

Effect of Auditor Ethics, Audit Experience, and Auditor Motivation on Internal Audit Quality

Lisa Hasan¹, Muhammad Daud Bin Mahmud^{2*}, Cici Aryansi Quilim³

^{1,2,3} Faculty of Islamic Economics and Business, Institut Agama Islam Negeri (IAIN) Ternate, Indonesia

*Corresponding email: daud@iain-ternate.ac.id

 <https://doi.org/10.19105/sfj.v4i1.12772>

ARTICLE INFO

Keywords:

Auditor ethics; Audit experience;
Auditor motivation; Audit quality

ABSTRACT

The purpose of this study is to investigate how auditor motivation, audit experience, and ethics relate to the quality of audit result as evaluated by internal supervisors in local government. This study is driven by the perception that the government's internal oversight system lacks professionalism due to its poor performance in identifying state financial management fraud. Using Partial Least Square - Structural Equation Modeling (PLS-SEM) with SmartPLS 4 to assess the research model following the distribution of a questionnaire to thirty auditors designated to examine state financial management within the Central Halmahera Regency Government's jurisdiction. The study's findings demonstrate the significance of auditor ethics, audit experience, and motivation in completing audit duties in producing high-quality audit outcomes.

This journal under licensed Creative Commons Attribution-NonCommercial 4.0 International License

INTRODUCTION

Public demand for good and clean governance is increasingly being implemented by government officials. The increasing public demand for good and clean governance cannot be separated from the increasingly widespread corrupt practices carried out by state officials. In 2023, Indonesia is placed 110th out of 180 most corrupt countries in the Corruption Perceptions Index report with a score of 34 out of 100. This score has decreased from the initial 38 in 2022.¹ This ranking shows that Indonesian government governance is still far from good governance criteria.

An important aspect that is a measure of the government's success in practicing good and clean governance is the supervision carried out by the government's internal auditors. The realization of good governance is the key to success in preventing the growth of corrupt practices. The role of government supervisory apparatus in eradicating corruption is emphasized on preventive actions without ignoring the role through repressive actions.² In setting targets and achieving government performance, repressive actions dominate, such as investigative audits, audits of calculations of state financial losses, and providing expert information.³

Even though the supervision carried out by the government's internal auditors has been carried out optimally, there is still negligence in the supervision process, causing certain individuals to

¹ Transparency International, "Corruption Perceptions Index 2022."

² Yuhendra, "Peningkatan Peran Pengawas Dalam Pencegahan Tindak Pidana Korupsi."

³ Butar and Perdana, "Penerapan Skeptisisme Profesional Auditor Internal Pemerintah Dalam Mendeteksi Kecurangan (Studi Kasus Pada Auditor Perwakilan BPKP Provinsi Jawa Tengah)."

manipulate, corrupt and misappropriate state finances.⁴ The disclosure of several cases of alleged corruption, misappropriation of state finances indicates that the government's internal supervision is still weak, so a comprehensive evaluation is needed to increase government transparency and accountability in managing state finances.⁵

The internal supervisory apparatus is still considered less professional. This is caused by a mismatch between the educational background of the supervisors and the tasks they carry out so that their integrity, competence and commitment in carrying out their assignments becomes weak. Apart from that, the internal monitoring system is still considered weak because the division of tasks between institutions and supervisors is not clear.⁶

Good supervision of the performance of government officials can help the realization of government work programs in accordance with the targets that have been set. The government apparatus tasked with carrying out supervisory duties is an auditor in the government inspectorate work unit known as Aparat Pengawas Internal Pemerintah (APIP). APIP has a very crucial role in improving effective public sector governance. The effectiveness indicator used as a measure of the success of good governance is quality audit results obtained from the professional performance of auditors.⁷

An assessment of the APIP capability level of ministries, institutions and local governments carried out by Badan Pengawasan Keuangan dan Pembangunan (BPKP) in 2014 showed that the APIP capability level was mostly at level 1, namely 85.23%.⁸ The results of this assessment show that APIP's ability to detect fraud in state financial management is still very low. This is reinforced by the fact that APIP's existence as the government's internal auditor, which should be proactive in preventing irregularities, actually seems more reactive in dealing with corruption.⁹

The public's lack of confidence in government internal auditors' work is often associated with neglect of auditor ethics in conducting audits. Auditors are considered to frequently violate the ethics which should be the foundation for producing professional performance while maintaining auditor independence.¹⁰ Violations of the auditor's ethics generally originate from an ethical dilemma experienced by the auditor. Ethical dilemmas that often arise are related to minimum fees (allowances for audit assignments) and auditor independence.¹¹ If every officer has the knowledge, comprehension, and willingness to apply moral and ethical values appropriately in the course of performing their professional work, cases of ethical violations by APIP should not arise.¹²

APIP capability is also in the spotlight because there is still a lack of APIP in district/city inspectorates whose capability level is at a good level. The Central Halmahera Regency Inspectorate is one of the 11 inspectorates in North Maluku Province that does not yet have a number of APIPs with an APIP capability level of more than Level 3^{13, 14}

The Central Halmahera District Government is also the only district/city government in North Maluku Province that did not follow up on strategic recommendations from Financial and Development Planning Agency (BPKP) in 2021.¹⁵ The strategic recommendations followed up are the

⁴ Indah, "Pengawasan Keuangan Negara Agar Terhindar Dari Penyimpangan."

⁵ BPK RI, "Kabupaten Tanah Datar | BPK RI Perwakilan Propinsi Sumatera Barat."

⁶ Siregar, "Pengawasan Internal Pemerintah Lemah Penyebab Korupsi Tetap Marak."

⁷ Susanto, "Peran Aparat Pengawas Intern Pemerintah Dalam Optimalisasi Implementasi Manajemen Risiko."

