

## **ANALYSIS OF PROFESSIONALISM, COMPETENCY AND INDEPENDENCE ON AUDIT QUALITY IN PUBLIC ACCOUNTING FIRM IN PALEMBANG CITY.**

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### **Abstract**

**Objective:** This is to determine the effect of professionalism, competency and independence analysis on audit quality at Public Accounting Firms in Palembang.

**Design/method/approach:** This research uses quantitative methodology and utilizes SPSS 26 as a measuring tool. The population of this research is five Public Accounting Firms in Palembang. Because of the quantitative approach used in the sampling methodology, the sample used was 33 respondents.

**Results:** This research shows that with a significance value of  $0.015 < 0.05$ , H1 is rejected due to incomplete professionalism. With a significance value of  $0.001 < 0.05$ , competency has a fairly large influence on audit quality; so, H2 is approved. Additionally, independence has little impact on audit quality; when this effect is statistically significant  $0.789 > 0.05$ , H3 is rejected. If a simultaneous significance value of  $0.000$  is found, which means less than  $0.05$ , then H4 is approved. Audit quality is significantly influenced by professionalism, competence and independence simultaneously.

**Practical/policy implications:** It is hoped that the findings of this study will guide future investigations.

**Keywords:** Professionalism, Competence and Independence on Audit Quality.

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## **INTRODUCTION**

Public accountants who employ their business entities to prepare their financial reports. Skilled, capable, and an auditor. There is no need to side with public accountants in completing their clients' financial reports. Regarding financial reports, auditors have good confidence in management reports. Certainty This indicates the auditor's desire to project confidence in the accuracy of the conclusions presented in the audit report. To express an opinion on whether or not the presentation of financial reports regarding financial status is appropriate, the auditor is required to submit an audit quality report or evaluation of the findings of the financial audit he or she has carried out. (Resva, 2021, p. 1).

In this research, the professionalism variable has a positive effect on audit quality. According to Nugraha and Asmawati (2017) with the title *The Influence of Professionalism, Competence, Independence and Experience on Audit Quality in BPKP Bengkulu Province* in accordance with the findings of this research. The findings show that important professionalism factors influence audit quality. This implies that audit quality will increase in proportion to increasing professionalism and decrease in proportion to decreasing professionalism as long as the auditor's competence and independence are upheld.

The findings of this research are in accordance with Maulana's (2020) research, *The Influence of Auditor Competence, Ethics and Integrity on Audit Quality*. The findings show that audit quality is influenced by the decision maker competency variable. Competent auditors are experienced in business methods of operating in a particular industry. Competent auditors understand the Accounting Services Audit Standards and Guidelines (SPAP) issued by IAI; This familiarity helps in identifying risks and audit areas that require attention. In these findings, competency has a significant influence on audit quality at Public Accounting Firms. Independent auditors are auditors who do not follow directions, do not have a personal agenda, and do not want to give in to pressure from interested parties to carry out evaluations or draw conclusions. In this research, it was concluded that the independence variable has a significant influence on audit quality at Public Accounting Firms.

## **LITERATURE REVIEW AND HYPOTHESIS**

### **Auditing**

An audit is a systematic review usually conducted by an impartial individual or group. Financial audit, namely an official examination of records and to ensure that business actors comply with accounting and financial standards and regulations correctly. (Tandiontong, 2022, p. 22).

### **Audit Function**

Arena et al. (2015), helps strengthen a company's internal controls by pointing out weaknesses and making recommendations for improvement. Good internal controls can ensure that business transactions are accurately documented and can assist in the prevention and detection of fraud.

### **Public accounting firm**

According to Mulyadi (2009), a position consisting of a public accounting body has been given permission by the Constitution to practice public accounting and offer professional services.

### **Professionalism**

Being a professional means having to do more than just carry out one's obligations and follow social norms and rules. Although they represent themselves as professionals in everything they do, public accountants recognize that they have obligations to society, clients, and other professionals. They also understand that unfortunately it requires attitude No important self themselves (Arens, *Necessity Special behaviour Ethical in Profession (Auditing & Assurance Services)*, 2014).

