

The Effect of Work Experience, Internal Auditor Competence, Independence to Due Professional Care and Implications in Internal Audit Quality

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Submission date: 26-Jun-2020 08:12AM (UTC+0700)

Submission ID: 1349765185

File name: rofessional_Care_and_Implications_in_Internal_Audit_Quality..pdf (498.65K)

Word count: 3836

Character count: 20839



The Effect of Work Experience, Internal Auditor Competence, Independence to Due Professional Care and Implications in Internal Audit Quality

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The purpose of this study is to determine the effect of work experience, internal auditor competence, independence with due professional care and its implications in the quality of internal audit at Internal Auditors State University in Jakarta. The Analysis of the study was conducted using SEM with smart PLS software (Partial Least Square). The results of this study indicate that (1) the internal auditor's competence variable has a significant positive effect on the due professional care, (2) the independence variable has a significant positive effect on the due professional care, (3) the professional variables have a significant positive effect on the quality of internal audit, (4) the internal auditor's competence variable has a significant positive effect on the quality of internal audit, (5) the variable of independence has a significant positive effect on the quality of internal audit, and (6) the variable of work experience has a significant positive effect on the quality of internal audit.

Keywords: Work Experience, Internal Auditor Competence, Independence, Due Professional Care, Quality Internal Audit

1. INTRODUCTION

Internal auditor in this case is Internal Audit Unit, a unit part of supervisory structure contained in Higher Education, which has status as Indonesian legal entity. The Internal Audit Unit is a supervisory unit established to assist in the supervision of the implementation of work unit duties within the Ministry of National Education. The Internal Audit Unit functions in the formulation of a supervisory program; Supervision of policies and programs; Supervision of personnel management, finance, and state property; Monitoring and coordinating follow-up of internal and external examination results; Mentoring and review of financial statements; Giving recommendations and recommendations; Preparation of supervision reports; and implementation of evaluation of

results of supervision. In carrying out its functions, Internal Audit Unit should be guided by the applicable standards from the Ministry of Education of Indonesia. The purpose of this study is to determine the effect of work experience, internal auditor competence, independence with due professional care and its implications towards the quality of internal audit at Internal Auditors State University in Jakarta.

This research is a developmental research of the previous study conducted by (Dityatama, 2015). The research had already tested the competence variable of internal auditor, independence to due professional care and its implication to the quality of internal audit. The result of this study indicates that the competence and independence of internal auditors have positive effects on the due

professional care. Competence, independence, and due professional care have positive effects on the quality of internal audit. In other words, due professional care mediates the influence of internal auditor competence and independence towards the quality of internal audit. The difference with previous research is the addition of one variable from the researcher to the research problem¹, (Bouhawia et al., 2015; Pandoyo, 2016; Usman, 2016 and Zamzami et al., 2017) i.e. work experience as an independent variable. The reason of why choosing work experience as the additional variable is because it has been viewed as an important factor in predicting the auditor's performance, in this case the quality of the audit. The auditor should carry out sufficient technical training covering both technical and general education aspects. Experienced auditor has better understanding on the financial statements. They are also more capable of providing reasonable explanation of the financial statements errors, and be able to classify them based on the objectives of the audit as well as the structure of the underlying accounting system.

2. COMPETENCE OF INTERNAL AUDITOR AND DUE PROFESSIONAL CARE

The competence of an auditor is supported by careful audit and thoroughness to avoid carelessness in producing good audit quality. Dityatama's research (2015) shows a positive influence between the competence of internal auditors to due professional care which means that the higher the competence of an auditor the higher the creation of due professional care in the audit process. Based on the explanation, then the hypothesis that can be taken is:
H1: The competence of internal auditors positively affects to the professional due care