⁸ BPKP, "Peningkatan Kapabilitas Aparat Pengawasan Intern Pemerintah."

⁹ Yunianto, "Refleksi Peran APIP Dalam Pencegahan Korupsi Pada Pengadaan Barang Dan Jasa."

¹⁰ Fitriyah and Dewi, "Time Pressure, Moralitas Dan Prosedur Audit."

¹¹ Dewi and Ludigdo, "Akuntan Publik Dalam Penegakan Kode Etik Profesi."

¹² Ludigdo, "Persepsi Akuntan Dan Mahasiswa Terhadap Etika Bisnis."

¹³ Level 3 is the highest level, according to the quality assurance results of the PPKD Deputy

¹⁴ BPKP Malut, "BPKP's Performance Report Representative of North Maluku Province 2022."

¹⁵ BPKP Malut.

number of follow-ups to the strategic recommendations given to local governments in the 2021 Annual Monitoring Results Report.

The strategic recommendations that have been given are recommendations in the context of improving governance in the form of fulfilling the government internal control system (SPIP) implementation policy infrastructure including risk management and APIP capabilities. Even though its financial reports have received an Unqualified Opinion from Badan Pemeriksa Keuangan Republik Indonesia in the last five years¹⁶, the absence of APIP with level 3 capability and strategic recommendations that are not followed up indicate that the duties and responsibilities of the Central Halmahera Regency Inspectorate in developing and supervising the implementation of Halteng Regency government affairs have not been implemented optimally.

Public trust in clean and good government violations is very dependent on the effectiveness of government internal auditors, but the current situation is that they are unable to carry out supervision with the greatest level of effectiveness because they are considered to be corruptible, weak, soft and blunt so they cannot detect several cases of corruption.¹⁷ Apart from APIP's frequent ethical violations, they are also considered to have no commitment to the public interest. Disparities in public expectations and audit quality may result from a perceived lack of dedication to the public interest.¹⁸ Thus, the purpose of the study is to determine whether the Central Halmahera Regency's APIP audit quality is influenced by auditor ethics, audit experience, or auditor motivation.

Hypotheses Development

Audit Quality

At the present time, audit quality is not clearly defined, nor is it quantified. It is challenging to accurately define and assess audit quality using a variety of metrics. The reason for this is that audit quality is a complicated and challenging concept to comprehend, which makes it common to make mistakes when assessing its nature and quality. This is proof of the numerous studies that employ various audit quality dimensions.¹⁹

Every public sector audit activity revolves around identifying, evaluating, and mitigating the risk of material misstatement. Quality internal audit results can be realized with the support of a professional and competent APIP role. Prioritizing the quality of audit results means that auditors must conduct audits objectively. The objectivity principle states that auditors must carry out their work honestly and uphold the standard of the audit results.²⁰

Study conducted by Zarefar, Andreas, and Zarefar concluded that the quality of audit results is significantly influenced by the auditor's ethics, experience, and competence²¹. Study conducted by Gul, Wu, and Yang²², Tong, Wu, and Zhang²³ also found that the qualities of individual auditors, such as their audit experience and educational background, have a significant impact on the quality of the audit.

¹⁶ Pemkab Halteng, "Kembali Halteng Raih Ke Lima Kali Opini Wajar Tanpa Pengecualian (WTP)."

¹⁷ Noviriani, Ludigdo, and Baridwan, "Studi Fenomenologi Atas Dilema Etis Auditor Internal Pemerintah."

¹⁸ Ardelean, "Auditors' Ethics and Their Impact on Public Trust."

¹⁹ Efendy, "Pengaruh Kompetensi, Independensi, Dan Motivasi Terhadap Kualitas Audit Aparat Inspektorat Dalam Pengawasan Keuangan Daerah."

²⁰ AAPI, "Keputusan Nomor: KEP- 005/AAIPUDPN/2014 Tentang Pemberlakuan Kode Etik Auditor Intern Pemerintah Indonesia, Standar Audit Intern Pemerintah Indonesia, Dan Pedoman Telaah Sejawat Auditor Intern Pemerintah Indonesia."

²¹ Zarefar, Andreas, and Zarefar, "The Influence of Ethics, Experience and Competency toward the Quality of Auditing with Professional Auditor Scepticism as a Moderating Variable."

²² Gul, Wu, and Yang, "Do Individual Auditors Affect Audit Quality? Evidence from Archival Data."

²³ Tong, Wu, and Zhang, "Do Auditors' Early-Life Socioeconomic Opportunities Improve Audit Quality? Evidence from China."

Apart from that, the auditor's motivation in carrying out audit tasks also greatly influences the quality of audit results^{24 25 26}. Study conducted by He et al found that the auditor's economic conditions have an influence on audit judgment and decision making.²⁷ These conditions can cause government internal auditors to violate audit principles when carrying out audit duties because they are motivated to get fees that are more than their salary as a government official. Since producing high-quality audits is the primary responsibility of auditors working for the state, government internal auditors are driven primarily by this goal when doing their job.

Auditor Ethics

The state financial audit process depends heavily on the enforcement of ethical principles because it creates the framework and environment that affect how government audit standards are implemented. Government audit standards outline how ethical principles should be applied to maintain the independence, skill, and high standard of work performed by auditors, as well as to follow any applicable standards that are mentioned in the auditor's report.²⁸ The 2017 Code of Ethics for the Public Accountant Profession lists integrity, objectivity, competence, confidentiality, and professional behavior as the five fundamental ethical standards that auditors should follow.

The respect auditors have for professional ethics in the course of carrying out their audit responsibilities is another factor that could affect the quality of internal audit^{29 30 31 32 33}. The two factors that define the quality of an audit are competence and independence, with commitment to professional ethics being a crucial part of auditor independence.

