

Analysis of Competence, Objectivity, and Ethics of Auditors on The Quality of Internal Audit Results with Integrity as Moderating Variables in Medan City Inspectorate



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ABSTRACT: The purpose of this study was to determine and analyze the competence, objectivity and ethics of auditors regarding the quality of internal audit results and to determine and analyze whether the integrity variable as a moderating variable strengthens and weakens the relationship between efficiency, objectivity and ethics can. on the quality of test results. This type of investigation is descriptive and qualitative in nature and the subjects of this investigation are all Medan City Inspection examiners. The data used is the main data from the Medan City Inspectorate. Competency inspection results have no significant effect on the quality of audit results. Objectivity has a significant effect on the quality of test results.

KEYWORDS: Competence, objectives, auditor ethics, integrity, quality of audit results

I. INTRODUCTION

Many people today want the implementation of reliable internal control functions and good internal control by being responsible for the use of funds in the implementation of a system of governance that ensures equalization of activities across public sector guidelines. And economically feasible plans and regulations. , implemented efficiently and effectively by government agencies, namely the State Inspectorate, Regency / City, which designs supervisory programs, formulates guidelines and supervisory institutions, inspections (audits), investigations, testing and evaluation of supervisory tasks. Today, the public is the party that most often emphasizes the quality of public audit results. This is because that the audit findings made by the state auditors / internal auditors are not transparent, but external bodies such as the BPK can fully disclose it. The quality of the internal audit during the inspection indicates that it is not yet good and reliable.

LKPD for the financial year 2015 to 2019, the city of Medan stated the following in the report of the BPK, which represents the province of North Sumatra:

Table 1.1 Results of BPK statements

No.	City / year	Results
1	Medan (2016)	Fair with Exceptions (WDP)
2	Medan (2017)	Fair with Exceptions (WDP)
3	Medan (2018)	Fair with Exceptions (WDP)
4	Medan (2019)	Fair with Exceptions (WDP)

Source: Representative from the Superior Audit Agency of SUMUT Province

The quality of audit results consists of reporting weaknesses in internal controls and compliance with regulations, reactions of responsible employees, dissemination of audit reports and follow -up of auditor recommendations and regulations that comply with the law or are based on established standards (Carolita 2012). According to (MA Siagian 2017), the quality of the interim internal audit results consists of reporting weaknesses in internal controls and compliance with regulations, responses from responsible officials, confidentiality of prohibited information disclosure, dissemination of audit reports and follow -up on auditors' recommendations in accordance with law. laws and regulations. .Competencies are job -related knowledge, skills and abilities as well as the skills required for

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Non -routine work (Mayangsari 2003). Experience is often used as a benchmark to determine auditing efficiency. As part of quality development, the company considers it necessary to offer skills development courses. One of the factors influencing the quality of the examination is objectivity. When the objectivity of the auditor affects the outcome of his or her work. Article 1.2 of the Indonesian Code of Ethics for Accountants states that each member must maintain integrity and objectivity in carrying out his duties. Another factor that influences the quality of examination results is the ethics of the examiner. What you do is seen as a commendable action by society and enhances the dignity and honor of the individual, including improving the quality of examination results (Munawir 2007). Integrity factors can also affect the quality of the exam, There are differences between previous studies, therefore, researchers are interested in filling the gaps and providing updates. Get out The above findings indicate inconsistencies between one study and another, suggesting the possibility of other variables influencing the quality of the examination. Govindarajan (1986) states that overcoming the inconsistencies of research results requires a contingency approach. One of the conditional variables is the moderator variable. The moderation variable is a variable that has a strong contingency influence on the relationship between the independent and dependent variables (Sekaran, 2000). Based on previous evidence, there are differences between previous researchers, which is why it aroused the interest of researchers, under the heading "Analysis of auditors' efficiency, objectives and ethics on the quality of internal audit results with integrity as moderator variables in Medan inspection city".

2. THEORETICAL BASIS

2.1. Contingency Theory

Contingency theory it is theory organization who claim that there is no best way to do business, run a business, or make decisions. Besides, action optimum depends on internal and external conditions. Contingent leaders perform effectively style guide yourself in the right situation.

2.2. Quality of internal audit results

The quality of audit results consists of reporting internal control weaknesses and compliance with regulations, reactions of responsible officers, dissemination of audit reports and follow -up of auditor recommendations and regulations that comply with the law or are based on established standards (Carolita 2012). According to (MA Siagian 2017), the quality of the interim internal audit results consists of reporting weaknesses in internal controls and compliance with regulations, responses from responsible officials, confidentiality of prohibited information disclosure, dissemination of audit reports and follow -up on auditors' recommendations in accordance with law. Laws and regulations. . Weaknesses in internal controls,

2.3. Competence

Competencies include job -related knowledge, skills and abilities as well as skills required for non -routine activities (Mayangsari 2003). The definition of competence in the field of auditing is often measured in terms of experience. To enhance skills development, companies should offer courses that help develop skills to improve the quality of service to customers and the effectiveness of the customer-auditor relationship during audits (Alberton 2002).