3. INDEPENDENCE OF INTERNAL AUDITOR AND DUE PROFESSIONAL CARE

Internal auditor has the scope of professional services covering professional judgments made with high competence and objectivity. In other words, the auditor must be independent. The independent attitude of the auditors will be supported by the application of accuracy and precision which is implemented by conducting critical review on each level of supervision to the audit implementation. Once the auditor has an independent condition, he/she is almost professional while performing the audit process and also due professional care in the examination using professional judgment (Fischbacher et al., 2007 in Dityatama, 2015). If the auditor has no independence, it is almost certain that the auditor cannot find the weaknesses as in the state of independence, there are auditors who do not have due professional care at the time of the audit. Research Dityatama (2015) shows a positive influence between the independence of internal auditors to the due professional care which means the higher the auditor maintain independence, the higher the creation of due professional care in the audit process. Based on the explanation, then the hypothesis that can be taken is:
H2: Independence of internal auditors positively affects

professional due care

4. EFFECT OF DUE PROFESSIONAL CARE ON INTERNAL AUDIT QUALITY

As Kym Boon et al., (2008) in Dityatama (2015) states that due care is one of the important aspects to measure audit quality. The use of professional proficiency carefully and thoroughly requires the auditor to exercise professional skepticism. Due professional care of an examiner in conducting examination will affect the quality of examination results. The auditor should use his professional expertise carefully and thoroughly in any assignment. Dityatama's research (2015) shows that there is positive influence between due professional care to the quality of internal audit. From the above statement it can be said that the use of professional proficiency carefully and thoroughly (due professional care) will give effect to the audit results reported by the auditor. Based on the explanation, then the hypothesis that can be taken is:
H3: Due professional care positively affects the quality of internal audit.

5. COMPETENCE OF INTERNAL AUDITOR AND INTERNAL AUDIT QUALITY

Kym Boon et al., (2008) in Dityatama (2015) states that one of the important things to measure audit quality is auditor competence. The competence of the internal auditor is an internal auditor's knowledge, expertise, and skill necessary to conduct the audit objectively, thoroughly and thoroughly. Audit quality is an audit characteristic that meets auditing standards and quality control standard, which describes the best audit practices and is a measure of the quality of task implementation to fulfill its professional responsibilities. The study of Halim et al., 2014; Usman et al., 2014; Bouhawia et al., 2015; Dityatama, 2015; Octavia and Nor, 2015; Dunakhir, 2016 and Pandoyo, 2016 shows a positive influence between the competence of internal auditors on the quality of internal audit which indicates that an auditor who has adequate knowledge, skills, experience and skills will better understand and understand the problems more deeply and more easily in following the development increasingly complex in the audit environment, so it is expected to achieve a quality audit and ultimately can achieve good corporate governance. Low competence is resulted in a failure of the audit because the auditor will find it difficult to figure out findings related to the occurrence of irregularities. Competence can also determine success in the implementation of audits. Without the competence of internal auditors, the implementation will be less of qualified audit. Thus, it can be stated that the higher the competence of internal auditors the higher the quality of audit generated. Based on the explanation, then the hypothesis that can be taken is:
H4: The competence of internal auditors positively affects the quality of internal audit.

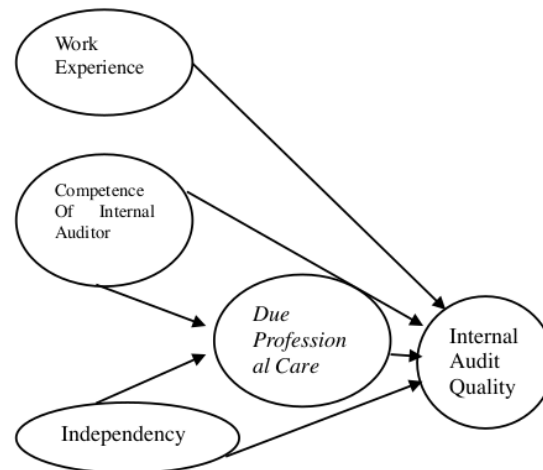
6. INDEPENDENCE AND INTERNAL AUDIT QUALITY

One of several aspects to evaluate the quality of internal audit is independence (Kym Boon et al., 2008 in Dityatama, 2015). The study of Susanti, 2013; Halim et al., 2014; Usman et al., 2014; Yuniastuti and Sukrisno., 2014; Dityatama, 2015; Octavia and Nor, 2015; Tepagul and Ling Lin, 2015; Dunakhir, 2016; Pandoyo, 2016 and Zamzami et al., 2017 shows a positive influence between the independence of internal auditors on the quality of internal audit. This is in line with Achmat (2011) research indicating that independent auditors provide more accurate opinions compared to non-independent auditors. In the study, the independent auditor's opinion can be more trusted by the users of the financial statements than the non-independent ones so as to affect the quality of the audit itself. Thus, the higher the independence of an auditor then the resulting audit results will also be more qualified. Based on the explanation then the hypothesis that can be taken is: H5: The independence of the internal auditor positively influences the quality of internal audit