Additionally, study conducted by Setyowati et al. 2021³⁴, Meidawati and Assidiqi 2019³⁵, Ulfah and Lukiastuti 2018³⁶, Zarefar, Andreas, and Zarefar 2016³⁷, Triyanthi and Budiarta 2015³⁸ concluded

²⁴ Amran and Selvia, "Pengaruh Etika Auditor, Pengalaman Auditor Dan Motivasi Auditor Terhadap Kualitas Audit (Studi Empiris Kantor Akuntan Publik Kota Padang)"; Munawaroh, "Pengaruh Independensi Dan Motivasi Terhadap Kualitas Audit Pada Kantor Inspektorat Kabupaten Berau"; Sinambela, "Pengaruh Kompetensi, Independensi, Dan Motivasi Terhadap Kualitas Audit."

²⁵ Munawaroh, "Pengaruh Independensi Dan Motivasi Terhadap Kualitas Audit Pada Kantor Inspektorat Kabupaten Berau."

²⁶ Sinambela, "Pengaruh Kompetensi, Independensi, Dan Motivasi Terhadap Kualitas Audit."

²⁷ He et al., "Long-Term Impact of Economic Conditions on Auditors' Judgment."

²⁸ AICPA, *Audit Guide: Government Auditing Standards and Single Audits*.

²⁹ Amran and Selvia, "Pengaruh Etika Auditor, Pengalaman Auditor Dan Motivasi Auditor Terhadap Kualitas Audit (Studi Empiris Kantor Akuntan Publik Kota Padang)."

³⁰ Lubis and Meutia, "Pengaruh Keahlian Audit Kompleksitas Tugas Dan Etika Profesi Terhadap Kualitas Audit Pada Pemerintah Kabupaten Samosir."

³¹ Kuntari, Chariri, and Nurdhiana, "The Effect of Auditor Ethics, Auditor Experience, Audit Fees and Auditor Motivation on Audit Quality."

³² Trihapsari and Anisykurlillah, "Pengaruh Etika, Independensi, Pengalaman Audit Dan Premature Sign Off Terhadap Kualitas Audit."

³³ Parasayu and Rohman, "Analisis Faktor-Faktor Yang Mempengaruhi Kualitas Hasil Audit Internal (Studi Persepsi Aparat Intern Pemerintah Kota Surakarta Dan Kabupaten Boyolali)."

³⁴ Setyowati et al., "The Role Of Duty Complexity As A Moderation Of The Influence Auditor's Professional Knowledge And Ethics On Audit Quality."

³⁵ Meidawati and Assidiqi, "The Influences of Audit Fees, Competence, Independence, Auditor Ethics, and Time Budget Pressure on Audit Quality."

³⁶ Ulfah and Lukiastuti, "Pengaruh Kompetensi Dan Independensi Pada Kinerja Auditor Internal Pemerintah Dengan Etika Auditor Sebagai Variabel Moderasi (Studi Pada Inspektorat Kabupaten Tegal)."

³⁷ Zarefar, Andreas, and Zarefar, "The Influence of Ethics, Experience and Competency toward the Quality of Auditing with Professional Auditor Scepticism as a Moderating Variable."

³⁸ Triyanthi and Budiarta, "Pengaruh Profesionalisme, Etika Profesi, Independensi, Dan Motivasi Kerja Pada Kinerja Internal Auditor."

that auditor ethics has a significant role in determining the quality of audit results. Concerns over audit quality have led to a greater emphasis on ethics.³⁹ Based on that justification, the study's first hypothesis argues that auditor ethics have a major influence on audit quality.

Audit Experience

The effectiveness of APIP's role, as stated in PMK No.38/PMK.09/2009, is one of the primary factors that can support the successful implementation of supervision and control. The level of quality of APIP's audits demonstrates how well-supported the successful implementation of internal control is by their role.⁴⁰ An auditor's audit knowledge, which they can get from audit hours or experience on audit assignments, is one aspect that can help to improve the quality of their audits.⁴¹

Audit quality can be improved through increasing competency by continuing to upgrade knowledge through training. Apart from that, audit experience (amount of time on assignments) can also be a supporting factor in increasing auditor competency.⁴² According to recent studies, the experience of the auditor plays a crucial role in determining the quality of audits^{43 44 45}. According to the explanation, audit experience has a significant effect on audit quality, which is the second hypothesis in this study.

Audit Motivation

The primary component of motivational variables is expectation since a person's behavior at work may be influenced by physical or psychological limitations. Expectations might range from high to low based on what each person needs in life. Abraham Maslow's theory of needs, which he developed in his theory of stages of human needs, outlines the factors that inspire a person to meet their basic needs.

Long-term audit judgment and decision-making are influenced by the auditor's financial situation, which may have an impact on the quality of the audit.⁴⁶ The audit decision will be impacted if the auditor's financial requirements are not appropriately met, and this will have an impact on the caliber of the audit outcomes that are produced. The results of studies by Amran and Selvia 2019⁴⁷, Sinambela 2019⁴⁸, Munawaroh 2019⁴⁹, Nadi and Suputra 2017⁵⁰, Triyanthi and Budiarta 2015⁵¹ indicated that the auditor's performance and the caliber of the audit results are positively impacted by

³⁹ Ardelean, "Auditors' Ethics and Their Impact on Public Trust."

⁴⁰ Dityatama, "Pengaruh Kualitas Audit Internal Terhadap Efektivitas Sistem Pengendalian Internal Satuan Kerja Perangkat Daerah Di Lingkungan Pemerintah Kabupaten Lumajang."

⁴¹ Lubis and Meutia, "Pengaruh Keahlian Audit Kompleksitas Tugas Dan Etika Profesi Terhadap Kualitas Audit Pada Pemerintah Kabupaten Samosir."

⁴² In and Asyik, "Pengaruh Kompetensi Dan Independensi Terhadap Kualitas Audit Dengan Etika Auditor Sebagai Variabel Pemoderasi."