2.4. Objectivity

Objectivity is rare and cannot be compromised. The rules that must be followed to avoid possible lack of objectivity are set out in the Code of Ethics and Auditing Standards. Violations of this rule raise criticism and questions about the auditor's lack of objective (Lawrence B. Sawyer, 2006).

2.5. Examination ethics

According to Kamus Besar Bahasa Indonesia, the term ethics is a collection of principles or values related to morality, values related to good and bad, held by a group or society.

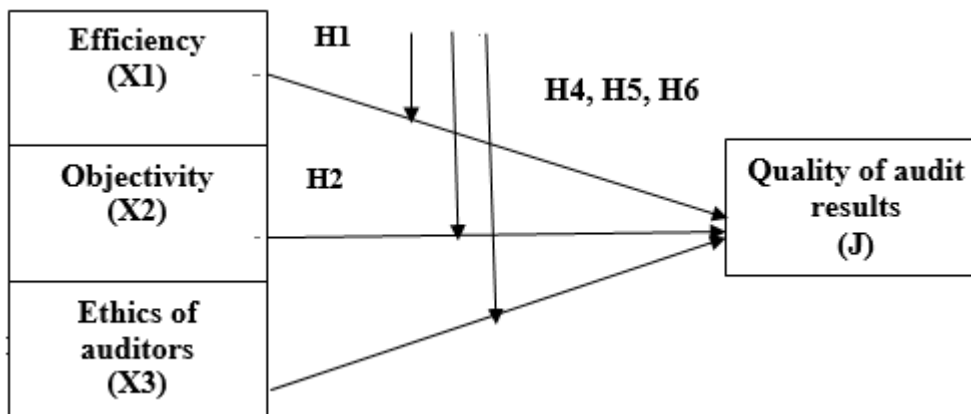
2.6. Integrity

Integrity is the attitude of an auditor who is honest, courageous, wise and responsible in conducting an audit. The quality that underlies the trust of the community and is the measure for members to review all their decisions is integrity. Integrity requires auditors to be honest, transparent, courageous, knowledgeable and responsible in conducting audits. These four elements are needed to build trust and lay the foundation for credible decision makers (Sukriah Accounting Journal, 2009). According to Anitaria in Contable Magazine (2011), integrity is an element of character that underlies the creation of professional recognition. An expert, honest and open without sacrificing the confidentiality of the beneficiary.

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2.7. Conceptual Framework

The conceptual framework can be formulated as follows in accordance with the above description:



HYPOTHESIS

Hypotheses are temporary answers to a study problem formulation, with the problem formulation expressed in the form of a question phrase (Sugiyono 2013). The hypotheses used in this study are:

- H1 : This competition has a large and significant impact on the quality of audit results in the inspection of the city of Medan.
- H2 : Objectivity has a large and significant impact on the quality of audit results when inspecting the city of Medan.
- H3 : Ethics of auditors influential and significant for the quality of examination results in Medan city examination.
- H4 : Integrity can simplify the relationship between the efficiency and quality of audit results in Medan city inspections.
- H5 : Integrity can simplify the relationship between the efficiency and quality of audit results in Medan city inspections.
- H6 : Integrity can simplify relationships Competence in the quality of audit results in the city of Medan Inspeksi.

3. SEARCH METHOD

3.1 RESEARCH SITE

The location survey was conducted at the Medan City Inspectorate, which is located at Jl. Captain Maulana Lubis has 2 Medan Cities, while the investigation period is from April to July 2021.

3.2. Population, sample and data determination techniques

The study population was all internal auditors of the Medan City Inspectorate. Although the sample in this study is a census, the entire population is the internal auditors of the Medan City Inspectorate with the following criteria:

Table 3.2. List of populations and samples

No.	position	many people
1	Associate Auditors	4
2	Young auditors	19
3	The first auditor	10
4	Advanced implementation examiner	3
5	Central government overseer	20
6	Subordinate Government Commissioner	2
7	Power of first state supervisor	3
	many people	61

3.3. Investigation design

Primary data were used in this study. Survey method was used for data collection in this study. The survey method is the main method of data collection when sending questionnaires to individual respondents (Erlina 2011).

