Sucipto (2007: 7), it is the ability to control auditors or auditors accountants to the audit field (analyzing the company's financial statements). Meanwhile according to Herawaty and Susanto (2008), audit knowledge is a very important thing that can affect the auditor in making decisions. Knowledge is one of the keys to work effectiveness (Herawati and Susanto, 2008). Teaching can be gained from formal and informal fields gained from universities and forwarded to advanced auditor education. The auditor may also learn from the execution of his audit practice duties and feedback from his audit opinion. Variations of feedback in the audit are obtained from the review, the environment, and the quantity and quality of the audit tasks performed. Such audit practices and feedback are considered part of the experience.

3. Research Method

Research Design

According to Sekaran and Bogie (2013: 152) it is a set of rational decision-making options, related to the purpose of the study, its location, the appropriate type of research, the degree of manipulation and control of the researcher, the temporal aspect and the level of data analysis.

Population and Sample Research

The population in this study is the auditors working in the Office of the Inspectorate of Aceh. The total population in this study amounted to 83 people. Therefore, this study used the census method in determining the number of samples.

Data Analysis Tools

Hypothesis testing using multiple linier regression analysis method with the help of SPSS software, with the formula as follows:

$$Y = \beta + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Where:

Y = Performance Auditor

β = Constants

X1 = Integrity

X2 = Professionalism

X3 = Audit Knowledge

b = regression coefficient

ε = error term

4. Results And Discussion

Multiple Linear Regression

For the purpose of analyzing the effect of integrity, professionalism and audit knowledge, the output of multiple linear regression coefficients through SPSS assistance are:

$$Y = 2,340 + 0,154X_1 + 0,153X_2 + 0,100X_3$$

Based on the regression equation means that the constant of 2,340 means that if the integrity (x_1) of professionalism (x_2) and knowledge of job audit (x_3), is considered constant, then the performance of the auditor at the Inspectorate Office of Aceh is 2,340 in Likert scale.

Simultaneous Hypothesis Testing

The results of the Simultaneous Tests prove that $\beta_1 = \beta_i \neq 0$, H_0 is rejected and H_a accepted. This means that integrity and professionalism and audit knowledge together affect the performance of auditors at the Office of the Inspectorate of Aceh.

The basis of acceptance of hypothesis test results can be seen from the results of multiple linear regression test obtained $\beta_1 = 0.154$, $\beta_2 = 0.153$, $\beta_3 = 0,100$, then $\beta_1, \beta_2, \beta_3 \neq 0$. Thus H_0 rejected or H_a accepted, meaning that integrity, professionalism and knowledge audits collectively affect the performance of auditors of the Office of the Inspectorate of Aceh.

The result of the research proves that integrity and professionalism and audit knowledge together influence to auditor performance at Inspectorate Office of Aceh, this can be seen from determination coefficient value (R^2) of 0,566. This means that 56.6% of the changes in the dependent variable (the quality of financial statements) can be explained by changes in integrity factors (X_1), professionalism (X_2), and audit knowledge (X_3), while the rest is 38.5% the performance of the auditor is explained by other variables not included in this research model.

Effect of Integrity on Auditor Performance

The result of this research indicated that auditor performance can be explained by integrity variable with coefficient value β_1 0,154, or $\beta_1 \neq 0$, so there is influence of integrity to auditor performance at Office of Inspectorate Aceh. The result of the research can be explained that the higher the integrity possessed by the auditor in carrying out its audit duties will give effect to the improvement of auditor performance at Inspectorate Office of Aceh.

Effect of Professionalism on Auditor Performance

The result of the research shows that the coefficient value of β_2 for professional variable is 0,153, or $\beta_2 \neq 0$, so there is influence of professionalism to auditor performance at Inspectorate Office of Aceh. The results can be explained that the higher the auditor uphold the value of professionalism will give effect to the improvement of auditor performance at the Office of Inspectorate Aceh.

Effect of Audit Knowledge on Auditor Performance

The outcome of research is got coefficient value β_3 equal to 0,100, or $\beta_3 \neq 0$, so there is influence of audit knowledge to auditor performance at the agency. The results can be explained that the higher audit knowledge owned by the auditor will give effect to the improvement of auditor performance at the Office of Inspectorate Aceh. The results of this study are consistent with the findings of Salsabila and Prayudiawan (2011), which proves that a knowledge can affect the relationship of accountability with the quality of the work of the auditor if the complexity of the work to be faced medium / medium. The Standard Public Accountant Standard (SPAP) 2001 on general standards, explained that in conducting audits, the auditor should have sufficient expertise and knowledge structure. Based on the research it

can be said that the audit knowledge in doing a job will affect the auditor to select errors and detect the risks that will occur during the auditing process. The results obtained auditor will be able to influence the decision to be taken (Salsabila and Prayudiawan, 2011: 158).

