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THE EFFECT OF AUDITOR COMPETENCE, INDEPENDENCE, AND EXPERIENCE ON AUDIT QUALITY IN PUBLIC ACCOUNTING FIRM (KAP) IN BALI PROVINCE

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Abstract:

The purpose of this study is to determine the influence of auditor competence, independence, and experience on audit quality. This research was conducted at a Public Accounting Firm located in the Province of Bali. The population used in this study is all auditors who work in several Public Accounting Firms in Bali Province. The sampling method in this study is by using convenience sampling, which is as many as 80 respondents. The data collection method used in this study is in the form of a questionnaire. Data analysis technique using Partial Least Squares. The results of this study show that auditor competence has a significant positive effect on audit quality, auditor independence has a significant positive effect on audit quality and auditor experience has a significant positive effect on audit quality. It is hoped that the Public Accounting Firm in Bali Province, can direct auditors to take part in training programs or certification of the public accounting profession, can provide regular training that focuses on the implementation of independence and provide mentoring programs for senior auditors or KAP partners as mentors for junior auditors, so that they can learn from direct experience.

Keywords: Audit Quality, Auditor Competence, Auditor Independence, Auditor Experience.

INTRODUCTION

The profession of public accountants is known to the public from the audit services provided to users of financial information. The emergence and development of the profession of public accountants in a country is in line with the development of companies and various forms of corporate legal entities in that country. Audits of financial statements are very necessary, especially for companies that are legal entities in the form of limited liability companies that are open (PT Terbuka). The company's financial statements are used by the company owner to assess the management of funds carried out by the company's management. Company management requires the services of a third party so that the financial accountability presented to external parties can be trusted, while parties outside the company require the services of a third party to obtain confidence that the financial statements presented by the company's management can be trusted as a basis for decisions taken by them. Without using the services of an auditor, company management will not be able to convince parties outside the company that the financial statements presented contain reliable information because from the perspective of external parties, company management has interests, both financial interests and other interests. The company's financial statements that have been audited by a Public Accounting Firm (KAP) will be used by various interested parties (company leaders, shareholders, government, creditors and employees) in decision making, therefore audits must be carried out as well as possible.



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Auditors are parties who play an important role in controlling and guarding public interests in areas related to finance. Auditors are responsible for planning and conducting audits to obtain reasonable assurance about whether the financial statements are free from material misstatements caused by fraud or error. One of the benefits of public accounting services is providing accurate and reliable information for decision making. Financial statements that have been audited by public accountants are more reliable than financial statements that have not been or are not audited. Financial statements provide various quantitative financial information and are needed as a means of decision making by both internal and external parties of the company..

In carrying out their audit duties, an auditor must be guided by the audit standards set by the Indonesian Institute of Public Accountants (IAPI), namely general standards, fieldwork standards and reporting standards. In addition to audit standards, an auditor must also comply with a professional code of ethics that regulates professional responsibility, professional competence and prudence, confidentiality, professional behavior and technical standards for an auditor in carrying out their profession (Anastasia Ni Made Natalina et al., 2022). Public Accounting Firms (KAP) are also required to be able to maintain the trust of clients and users of financial statements outside the company, so that they can produce auditor opinions that are appropriate and can be trusted by users of financial statements. Users of the services of Public Accounting Firms (KAP) hope that independent auditors can provide appropriate opinions, but in reality in practice there are still often auditor opinion results that do not comply with the criteria that are already in the Public Accounting Professional Standards (SPAP). So it is reasonable to suspect that this discrepancy is caused by the suboptimal level of competence and independence of independent auditors, which then has an impact on inappropriate results in providing independent auditor opinions (Hotmaria Erika and Dian Puji Puspita Sari, 2024). The audit case is in the spotlight because it has been proven that there is manipulation in the company's financial statements. This phenomenon reveals involvement in presenting financial information that does not correspond to the actual conditions. This manipulation of financial statements has a major impact, not only on the company's reputation, but also on shareholders, investors, and the public, some of the factors that influence this include auditor competence, auditor independence, auditor experience. Based on the background written, the problems raised are as follows.

1. Does Auditor Competence affect Audit Quality in Public Accounting Firms (KAP) in Bali Province?
2. Does Auditor Independence affect Audit Quality in Public Accounting Firms (KAP) in Bali Province?
3. Does Auditor Experience affect Audit Quality in Public Accounting Firms (KAP) in Bali Province?

Attribution Theory. Theory According to Fritz Heider (1958), as the originator of attribution theory, attribution theory is a theory that explains a person's behavior. Attribution theory is a process that examines how a person reacts to an event and explains the triggers for their behavior, where a person's behavior can be seen from internal and external factors.

Agency theory. in auditing relates to the auditor as a third party who will help to overcome conflicts of interest that can occur between the principal and agent (Novita et al., 2019).

Audit quality. Is all possibilities where the auditor when auditing the client's financial statements can determine violations that occur in the client's accounting system and report them in the audited financial statements (Samosir et al., 2022).

Auditor Competence. Competence is an aspect of a person's ability that includes knowledge, skills, attitudes, values or personal characteristics that enable workers to achieve success in completing their work through achieving results or success in completing tasks (Nurulita, 2023)

Auditor Independence. According to M. Samosir, et al. (2022) stated that: "Independence means a mental attitude that is free from influence, not controlled by other parties, not dependent on other people.