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3.4. The definition of a position varies

Operationalization according to Sinulingga (2014) is a research variable activity that aims to see to what extent a variable is a factor with other factors. According to Sugiyono (2015), an operational research variable is an attribute or property or value of an object or activity that has certain variations that have been determined by the researcher to study it and draw conclusions from it. This study used the competency of the independent variable (X1), objectivity (X2), auditor ethics (X3), the dependent variable was internal audit quality (Y), while the integrity of the moderate variable (Z) when inspecting the city came from Medan. To measure respondents use a probability scale that ranges from numbers 5 to 1. Figure 5 expresses a very firm opinion (SS),

3.5. Data Analysis Technology

This research uses data analysis with Partial Least Square (PLS) approach. Where PLS is a variant or component -based structural equation (SEM) model. PLS is an alternative approach that is changing from a covariance -based SEM approach to a variance -based approach (Ghozali and Latan, 2015). The investigation was performed with Smart PLS V.3.0 software, which was performed with computer media.

3.6. Study Data Analysis Model

Path diagrams are explained in the PLS-SEM phase, which is a visualization of the research conceptual framework to facilitate researchers to understand and study. In addition, these road diagrams are tested using appropriate pros to see the suitability of the model with existing realities (Sinulingga, 2013). The effect of independent (exogenous) analysis on the dependent variables can be seen in the path coefficients.

3.7. Descriptive statistical analysis

Descriptive statistical analysis is the analysis of data by describing or explaining the data collected without drawing conclusions from it that apply to the general public (Sugiyono, 2012).

3.8. Indicator validity test

A convergent validity test is a test to measure the level of accuracy of an indicator or dimension by measuring the magnitude of the correlation between a construct and a latent variable. Convergent validity measurements use standard loading factors that describe the degree of correlation between each indicator and its construct. The ideal or valid measure as an indicator for measuring constructs must be greater than 0.7. (Ghozali and Latan, 2015).

3.9. Indicator reliability test

Reliability test is a measure that indicates the internal consistency of an indicator of a variable, indicates the consistency and skill level of the indicator indicates the variable in general (Ghozali, 2013). Tests show the extent to which measuring instruments can produce nearly similar results when repeated measurements are taken on the same topic.

3.10. Structural model test (internal model)

Structural models were evaluated with R-square determination coefficients for dependent constructs, with t-test and importance of structural trajectory coefficients (Ghozali, 2008)..

3.11. Road coefficient analysis

Path diagrams are explained in the PLS-SEM phase, which is a visualization of the research conceptual framework to facilitate researchers to understand and study. In addition, these road diagrams are tested using appropriate pros to see the suitability of the model with existing realities (Sinulingga, 2013).

3.12. Hypothesis testing

A hypothesis is a statement about a population that needs to be tested to determine its truth. To run the test, a population sample was taken. This method is easily comparable to counting all members of a population. Once the statistical results of the sample are obtained, the results can be used to test the population proposition to determine whether the empirical evidence from the sample supports or disagrees with the population proposition. This whole process is called hypothesis testing.

4. RESEARCH RESULTS AND DISCUSSION

4.1. Investment Decisions

The results of the PLPL SmartPLS Algorithm program for evaluating moderator variables can be seen in the following figure:

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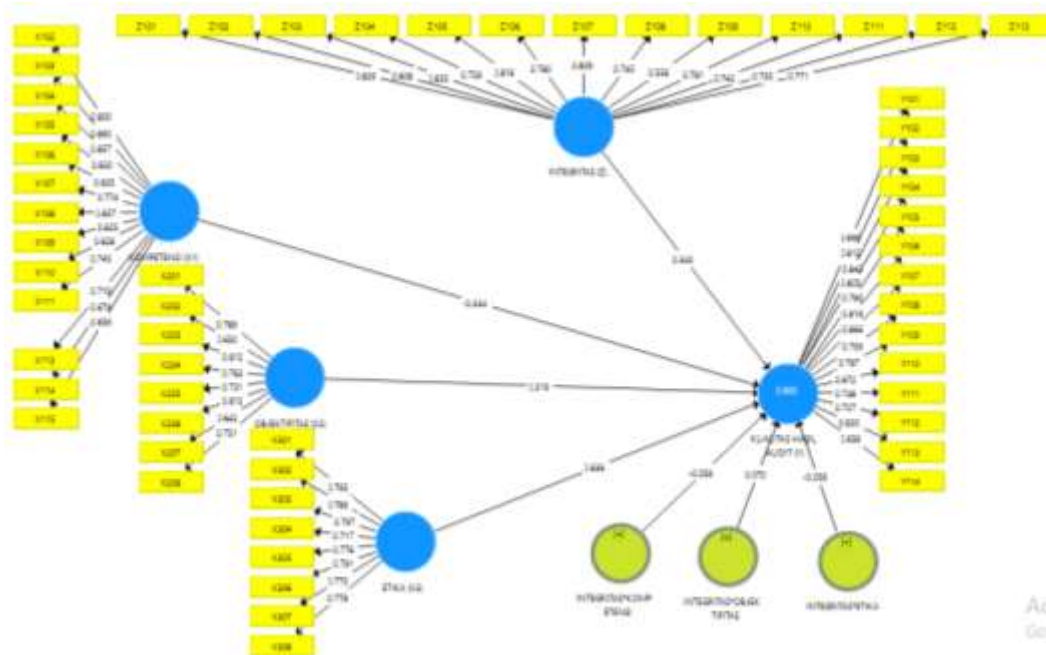