⁴³ Tong, Wu, and Zhang, "Do Auditors' Early-Life Socioeconomic Opportunities Improve Audit Quality? Evidence from China."

⁴⁴ Chen et al., "Effect of International Working Experience of Individual Auditors on Audit Quality: Evidence from China."

⁴⁵ Gul, Wu, and Yang, "Do Individual Auditors Affect Audit Quality? Evidence from Archival Data."

⁴⁶ He et al., "Long-Term Impact of Economic Conditions on Auditors' Judgment."

⁴⁷ Amran and Selvia, "Pengaruh Etika Auditor, Pengalaman Auditor Dan Motivasi Auditor Terhadap Kualitas Audit (Studi Empiris Kantor Akuntan Publik Kota Padang)."

⁴⁸ Sinambela, "Pengaruh Kompetensi, Independensi, Dan Motivasi Terhadap Kualitas Audit."

⁴⁹ Munawaroh, "Pengaruh Independensi Dan Motivasi Terhadap Kualitas Audit Pada Kantor Inspektorat Kabupaten Berau."

⁵⁰ Nadi and Suputra, "Pengaruh Kompetensi, Pengalaman, Independensi, Dan Motivasi Auditor Pada Kualitas Audit."

⁵¹ Triyanthi and Budiarta, "Pengaruh Profesionalisme, Etika Profesi, Independensi, Dan Motivasi Kerja Pada Kinerja Internal Auditor."

their motivation when performing audit tasks. In particular, Efendy came to the conclusion that inspectorate officers' audit quality in regional financial supervision is positively and significantly impacted by their motivation as auditors.⁵² This study's last hypothesis, which is based on that assertion, is that auditor motivation significantly affects audit quality.

METHOD

This study was conducted in the Central Halmahera Regency, North Moluccas Province. A questionnaire was used to gather data from the thirty auditors or staff members assigned to audit the state financial management within the Central Halmahera Regency Government's purview. All auditors who worked for the Central Halmahera Regency inspectorate were included in the research sample, which was a saturated sample in this study.

Partial Least Square - Structural Equation Modeling (PLS-SEM) is then used to analyze the data gathered from distributing questionnaires in order to determine the influence and correlation between the variables under study. A sample size that is tailored to the research being done is the ideal minimum sample size for a quantitative instrument validation study using structural equation modeling.⁵³ A sample size that has 80% power to detect two examples of themes with a prevalence of 10% requires a minimum of 29 participants.⁵⁴

The study's model and hypotheses were tested using SmartPLS 4. Two evaluations are used in the PLS-SEM approach: the measurement model evaluation (outer model) and the structural model evaluation (inner model), which assess the relationship between latent variables and their indicators.⁵⁵ A reflective measurement model that includes internal consistency, indicator reliability, convergent validity, and discriminant validity is used to evaluate outer models.⁵⁶

In quantitative research, latent variables are not directly observable, but they can be indirectly measured through indicator determination.⁵⁷ Auditor ethics can be measured based on the level of independence, objectivity and integrity of an auditor.⁵⁸ The length of the audit and the amount of work completed during the audit can be used to gauge the auditor's experience.⁵⁹ The level of the auditor's perception of the goals to be achieved through quality audits, as well as their toughness, persistence, and consistency, are used to measure the motivation of auditors.⁶⁰ Audit quality can be measured based on reliable audit reports as standard procedures in auditing.⁶¹

⁵² Efendy, "Pengaruh Kompetensi, Independensi, Dan Motivasi Terhadap Kualitas Audit Aparat Inspektorat Dalam Pengawasan Keuangan Daerah."

⁵³ White, "Sample Size in Quantitative Instrument Validation Studies: A Systematic Review of Articles Published in Scopus, 2021."

⁵⁴ Fugard and Potts, "Supporting Thinking on Sample Sizes for Thematic Analyses: A Quantitative Tool."

⁵⁵ Hair et al., *A Primer on Partial Least Squares Equation Modeling (PLS-SEM)*.

⁵⁶ Avkiran and Ringle, *Partial Least Squares Structural Equation Modeling - Recent Advances in Banking and Finance*.

⁵⁷ Avkiran and Ringle.

⁵⁸ Zarefar, Andreas, and Zarefar, "The Influence of Ethics, Experience and Competency toward the Quality of Auditing with Professional Auditor Scepticism as a Moderating Variable."

⁵⁹ Zarefar, Andreas, and Zarefar.

⁶⁰ Efendy, "Pengaruh Kompetensi, Independensi, Dan Motivasi Terhadap Kualitas Audit Aparat Inspektorat Dalam Pengawasan Keuangan Daerah."

⁶¹ Zarefar, Andreas, and Zarefar, "The Influence of Ethics, Experience and Competency toward the Quality of Auditing with Professional Auditor Scepticism as a Moderating Variable."