5. Conclusions, Limitations, And Recommendations

Conclusions

1. Integrity, professionalism, and audit knowledge have a simultaneously significant influence on the performance of auditors in the Office of Inspectorate Aceh.
2. Integrity affects the performance of auditors at the agency.
3. Professionalism affects the performance of auditors at the Office of the Inspectorate of Aceh. Fourth, audit knowledge affects the performance at the Aceh Inspectorate agency.

Limitations

1. The data analyzed in this research using the instrument, that is the questionnaire so that the conclusion taken only based on the data collected through the questionnaire. Questionnaire design may be less good, so the respondent still difficulty in giving response when filling questioner.
2. The scope of research is very limited only in the Office of the Aceh Inspectorate and with a small number of respondents.

Recommendations

1. For further research, it is expected to use a more complete instrument, not only questionnaires but also conducting interviews with resource persons;
2. It is expected that the scope of the study is expanded not only to the Office of the Aceh Inspectorate, but it can be expanded again;
3. For practitioners, it is expected for Inspectorate management to recruit auditors who really have high integrity, be professional in carrying out duties and have adequate audit knowledge.

References

- Alim, M. T, Hapsari, T., & Purwanti, L. (2014). *The Influence of Competence and Independence on Audit Quality with Auditor Ethics As Moderation Variables*. SNA X. Makassar. Indonesia
- Deis, D.R & G.A. Groux. (2012). Determinants of Audit Quality in the Public Sector. *The Accounting Review*. July, 462-479.
- Herawaty A. & Susanto, Y.K. (2008). *Knowledge Professionalism of Public Accountant in Detecting Errors, Professional Ethics and Materiality Level Consideration*. Trisakti School of Management, Jakarta. Indonesia.
- Lekatompessy, J.E. (2003). Relationship Professionalism with the Consequences: Organizational Commitment, Job Satisfaction, Job Performance and Moving Desire (Empirical Study in the Environment of Public Accountants). *Journal of Business and Accounting*, 5 (1), 69-84.
- Mabruri, H. (2013). Analisis Factors Affecting the Quality of Audit in Local Government. *Unpublished Thesis*. Sebelas Maret University, Solo. Indonesia.
- Mangkunegara. A. P. (2010). *Human Resource Management.: 10th. Edition*. Rosdakarya Publishing, Bandung, Indonesia.
- Mulyadi. (2012). *Auditing, Volume 1. Sixth Edition*, Salemba Empat. Jakarta, Indonesia
- Salsabila, A., & Prayudiawan, H. (2011). The Influence of Accountability of Audit and Gender Knowledge on Internal Auditor Work Quality (Empirical Study on

- Inspectorate of DKI Jakarta Province). *Journal of Accounting Studies & Research*, 4 (1), 142-165.
- Santoso, I. (2009). *Intermediate Accounting (Intermediate Accounting)*. Bandung, Indonesia : PT. Refika Aditama Publishing Firm
- Sakaran, U., & Roger, B. (2013). *Research Methods for Business*. United Kingdom: Jones & Wiley & Sons Ltd.
- Sucipto. (2007). Financial Performance Assessment, *Journal of Accounting University of North Sumatra*, 8 (1), 45-51.
- Sukriah, I., Ikram, & B. A. Inapty. (2013). *The Influence of Work Experience, Independence, Objectivity, Integrity and Competence To Quality: The results of the examination*. National Symposium on Accounting XII, Palembang.
- Suseno, N.S. (2013). Literature Review on The Effect of Independence, Size of Public Accountant Office Toward Audit Quality and Its Impact on Public Accountant Reputation. *Journal of Applied Sciences Researches*, 9 (1), 62-66.
- Trisnaningsih, S. (2007). *Independence of Auditors and Organizational Commitment as Mediation Influence of Understanding Good Governance, Leadership Style and Culture of Organization to Auditor Performance*. National Symposium on Accounting X. Makassar
- Wahyudi, & Mardiyah. (2006). *Accounting Professionalism and Accounting Education Process in Indonesia*. Jakarta, Indonesia: LP3ES Library.
- Yendrawati, R. (2006). Analysis of Relationship Between Auditor Professionalism and Materiality Level Consideration in the Financial Statement Auditing Process. *Journal of Accounting and Investment*, 7 (2), 219-242.