Figure 4.3 Values of path coefficient and square R with moderate effect

4.2. Hypothesis test results

Hypothesis testing was performed by observing the statistical value of t generated from the initial process. The hypothesis is accepted (supported) if the statistical value of t is greater than 1.96 with a significance of less than 5% (two tails) (Abdilah and Jogiyanto, 2015). The results of starting the SmartPLS program are shown in Table 4.15 below:

Table 4.15 Values statistics t

Exogenous	->	Endogenous	Route analysis	Statistics T	The value of P	In conclusion
efficiency(X1)	->	Quality of audit results (Y)	-0.334	0.620	0.536	Ho: accepted Ha: Refuse
objectivity (X2)	->	Quality of audit results (Y)	0.319	5.011	0.000	Ho: Reject He accepted
ethics (X3)	->	Quality of audit results (Y)	0.638	6,390	0.000	Ho: Reject He accepted
Integrity	* ->	Quality of audit results (Y)	-0.059	0.727	0.468	Ho: accepted Ha: Refuse
Integrity	* ->	Quality of audit results (Y)	0.070	0.732	0.465	Ho: accepted Ha: Refuse
Integrity * ethics	->	Quality of audit results (AND)	-0.059	0.550	0.538	Ho: accepted Ha: Refuse

Source: Research results, 2021 (data processed with Smart PLS)

5. DISCUSSION

5.1. The influence of competition on the quality of examination results

Based on the hypothesis test results, it can be seen that competition has no influence on the quality of internal audit results in the Medan inspection city. This means that the influence of competition, which can be interpreted as competition, did not play a significant role in this study to improve the quality of audit results in the Medan City Inspection. Local tax does not have a significant effect on financial performance, this is due to the local government / city in the province of North Sumatra, financial performance is not a priority so the increase in local tax cannot improve financial performance in the following year. Then the hypothesis is rejected.

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5.2. The Influence of Objectivity on the Quality of Examination Results

The results of this study support the third hypothesis, namely that the objectivity of the Medan City Inspection auditors has a positive effect on the quality of audit results. Quality of audit results (Kota Medan Audit Examination Case Study) ". The results of this study reached the conclusion that objectivity has a positive influence on the quality of audit results.

5.3. The effect of ethics on the quality of examination results

Based on the hypothesis test results, it can be seen that ethics has an influence on the quality of internal audit results in the Medan inspection city. This means that in this study the influence of ethics, which can be interpreted as ethics, plays an important role in improving the quality of examination results in the Medan City Inspectorate.

5.4. The effect of integrity on the level of competition with the quality of audit results

The test results show that integrity cannot moderate the relationship between the efficiency and quality of internal audit results in the Medan inspection city. This can be seen from the responses of the respondents, there are still a number of respondents who do not agree with the question of adjustment of health indicators.

5.5. The Influence of Integrity on Moderation of Objectivity in the Quality of Examination Results

The test results show that integrity cannot moderate the relationship between objectivity and quality of internal audit results in the Medan inspection city. This can be seen from the responses of the respondents, there are still a number of respondents who do not agree with the question of adjustment of health indicators.

5.6. The effect of integrity on ethical moderation with the quality of audit results

The test results show that integrity cannot moderate the relationship between ethics and the quality of internal audit results in Medan city inspections. This can be seen from the responses of the respondents, there are still a number of respondents who do not agree with the question of the adaptation of health indicators.

6. CONCLUSION

Based on the results of studies and discussions through hypothesis testing. The conclusions of this study are as follows:

1. Competence has no effect and is not material on the quality of the examination
2. Objectivity influential and determine the quality of the examination
3. Ethics of auditors influential and determine the quality of the examination
4. Integrity cannot simplify a relationship Competence in the quality of examination results.
5. Integrity cannot simplify a relationship Objectivity on the quality of auditor results.
6. Integrity cannot simplify a relationship Auditor ethics regarding the quality of auditor results.

7. SUGGESTION

After analyzing and drawing some conclusions about the investigation conducted at the Medan City Inspectorate, the investigators can suggest the following for input and attention:

1. It is hoped that the Medan City Inspectorate can maintain and improve Objectives and ethics of the auditor because it has a dominant influence on the quality of the auditor's results.
2. This research can then be used as a reference for future researchers who explore concepts or theories about the quality of auditor results. Competence, objectives, ethics and integrity of the auditor.

Additional researchers are encouraged to add variables that are different from the previous variables to expand their perceptions and knowledge.

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