RESULTS

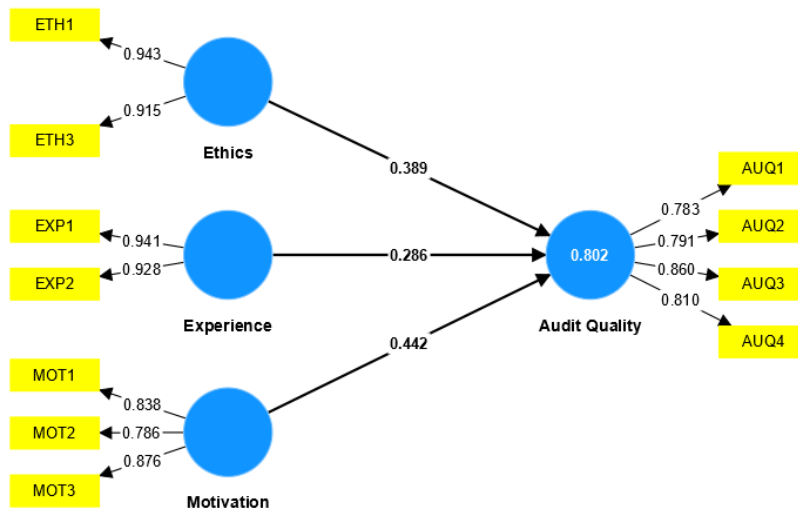


Figure 1. Valid Research Model

Source: SmartPLS4 result, *Graphical output*, 2023

Table 1. Indicator Validity Test Result

	Audit Quality	Ethics	Experince	Motivation
AUQ1	0.786			
AUQ2	0.791			
AUQ3	0.858			
AUQ4	0.810			
ETH1		0.907		
ETH2		0.636		
ETH3		0.887		
EXP1			0.941	
EXP2			0.928	
MOT1				0.838
MOT2				0.787
MOT3				0.878

Source: SmartPLS4 result, *Outer Loadings-Matrix*, 2023

Table 2. Data Quality Test Results

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Audit Quality	0.827	0.829	0.885	0.659
Ethics	0.843	0.864	0.926	0.863
Experience	0.855	0.861	0.932	0.873
Motivation	0.781	0.780	0.873	0.696

Source: SmartPLS4 result, *Construct reliability and validity - Overview*, 2023

Table 3. Reliability Indicator Test Results

	Audit Quality	Ethics	Experience	Motivation
AUQ1	0.783			
AUQ2	0.791			
AUQ3	0.860			
AUQ4	0.810			
ETH1		0.943		
ETH3		0.915		
EXP1			0.941	
EXP2			0.928	
MOT1				0.838
MOT2				0.786
MOT3				0.876

Source: SmartPLS4 result, *Outer Loadings-Matrix*, 2023

Table 4. Discriminant Validity Test Results

	Audit Quality	Ethics	Experience	Motivation
AUQ1	0.783	0.499	0.645	0.726
AUQ2	0.791	0.528	0.557	0.488
AUQ3	0.860	0.475	0.684	0.616
AUQ4	0.810	0.659	0.598	0.532
ETH1	0.672	0.943	0.556	0.372
ETH3	0.556	0.915	0.406	0.143
EXP1	0.752	0.592	0.941	0.550
EXP2	0.681	0.379	0.928	0.634
MOT1	0.581	0.230	0.449	0.838
MOT2	0.664	0.427	0.519	0.786
MOT3	0.576	0.033	0.606	0.876

Source: SmartPLS4 result, *Discriminant Validity-Cross loadings*, 2023

Table 5. Hypothesis Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Ethics -> Audit Quality	0.389	0.388	0.087	4.472	0.000
Experience -> Audit Quality	0.286	0.287	0.100	2.855	0.004
Motivation -> Audit Quality	0.442	0.444	0.110	4.015	0.000

Source: SmartPLS4 result, *bootstrapping-path coefficients*, 2023

DISCUSSION

Evaluation of Measurement Models (Outer Model)

Testing the reliability of the indicators used to measure the variables in the research model is the goal of the measurement model evaluation. Table 1 displays the outcomes of the measurement model evaluation. Due to its failure to meet the outer loading value criteria, one indicator was removed from the research model. Since they don't adequately explain the variables in the research model,

outer loading values below 0.7 can be eliminated from the model.⁶²

Figure 1 displays the research model that was suggested for this study. After evaluating each indicator proposed in the model, it was discovered that only a few indicators met the qualifications. Indicators that meet the testing qualifications can be seen in table 1. According to the theory proposed by Hair et al.⁶³, indicators that do not meet the requirements are eliminated. Specifically, indicators that have an outer loading value of less than 0.7 can be taken into consideration for elimination because they are unable to explain the variables in the research model.

The second indicator of the auditor ethics variable is not included in the research model since it does not satisfy the outer loading criteria, according to the results of the evaluation of the indicators for each variable. Its value is less than 0.7. Figure 1 displays a reliable research model (inner model) for use in structural model evaluation testing.

Internal Consistency

The second indicator of the auditor ethics variable is not included in the research model since it does not satisfy the outer loading criteria, according to the results of the evaluation of the indicators for each variable. Its value is less than 0.7. Figure 1 displays a reliable research model (inner model) for use in structural model evaluation testing.⁶⁴ The composite reliability value for the four variables is more than 0.7, according to the results of the quality criteria test in table 2. Consequently, it can be stated that this research model's latent variables are consistent across variables.

Reliability Indicators

This test evaluates how the research model's latent variables and indicators relate to one another. The outer loading value provides evidence of the close link between indicators and latent variables. In social science research, values less than 0.7 can be eliminated from the research model, and the outer loading value of any indicator that the PLS-SEM model accepts must be greater than 0.7.⁶⁵ Table 3 shows that all of the tested indicators had an outer loading value greater than 0.7. Due to the "ETH2" indicator's value being less than 0.7 in the first test, this value was obtained after it was eliminated from the model (see table 1).

Convergent Validity

This test determines if each indication utilized in the study is capable of explaining the variables under investigation. Indicators meeting the convergent validity requirements and having an Average Variance Extracted (AVE) value larger than 0.5 are permitted to be used in the PLS-SEM research model. Prioritization is given to an AVE value larger than 0.5, which shows that all indicators adequately explain the hidden variable under study.⁶⁶ Table 2 shows that every variable in this investigation has an AVE value greater than 0.5. This indicates that every indication included in the model is able to explain every variable.

Discriminant Validity

This test verifies if a study variable is distinct and indeed different from other variables. A variable's ability to explain phenomena that other variables are unable to capture can be explained by its discriminant validity value⁶⁷ Examining the cross loading value, where the indicator value for one variable must be greater than the indicator value for the other variable, is the typical method used to

⁶² Hair et al., *A Primer on Partial Least Squares Equation Modeling (PLS-SEM)*.