### **Competence**

A thorough understanding of accounting and auditing is necessary for auditors. To successfully engage with customers, management, and other interested parties, auditors must have strong interpersonal skills, which can be acquired through formal education, training, and work experience. Skills, knowledge, and experience are associated with competence. Therefore, it is necessary to carry out audit tasks in an effective manner and be considered competent (Tandiontong, 2022).

### **Independence**

Auditors have no conflict of interest, are independent, and are able to provide fair and impartial assessments. Because public trust in financial reports and disclosure of company financial information can be increased by audit quality. It is hoped that the findings of this study will serve as a guide for future investigations. Independent means not dependent on one party, not influenced by another party, and not under the control of another party. To prove the validity of financial reports is a management task, independence is very necessary as an audit requirement (Tandiontong, 2022).

### **Audit Quality**

Audit quality is a measure of how much benefit it is for the auditor to find and reveal anomalies or problems in the customer's system (Tandiontong, 2022, p. 23).

### **Development Hypothesis**

A hypothesis is a speculative explanation or informed estimate about a phenomenon that has been seen. It is possible for claims to be tested and can be proven true or false with supporting data. (Sugiono, 2022).

$H_1$  = It is suspected that professionalism influences audit quality

$H_2$  = Allegedly Competency influences Audit Quality

$H_3$  = Suspected Independence influences audit quality

$H_4$  = It is suspected that professionalism, competence and independence have an influence on audit quality.

### **RESEARCH METHODS**

Quantitative research approaches tend to concentrate on a variety of variable phenomena that are similar to human experience. The characteristic relationships between variables will be tested quantitatively using theoretical objectives and statistical test tools. There were three public charity office accountants in the research population, but only five met the study requirements. KAP Terry Fatriansyah Perdana, KAP Charles Panggabean, KAP Aisyah, CPA, KAP Sodikin Bundhananda Dan Wandestarido, KAP Achmad Benyamin Rifai consist of these five public accounting firms.

Singarimbun and Effendi (1995) said that for questionnaire research to be successful, a minimum of 30 respondents are required. The distribution sign will more closely resemble a normal curve if the number of respondents is thirty people. The number of respondents in this study was 33 people. Thus, the resulting data will be valid and consistent.

**Table 1. Research Variable Test Results**

No	Statement	Sig value	$\alpha$	information
1	X1.1	0.002	0.05	Valid
2	X1.2	0.005	0.05	Valid
3	X1.3	0.001	0.05	Valid
4	X1.4	0.001	0.05	Valid
5	X1.5	0.001	0.05	Valid
6	X1.6	0.005	0.05	Valid
7	X1.9	0.006	0.05	Valid
8	X1.10	0.011	0.05	Valid

Source: SPSS Output Results, 2024

No	Statement	Sig value	$\alpha$	information
1	X2.1	0,000	0.05	Valid
2	X2.2	0,000	0.05	Valid
3	X2.3	0,000	0,05	Valid
4	X2.4	0,000	0,05	Valid
5	X2.5	0,000	0,05	Valid
6	X2.6	0,000	0,05	Valid
7	X2.7	0,000	0,05	Valid
8	X2.8	0,000	0,05	Valid
9	X2.9	0,000	0,05	Valid
10	X2.10	0.001	0.05	Valid

Source: SPSS Output Results, 2024

No	Statement	Sig value	$\alpha$	information
1	X1.1	0.004	0.05	Valid
2	X1.2	0,000	0.05	Valid
3	X1.3	0,000	0.05	Valid
4	X1.4	0,000	0.05	Valid
5	X1.9	0,000	0.05	Valid
6	X1.10	0,000	0.05	Valid

Source: SPSS Output Results, 2024

No	Statement	Sig value	$\alpha$	information
1	X1.1	0.002	0.05	Valid
2	X1.2	0.005	0.05	Valid
3	X1.3	0.001	0.05	Valid
4	X1.4	0.001	0.05	Valid
5	X1.5	0.001	0.05	Valid
6	X1.6	0.005	0.05	Valid
7	X1.9	0.006	0.05	Valid
8	X1.10	0.011	0.05	Valid

Source: SPSS Output Results, 2024

The validity of each question item is supported by a sig value  $<0.05$ , so it can be used to measure the construct being studied.