7. WORK EXPERIENCE AND INTERNAL AUDIT QUALITY

Experience is a measurement when it is related to how long the auditor works and the number of audit tasks that have been completed. According to Coklin (1993) in Bouhawia et al., (2015) found that a person with more experience in a particular field has more ability in developing certain cases related to the auditor's experience. Experience can deepen and expand one's ability in completing the job. The more experienced a person performs the same job, the more skilled and quicker the job will be. The study of Bouhawia et al., 2015; Pandoyo, 2016; Usman, 2016 and Zamzami et al., 2017 shows a positive influence between work experiences to the quality of internal audit. Technically, that if a person doing the same job continuously, he/she will be faster and better in solving it. Because experienced auditors have really understood the technique or how to solve it, and have experienced many obstacles or errors in the work, so he/ she will be more careful and careful to finish it. While psychically that experience will form a personal character that will make a person wiser both in thinking and acting. Because of the experience, a person will feel his position whether he is in good condition or in a bad state. H5: Work experience positively affects the quality of internal audit.

Figure 1. Theoretical Model



8. RESEARCH METHOD

The population in this study is internal auditors (Internal Control Unit) of state university in Jakarta. The number of state universities in Jakarta which are incorporated under the auspices of the Ministry of Research, Technology and Higher Education up to 2017 is as many as 6 universities. The sampling technique in this research is purposive sampling with sample selection criteria are: 1) auditor chairman, vice chairman, senior auditor and junior auditor of public university in Jakarta, 2) Minimum 2 years experience in the current position held. The distributed questionnaire was delivered directly to the internal control unit auditors at the state universities in Jakarta with 120 questionnaires, while the number of questionnaires returned and processed was as many as 87 questionnaires.

The measurement of the work experience in this study is adopted from Bouhawia et al. (2015). The indicators consist of length of work and the number of audit tasks. Internal auditor competence measurement is adopted from Bernardin (2010) research in Datatama (2015). The indicators consist of knowledge and skill. Measurement of independence was adopted from Mautz and Sharaf (1993) in Dityatama (2015), and the indicators consist of Independence in the audit program, independence in verification or investigation and independence in reporting. Measurement of Due Professional Car is adopted from Dityatama (2015), and the indicator comprises professional skepticism of reasonable beliefs. Finally, the Internal Audit Quality Measurement is adopted from Dascalu et al. (2009) in Dityatama (2015), and the indicators consist of audit planning, audit testing and audit reporting.

9. RESULT AND DISCUSSION

Data processing in this research was using approach Structural Equation Modeling (SEM) with Smart PLS. From data analysis by using PLS hence can be seen result from data analysis in table 1 below:

Table 1. Outer model value, discriminant validity and composite reliability

Variable	Outer Loadings	AVE	Composite Reliability	R-Square
Work Experience	0.712 – 0.891	0.663	0.827	
Competence	0.640 – 0.823	0.721	0.831	
Independence	0.622 – 0.846	0.624	0.828	
Due Professional Care	0.703 – 0.875	0.714	0.810	0.529
Internal Audit Quality	0.717 – 0.854	0.725	0.845	0.541

Viewed from table 1 above shows that outer loading for all variables in this study (work experience, competence, independence, professional care due and internal audit quality) nothing is eliminated because the value of outer loading is above 0.5. For the average variance extracted (AVE) in all variables in this study 0.624 - 0.725 is above 0.50 it can be concluded that all the variables in this study is valid. While for the value of Composite Reliability for all variables in this study shows the value between 0.810 - 0.845 where the value of Composite Reliability above 0.7 then it can be concluded all the variables in this study is reliable. As for the value of R-square professional due professional care variable 0,529 and internal audit quality variable of 0.541. The higher the R-square, the greater the independent variable can explain the dependent variable so that the better the structural equation. For the professional care professional variable has a R-square value of 0.529 which means the variability of the due professional care construct which can be explained by the variability of the construct of the competence of the internal auditor and the independence of 52.9% while the rest is explained by other variables outside of the variables studied. For internal audit quality variables have R-square value of 0.541 which means the variability of internal audit quality constructs that can be explained by the variability of the constructs of work experience, internal auditor competence, and Independence of 54.10% while the rest is explained by other variables outside the variables studied. Significantly the estimated parameters provide very useful information on the effect of the research variables. The limit to reject and accept the proposed hypothesis is ± 1.96 . Inner model test or structural model is performed to see the relationship between constructs. The inner model in this study can be seen in table 2 below.