Auditor experience. is an added value for him and can support the creation of the expected audit quality. Experience is a process in the formation of a person's personality. This means that a person will be wiser both in thinking and acting, because a person's experience will feel his position when he is in good and bad conditions (Nurulita, 2023).

METHODS

This research was conducted at a Public Accounting Firm located in Bali Province and is a member of the Indonesian Institute of Public Accountants (IAPI) in 2024. The research objects used in the study are the competence, independence, and experience of auditors as independent variables and their influence on audit quality as dependent variables at Public Accounting Firms in Bali Province. The population used in this study were all auditors working at several Public Accounting Firms in Bali Province. The sample in this study was selected using convenience sampling, a method of determining the sample by selecting samples freely and regularly with a total final sample of 80 auditors. Data collection in this study used a questionnaire and was analyzed using the partial last square data analysis technique.

RESULT AND DISCUSSION

Analisis Partial Last Square. The data analysis technique in this study adopted the partial last square technique. The results of the partial last square analysis test can be seen in Table 1 following:

Table 1. Partial Last Square Analysis Results

Hipotesis	Original Sample	T-statistic	P values	Information
Auditor competence -> Audit quality	0,379	4,899	0,000	Significant
Auditor independence -> Audit quality	0,270	3,140	0,002	Significant
Auditor experience -> Audit Quality	0,387	4,604	0,000	Significant

Source: data processed 2025

Table 1 explains that the results of the first hypothesis test in this study regarding the effect of auditor competence on audit quality have an original sample value of 0.379 with a t-statistic of 4.899 > 1.96 and a P value of 0.000 < 0.05, so H_0 is rejected and H_1 is accepted. This explains that auditor competence has a significant positive effect on audit quality at Public Accounting Firms (KAP) in Bali Province. These results explain that the increasing auditor competence will have a real impact on improving audit quality. So the first hypothesis in this study is accepted. The results of the second hypothesis test in this study regarding the effect of auditor independence on audit quality have an original sample value of 0.270 with a t-statistic of 3.140 > 1.96 and a P value of 0.002 < 0.05, so H_0 is rejected and H_2 is accepted. This explains that auditor independence has a significant positive effect on audit quality at Public Accounting Firms (KAP) in Bali Province. These results explain that the

increasing independence of auditors will have a real impact on improving audit quality. So the second hypothesis in this study is accepted. The results of testing the third hypothesis in this study regarding the effect of auditor experience on audit quality have an original sample value of 0.387 with a t-statistic of $4.604 > 1.96$ and a P value of $0.000 < 0.05$, so H_0 is rejected and H_3 is accepted. This explains that auditor experience has a significant positive effect on audit quality at Public Accounting Firms (KAP) in Bali Province. These results explain that the increasing experience of auditors will have a real impact on improving audit quality. So the third hypothesis in this study is accepted.

The Influence of Auditor Competence on Audit Quality at Public Accounting Firms (KAP) in Bali Province. Based on the results of the first hypothesis test in this study regarding the influence of auditor competence on audit quality, it can be seen that the influence of auditor competence on audit quality is 0.379 with a t-statistic value of $4.899 > 1.96$ and a P value of $0.000 < 0.05$, so it can be seen that auditor competence has a significant positive effect on audit quality at Public Accounting Firms (KAP) in Bali Province. These results mean that if auditor competence increases, it will have an impact on increasing audit quality at Public Accounting Firms (KAP) in Bali Province.

The Influence of Auditor Independence on Audit Quality at Public Accounting Firms (KAP) in Bali Province. Based on the results of testing the second hypothesis in this study regarding the influence of auditor independence on audit quality, it can be seen that the influence of auditor independence on audit quality is 0.270 with a t-statistic value of $3.140 > 1.96$ and a P value of $0.002 < 0.05$, so it can be seen that auditor independence has a significant positive effect on audit quality at Public Accounting Firms (KAP) in Bali Province. This result means that if auditor independence at Public Accounting Firms (KAP) in Bali Province increases, it will have an impact on improving audit quality at Public Accounting Firms (KAP) in Bali Province.

The Influence of Auditor Experience on Audit Quality at Public Accounting Firms (KAP) in Bali Province. Based on the results of the third hypothesis test in this study regarding the influence of auditor experience on audit quality, it can be seen that the influence of auditor experience on audit quality is 0.387 with a t-statistic value of $4.604 > 1.96$ and a P value of $0.000 < 0.05$, so it can be seen that auditor experience has a significant positive effect on audit quality at Public Accounting Firms (KAP) in Bali Province. This result means that if the auditor's experience at Public Accounting Firms (KAP) in Bali Province increases, it will have an impact on improving audit quality at Public Accounting Firms (KAP) in Bali Province.

CONCLUSION

The results of the previous tests resulted in the following final conclusion.

1. Auditor competence has a significant positive effect on audit quality at Public Accounting Firms (KAP) in Bali Province.
2. Auditor independence has a significant positive effect on audit quality at Public Accounting Firms (KAP) in Bali Province.
3. Auditor experience has a significant positive effect on audit quality at Public Accounting Firms (KAP) in Bali Province.

Based on the research conclusions, the following suggestions are presented. Further research is also expected to be able to expand the scope of research which is not only limited to Public Accounting Offices (KAP) in Bali Province, or can also change the research location which is not only focused on one research location, so as to provide a broader view and be able to be implemented generally.

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