**Table 2. Reliability Test Results**

Variable	Cronbach Alpha	Reliability Standards	Information
Professionalism (X <sub>1</sub> )	0.699	0.60	Reliable
Competence (X <sub>2</sub> )	0.890	0.60	Reliable
Auditor Independence (X <sub>3</sub> )	0.848	0.60	Reliable
Audit_Quality (Y)	0.878	0.60	Reliable

Source: SPSS Output Results, 2024

The research statement was confirmed by the Cronbach’s alpha value which met the criteria.

**Classic assumption test  
Table 3. Normality Test Results**

**One-Sample Kolmogorov-Smirnov Test**

			Unstandardized Residual
N			33
Normal Parameters <sup>a,b</sup>	Mean		.0000000
	Std. Deviation		2.41312632
Most Extreme Differences	Absolute		.115
	Positive		.115
	Negative		-.093
Test Statistic			.115
Asymp. Sig. (2-tailed)			.200 <sup>c,d</sup>

Source: SPSS Output Results, 2024

Because <0.05 meets the normality assumption, inferential analysis of the normality assumption can then be carried out.

**Table 4. Multicollinearity Test Results**

Model	Coefficients <sup>a</sup>			Collinearity Statistics	
	Standardized Coefficients Beta	t	Sig.	Tolerance	VIF
1 (Constant)		1.286	.209		
X1	.367	2.597	.015	.519	1.925
X2	.561	3.683	.001	.447	2.239
X3	-.033	-.258	.798	.648	1.543

Source: SPSS Output Results, 2024

Multicollinearity analysis shows that the assumption is a symptom of heteroscedasticity so that the assumption is met.

**Table 5. Heteroscedasticity Test Results**

Model	Unstandardized Coefficients		Coefficients <sup>a</sup>		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	1.335	2.926		.456	.652
X1	.034	.138	.062	.246	.807
X2	-.079	.085	-.250	-.921	.365
X3	.086	.086	.225	.999	.326

Source: SPSS Output Results, 2024

Because no heteroscedasticity was found, the resulting regression model can be said to be reliable.

**Data analysis**

The methodical process of collecting, analyzing and interpreting data for use in finding trendy, interesting conclusions and gaining in-depth knowledge is known as data analysis.

**Table 6. Multiple Linear Regression Analysis**

Model	Unstandardized Coefficients		Coefficients <sup>a</sup>		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	5.993	4.659		1.286	.209
X1	.571	.220	.367	2.597	.015
X2	.501	.136	.561	3.683	.001
X3	-.035	.136	-.033	-.258	.798

Source: SPSS Output Results, 2024

A constant value of 5.993 indicates that when all independent variables (independence, professionalism and auditor competency) are zero, the average audit quality value is 5.993. However, the interpretation of this sign constant must be done with caution because the independent variable generally cannot be zero in real conditions.

**Table 7. Coefficient of Determination**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.836 <sup>a</sup>	.700	.668	2.53487

Source: SPSS Output Results, 2024

This regression model explains approximately 66.8% of the variation in audit quality. This means that the professionalism, competence and independence of the auditor together make a significant contribution in explaining audit quality.

**Table 11. t Test Results**

Model	Unstandardized Coefficients		Coefficients <sup>a</sup>	t	Sig.
	B	Std. Error	Standardized Coefficients		
1 (Constant)	5.993	4.659		1.286	.209
X1	.571	.220	.367	2.597	.015
X2	.501	.136	.561	3.683	.001
X3	-.035	.136	-.033	-.258	.798

Source: SPSS Output Results, 2024

From the findings of the first hypothesis, it can be seen that the professionalism variable (X1) has a significant effect on audit quality at the Public Accounting Firm in Palembang City because it has a significance value of 0.015 or  $0.015 < 0.05$ , less than 0.05. This means that the competency variable (X2) has quite a large influence on the quality of audits at Public Accounting Firms in Palembang City. Then the auditor independence variable (X<sub>3</sub>) has a significance value greater than 0.05, namely 0.789 or  $0.789 > 0.05$  so it can be concluded that the auditor independence variable (X<sub>3</sub>) has no significant effect on audit quality at the Public Accounting Firm in Palembang City.

**Table 12. Test Results f**

Model	ANOVA <sup>a</sup>				
	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	433.901	3	144.634	22.509	.000 <sup>b</sup>
Residual	186.342	29	6.426		
Total	620.242	32			

Source: SPSS Output Results, 2024

The results of the analysis show that the professionalism, competence and independence of auditors together have a significant influence on audit quality at the Palembang City Public Accounting Firm.