Table 2. Result for Inner Weight

Variable	Original Sample Estimate	Mean of Sub Sample	Standard Deviation	T-Statistic	Hipotesis
COMP -> DPC	0.442	0.398	0.124	4.623	H1 ^a
INDP -> DPC	0.521	0.577	0.083	7.132	H2 nd
WE -> IAQ	0.231	0.289	0.093	3.487	H3 rd
COMP -> IAQ	0.391	0.360	0.110	3.721	H4 th
INDP -> IAQ	0.295	0.299	0.175	3.106	H5 th
DPC -> IAQ	0.273	0.221	0.163	3.364	H6 th

The effect of competence on the due professional care shows the original sample estimate value of 0.442 and significant with the t-statistic value of 4.623 which is larger than t-table (1.96). Based on the results of the data that have been processed it can be concluded that the competence of internal auditors have positive and significant influence on the due professional care. Hence hypothesis 1 is accepted. The influence of the independence on the professional due shows the original sample estimate value of 0.521 and significant with the t-statistic value of 7.132, which is larger than t-table (1.96) which means that hypothesis 2 is accepted. The influence of competence on the quality of internal audit shows the original sample estimate of 0.231 and significant with the t-statistics of 3.487 which is larger than t-table (1.96) which means that hypothesis 3 is accepted. The influence of competence on the quality of internal audit shows the original sample estimate value of 0.391 and significant with the t-statistic value of 3.721, which is larger than t-table (1.96), which means that hypothesis 4 is accepted. The influence of independence on audit quality shows the original sample estimate value of 0.295 and significant with the t-statistic value of 3.106 which is larger than t-table (1.96) which means that hypothesis 5 is accepted. Moreover, the effect of professional due diligence on the quality of internal audit shows the original sample estimate value of 0.273 and significant with the t-statistic value of 3.364, which is larger than t-table (1.96), which means that hypothesis 5 is accepted.

10. CONCLUSIONS

Based on the overall results of this study it can be concluded that the research can improve the quality of internal audit. The competence of the internal auditor positively influences the professional due diligence and is consistent with the research of (Dityatama, 2015), so the higher the competence of an auditor the higher the creation of due professional care in the audit process. Independence positively affects professional due diligence and is consistent with the research of (Dityatama, 2015), So the higher the auditor maintains his independence attitude the higher the creation of professional care due to the audit process. Due professional care positively affects the quality of internal audit and is consistent with Dityatama (2015) research that the use of professional proficiency with due care will have effect on audit results reported by the auditor. The competence of the internal auditor positively influences the quality of internal audit and is consistent with Dityatama research (2015), so the higher the

Competence of an auditor the better the audit quality. The independence of the internal auditor positively influences the quality of internal audit. The auditor must have the ability to collect any information required in the audit decision making where it should be supported with an independent attitude. Independent attitudes are inherent in the auditor's self, as independent as it has become the absolute requirement that an auditor must possess. Work experience positively influences the quality of internal audit and is consistent with research by Bouhawia et al. (2015), so the higher the level of work experience of an auditor then the resulting audit results will be more qualified.

The competence of internal auditors and independence mediate the influence of due professional care on the quality of internal audit and is consistent with research by Bouhawia et al. (2015). The higher the competence of an auditor, the higher the creation of professional care, that ultimately results in a good audit quality. The competence of an auditor that is supported with carefulness and thoroughness will avoid carelessness to produce a good quality audit. Furthermore, the higher the auditor's independence attitude will be the higher the creation of due professional care which will ultimately result in good audit quality. The independent attitude of the auditor with the support of accuracy and the thoroughness performed by an auditor is expected to result in a better quality audit.

The auditor should have sufficient work experience in the profession he or she is engaged in and be required to meet the technical qualifications in order to have an advantage in some areas: detecting errors, understanding mistakes, and finding the cause of errors. The longer the work period and the number of audit tasks owned by the auditor will be the better and also increased the quality of audit it produces. And it is expected that this research will provide information, thoughts and add references for further research, as well as provide information for the State University in Jakarta in order to be input in improving the quality of internal audit.

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