⁶³ Hair et al.

⁶⁴ Avkiran and Ringle, *Partial Least Squares Structural Equation Modeling - Recent Advances in Banking and Finance*.

⁶⁵ Hair et al., *A Primer on Partial Least Squares Equation Modeling (PLS-SEM)*.

⁶⁶ Avkiran and Ringle, *Partial Least Squares Structural Equation Modeling - Recent Advances in Banking and Finance*.

⁶⁷ Hair et al., *A Primer on Partial Least Squares Equation Modeling (PLS-SEM)*.

satisfy discriminant validity criteria in research models.⁶⁸ Each indicator of the associated variable has a value bigger than the indicators of the other variables, according to the findings of the discriminant validity test displayed in Table 4. This indicates that because each variable in this study is distinct and has differences that are not mutually representative, it satisfies the requirements for discriminant validity.

Structural Model Evaluation (Inner Model)

This study used structural model evaluation to test its hypotheses. The hypothesis test's results, which are displayed in Table 5, indicate that the initial sample value of the auditor ethics variable on audit quality has a positive value "0.389". This value shows that the audit quality variable is positively impacted by the auditor ethics variable. Additionally, the P-Values for the correlation between these two variables are less than 0.05. This value shows that the ethical characteristics of the auditor have a major impact on audit quality. These findings support the acceptance of research hypothesis 1, which states that auditor ethics significantly and favorably affects audit quality. Based on the findings of the hypothesis 1 test, it can be concluded that an auditor will provide higher-quality audit results if he practices good ethics or emphasizes ethics when performing audit responsibilities. The findings of the test for hypothesis 1 validate the study conducted by Setyowati et al. 2021⁶⁹, Meidawati and Assidiqi 2019⁷⁰, Ulfah and Lukiasuti 2018⁷¹, Zarefar, Andreas, and Zarefar 2016⁷²; Triyanthi and Budiarta 2015⁷³.

Two more independent variables, motivation and audit experience, with P-Values of less than 0.05 and positive values of 0.282 and 0.442, respectively. This result suggests that the audit quality is significantly impacted by these two variables. Thus, it follows that if the auditor is always motivated to undertake audit activities and has more experience doing so, the audit results will be of a higher standard. The results of the second and third hypothesis tests support the study that was conducted by Tong, Wu, and Zhang 2022⁷⁴, Amran and Selvia 2019⁷⁵, Munawaroh 2019⁷⁶, Chen et al. 2017⁷⁷, Nadi and Suputra 2017⁷⁸, Sinambela 2019⁷⁹, Triyanthi and Budiarta 2015.⁸⁰

⁶⁸ Hair et al.

⁶⁹ Setyowati et al., "The Role Of Duty Complexity As A Moderation Of The Influence Auditor's Professional Knowledge And Ethics On Audit Quality."

⁷⁰ Meidawati and Assidiqi, "The Influences of Audit Fees, Competence, Independence, Auditor Ethics, and Time Budget Pressure on Audit Quality."

⁷¹ Ulfah and Lukiasuti, "Pengaruh Kompetensi Dan Independensi Pada Kinerja Auditor Internal Pemerintah Dengan Etika Auditor Sebagai Variabel Moderasi (Studi Pada Inspektorat Kabupaten Tegal)."

⁷² Zarefar, Andreas, and Zarefar, "The Influence of Ethics, Experience and Competency toward the Quality of Auditing with Professional Auditor Scepticism as a Moderating Variable."

⁷³ Triyanthi and Budiarta, "Pengaruh Profesionalisme, Etika Profesi, Independensi, Dan Motivasi Kerja Pada Kinerja Internal Auditor."

⁷⁴ Tong, Wu, and Zhang, "Do Auditors' Early-Life Socioeconomic Opportunities Improve Audit Quality? Evidence from China."

⁷⁵ Amran and Selvia, "Pengaruh Etika Auditor, Pengalaman Auditor Dan Motivasi Auditor Terhadap Kualitas Audit (Studi Empiris Kantor Akuntan Publik Kota Padang)."

⁷⁶ Munawaroh, "Pengaruh Independensi Dan Motivasi Terhadap Kualitas Audit Pada Kantor Inspektorat Kabupaten Berau."

⁷⁷ Chen et al., "Effect of International Working Experience of Individual Auditors on Audit Quality: Evidence from China."

⁷⁸ Nadi and Suputra, "Pengaruh Kompetensi, Pengalaman, Independensi, Dan Motivasi Auditor Pada Kualitas Audit."

⁷⁹ Sinambela, "Pengaruh Kompetensi, Independensi, Dan Motivasi Terhadap Kualitas Audit."

⁸⁰ Triyanthi and Budiarta, "Pengaruh Profesionalisme, Etika Profesi, Independensi, Dan Motivasi Kerja Pada Kinerja Internal Auditor."

CONCLUSION

The results of the study show how important ethics are to the auditing techniques that regional government inspectorate auditors utilize. When auditors prioritize audit ethics in their work, the quality of their audit results will improve. Apart from ethics, the auditor's motivation and auditing experience also have a favorable impact on the quality of the audit outcomes.

This study focuses on just three variables that influence audit quality; further variables, like supportive work environments, audit-related resources, leadership pressure, time constraints for significant workloads, and positive encouragement from partner institutions like BPKP and BPK RI in carrying out and assessing audit tasks, are also likely to have an effect. Future research can incorporate all of those variables to enhance the quality of findings from local government audits.