**The Influence of Professionalism on Audit Quality at Accounting Firms in Palembang City**  
Regression test results show there is significant influence between professionalism and audit quality at public accounting firms in Palembang City. This implies that audit quality will increase in proportion to the increase in professionalism and decrease in proportion to the decrease in professionalism as long as the auditor's competence and independence are upheld.

The results of hypothesis testing show that the professionalism variable (X1) has a significant effect on audit quality in accounting offices in Palembang City, with a significance value greater than 0.05, namely 0.015 or  $0.015 < 0.05$ .

### **The Influence of Competency on Audit Quality at Accounting Firms in Palembang City**

Regression test results showing there is significant influence between competence to audit quality in the office accountant public in the city of Palembang. Competent auditors are experienced in how businesses operate in a particular industry. Competent auditors understand the Audit Standards and Accounting Service Guidelines (SPAP) published by IAI.

As a result of hypothesis testing, the competency variable (X2) has a significant influence on audit quality in Palembang City company accounting with a significance value of less than 0.05, namely 0.001 or  $0.001 < 0.05$ .

### **The Influence of Auditor Independence on Audit Quality at Accounting Firms in Palembang City**

Regression test results showing that no there is significant influence to auditor independence. This means that audit quality will increase if auditor independence decreases. Research shows that an independent mentality has little influence on audit quality. Independent auditors are auditors who do not follow directions, do not have a personal agenda, and do not want to give in to pressure from interested parties to carry out evaluations or conclusions.

Test result hypothesis, the auditor independence variable (X3) does not have a significant influence on audit quality at the Palembang City Public Accounting Firm with mark significance greater than 0.05, namely 0.789 or  $0.789 > 0.05$ .

### **The Influence of Auditor Professionalism, Competence and Independence on Audit Quality at Accounting Firms in Palembang City**

The fact that the audit quality constant value of 5.993 has a positive sign indicates that the professionalism variable, Auditor competence and independence do not affect overall audit quality.

Based on the results of the combined (simultaneous) hypothesis test (F test) which shows a value at a significant level of  $0.000 < 0.05$ , it can be concluded that audit quality (Y) at accounting firms in Palembang City has an effect on audit quality (Y) at a significance level of  $0.000 < 0.05$ . by the factors of professionalism (X1), competence (X2), and auditor independence (X3). Organizations that wish to ensure the accuracy, transparency and reliability of their financial reports must make significant investments in enhancing the expertise, competence and independence of their auditors.

### **Conclusions and future directions**

From partial testing, the variables Professionalism and Competency influence Audit Quality. Where the significance level is  $0.015 < 0.05$  (positive), thus *Ho is accepted and Ha is rejected*. For partial testing, the Auditor Independence variable has no effect on Audit Quality. Where the significance level is  $0.789 > 0.05$  (negative), thus *Ho is rejected and Ha is accepted*. Based on a simultaneous test of the variables Professionalism (X1), Competence (X2) has a significant effect and Auditor Independence (X3) has no effect on Audit Quality at Accounting Firms in Palembang City.



Future directions for researchers, this research was conducted in several Public Accounting Firms with a total of only 33 respondents. For Keep going know development regarding professionalism, competence and independence an auditor, it is hoped that future researchers can increase the sample and research population so that study in the future become more accurate.

## Implications

To maintain and know the professionalism, competence and independence of an auditor, it is hoped that the auditor will be able to carry out his duties with full accountability and uphold the professional code of ethics. A professional auditor will be able to provide a comprehensive audit report trustworthy and productive good quality and accurate.

A thorough understanding of accounting and auditing is necessary for auditors. To be successful in do auditing report finance clients, management and other interested parties. An auditor must have strong interpersonal skills, which does not easy influenced by parties anywhere Good from in nor from external, which can be obtained through formal education, training, and work experience.

This aims to ensure that the Auditor does not have a conflict of interest, and is able to provide a fair and impartial assessment. Because public trust in financial reports and disclosure of company financial information can be increased by audit quality. It is hoped that the findings of this study will serve as a guide for future investigations.

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