REFERENCES

- AAIPI. "Keputusan Nomor: KEP- 005/AAIPUDPN/2014 Tentang Pemberlakuan Kode Etik Auditor Intern Pemerintah Indonesia, Standar Audit Intern Pemerintah Indonesia, Dan Pedoman Telaah Sejawat Auditor Intern Pemerintah Indonesia." indonesia: Asosiasi Auditor Intern Pemerintah Indonesia, 2014.
- AICPA. *Audit Guide: Government Auditing Standards and Single Audits*. March. American Institute of Certified Public Accountants, 2019.
- Amran, Elsa Fitri, and Fitri Selvia. "Pengaruh Etika Auditor, Pengalaman Auditor Dan Motivasi Auditor Terhadap Kualitas Audit (Studi Empiris Kantor Akuntan Publik Kota Padang)." *Competitive Jurnal Akuntansi Dan Keuangan* 3, no. 2 (August 17, 2019): 52. <https://doi.org/10.31000/c.v3i2.1741>.
- Ardelean, Alexandra. "Auditors' Ethics and Their Impact on Public Trust." *Procedia-Social and Behavioral Sciences* 92 (2013): 55–60. <https://doi.org/https://doi.org/10.1016/j.sbspro.2013.08.637>.
- Avkiran, Necmi K, and Christian M Ringle. *Partial Least Squares Structural Equation Modeling - Recent Advances in Banking and Finance*. Edited by Necmi K. Avkiran and Christian M. Ringle. Vol. 267. International Series in Operations Research & Management Science. Cham: Springer International Publishing, 2018. <https://doi.org/10.1007/978-3-319-71691-6>.
- BPK RI. "Kabupaten Tanah Datar | BPK RI Perwakilan Propinsi Sumatera Barat." sumbar.bpk.go.id, 2021. <https://sumbar.bpk.go.id/pengawasan-internal-pemda-wajib-berbenah/>.
- BPKP. "Peningkatan Kapabilitas Aparat Pengawasan Intern Pemerintah." <https://www.bpkp.go.id/konten/2338%20/Rakorn>, 2015. <https://www.bpkp.go.id/konten/2338/Rakorn>.
- BPKP Malut. "BPKP's Performance Report Representative of North Maluku Province 2022." Ternate, 2023. <https://doi.org/Nomor:OT.04/LPP-1/PW33/6/2023>.
- Butar, Sarina Gabryela Aprilyanti Butar, and Halim Dedy Perdana. "Penerapan Skeptisisme Profesional Auditor Internal Pemerintah Dalam Mendeteksi Kecurangan (Studi Kasus Pada Auditor Perwakilan BPKP Provinsi Jawa Tengah)." *Jurnal Ekonomi Dan Bisnis* 20, no. 1 (August 11, 2017): 169. <https://doi.org/10.24914/jeb.v20i1.1003>.
- Chen, Xiaolin, Yunhao Dai, Dongmin Kong, and Weiqiang Tan. "Effect of International Working Experience of Individual Auditors on Audit Quality: Evidence from China." *Journal of Business Finance & Accounting* 44, no. 7–8 (2017): 1073–1108. <https://doi.org/https://doi.org/10.1111/jbfa.12257>.
- Dewi, Listya Kanda, and Unti Ludigdo. "Akuntan Publik Dalam Penegakan Kode Etik Profesi." *Jurnal Ilmiah Mahasiswa FEB* 1, no. 2 (2012): 1–19. <https://jimfeb.ub.ac.id/index.php/jimfeb/article/view/309>.
- Dityatama, Dityatama. "Pengaruh Kualitas Audit Internal Terhadap Efektivitas Sistem Pengendalian Internal Satuan Kerja Perangkat Daerah Di Lingkungan Pemerintah Kabupaten Lumajang." *Jurnal Ilmu Administrasi: Media Pengembangan Ilmu Dan Praktek Administrasi* 9, no. 1 (2012): 3. <https://doi.org/https://doi.org/10.31113/jia.v9i1.253>.

- Efendy, Muh. Taufiq. "Pengaruh Kompetensi, Independensi, Dan Motivasi Terhadap Kualitas Audit Aparat Inspektorat Dalam Pengawasan Keuangan Daerah." *Jurnal Ilmiah Akuntansi*, 2010, 1–109. <https://doi.org/10.1017/CBO9781107415324.004>.
- Fitriyah, Noer, and Putu Purnama Dewi. "Time Pressure , Moralitas Dan Prosedur Audit." *Jurnal Ilmiah Akuntansi & Bisnis* 3, no. 2 (2018): 133–44. <https://doi.org/https://doi.org/10.38043/jiab.v3i2.2115>.
- Fugard, Andrew J.B., and Henry W.W. Potts. "Supporting Thinking on Sample Sizes for Thematic Analyses: A Quantitative Tool." *International Journal of Social Research Methodology* 18, no. 6 (November 2, 2015): 669–84. <https://doi.org/10.1080/13645579.2015.1005453>.
- Gul, Ferdinand A, Donghui Wu, and Zhifeng Yang. "Do Individual Auditors Affect Audit Quality? Evidence from Archival Data." *The Accounting Review* 88, no. 6 (2013): 1993–2023. <https://doi.org/https://doi.org/10.2308/accr-50536>.
- Hair, J F, G T M Hult, Christian M Ringle, and M Sarstedt. *A Primer on Partial Least Squares Equation Modeling (PLS-SEM)*. Second. USA: Sage Publication, Inc, 2017.
- He, Xianjie, S P Kothari, Tusheng Xiao, and Luo Zuo. "Long-Term Impact of Economic Conditions on Auditors' Judgment." *The Accounting Review* 93, no. 6 (2018): 203–29. <https://doi.org/https://doi.org/10.2308/accr-52009>.
- In, Agytri Wardhatul Khurun, and Nur Fadrih Asyik. "Pengaruh Kompetensi Dan Independensi Terhadap Kualitas Audit Dengan Etika Auditor Sebagai Variabel Pemoderasi." *Jurnal Ilmu Dan Riset Akuntansi (JIRA)* 8, no. 8 (2019).
- Indah, Retno Nur. "Pengawasan Keuangan Negara Agar Terhindar Dari Penyimpangan." Direktorat Hukum dan Hubungan Masyarakat, 2021. <https://www.djkn.kemenkeu.go.id/artikel/baca/13960/Pengawasan-Keuangan-Negara-Agar-Terhindar-dari-Penyimpangan.html>.
- Kuntari, Yeni, Anis Chariri, and Nurdhiana Nurdhiana. "The Effect of Auditor Ethics, Auditor Experience, Audit Fees and Auditor Motivation on Audit Quality." *Srinijaya International Journal of Dynamic Economics and Business* 1, no. 2 (2017): 203–18. <https://doi.org/https://doi.org/10.29259/sijdeb.v1i2.203-218>.
- Lubis, Nasrul Kahfi, and Tuti Meutia. "Pengaruh Keahlian Audit Kompleksitas Tugas Dan Etika Profesi Terhadap Kualitas Audit Pada Pemerintah Kabupaten Samosir." *Jurnal Riset Akuntansi Dan Bisnis* 19, no. 1 (2019): 53–65. <https://doi.org/https://doi.org/10.30596/jrab.v19i1.3340>.
- Ludigdo, Unti. "Persepsi Akuntan Dan Mahasiswa Terhadap Etika Bisnis." Universitas Gadjah Mada, 1998.
- Meidawati, Neni, and Arden Assidiqi. "The Influences of Audit Fees, Competence, Independence, Auditor Ethics, and Time Budget Pressure on Audit Quality." *Jurnal Akuntansi Dan Auditing Indonesia* 23, no. 2 (2019): 117–28. <https://doi.org/https://doi.org/10.20885/jaai.vol23.iss2.art6>.
- Munawaroh, Siti. "Pengaruh Independensi Dan Motivasi Terhadap Kualitas Audit Pada Kantor Inspektorat Kabupaten Berau." *Jurnal of Economic, Management and Accounting (JEMMA)* 2, no. 4 (March 5, 2019): 27–35. <https://doi.org/10.35914/JEMMA.V2I1.140>.
- Nadi, I Made Putra Partha, and I Dewa Gde Dharma Suputra. "Pengaruh Kompetensi, Pengalaman, Independensi, Dan Motivasi Auditor Pada Kualitas Audit." *Jurnal Akuntansi Universitas Udayana* 18, no. 2 (2017): 942–64.
- Noviriani, Eliza, Unti Ludigdo, and Zaki Baridwan. "Studi Fenomenologi Atas Dilema Etis Auditor Internal Pemerintah." *EKUITAS (Jurnal Ekonomi Dan Keuangan)* 19, no. 2 (2015): 217–40.
- Parasayu, Annisa, and Abdul Rohman. "Analisis Faktor-Faktor Yang Mempengaruhi Kualitas Hasil Audit Internal (Studi Persepsi Aparat Intern Pemerintah Kota Surakarta Dan Kabupaten Boyolali)." *Diponegoro Journal of Accounting* 3, no. 2 (2014): 165–74.
- Pemkab Halteng. "Kembali Halteng Raih Ke Lima Kali Opini Wajar Tanpa Pengecualian (WTP)." [halteng.go.id](https://haltengkab.go.id/ht/kembali-halteng-raih-ke-lima-kali-opini-wajar-tanpa-engecualian-wtp/), 2023. <https://haltengkab.go.id/ht/kembali-halteng-raih-ke-lima-kali-opini-wajar-tanpa-engecualian-wtp/>.
- Setyowati, Widhy, Pratomo Cahyo Kurniawan, Aditya Mardiansyah, Eka Purnama Harahap, and Ninda Lutfiani. "The Role Of Duty Complexity As A Moderation Of The Influence Auditor's

- Professional Knowledge And Ethics On Audit Quality.” *Aptisi Transactions on Management (ATM)* 5, no. 1 (2021): 20–29.
- Sinambela, Tongam. “Pengaruh Kompetensi, Independensi, Dan Motivasi Terhadap Kualitas Audit.” *Jurnal Bisnis & Akuntansi Unsurya* 4, no. 1 (January 1, 2019). <https://doi.org/10.35968/jbau.v4i1.261>.
- Siregar, Maju. “Pengawasan Internal Pemerintah Lemah Penyebab Korupsi Tetap Marak.” *Sinar Indonesia Baru*, 2020. <https://www.hariansib.com/detail/Opini/Pengawasan-Internal-Pemerintah-Lemah-Penyebab-Korupsi-Tetap-Marak->.
- Susanto, Slamet. “Peran Aparat Pengawas Intern Pemerintah Dalam Optimalisasi Implementasi Manajemen Risiko.” *Jurnal Pengawasan* 2, no. 2 (2020): 49–58.
- Tong, Lijing, Bin Wu, and Min Zhang. “Do Auditors’ Early-Life Socioeconomic Opportunities Improve Audit Quality? Evidence from China.” *The British Accounting Review* 54, no. 2 (2022): 101040. <https://doi.org/https://doi.org/10.1016/j.bar.2021.101040>.
- Transparency International. “Corruption Perceptions Index 2022.” Transparency International, 2023. www.transparency.org/cpi.
- Trihapsari, Dyah Ayu, and Indah Anisykurlillah. “Pengaruh Etika, Independensi, Pengalaman Audit Dan Premature Sign Off Terhadap Kualitas Audit.” *Accounting Analysis Journal* 5, no. 1 (March 1, 2016): 1–7. <https://doi.org/10.15294/AAJ.V5I1.9756>.
- Triyanthi, Meylinda, and Ketut Budiarta. “Pengaruh Profesionalisme, Etika Profesi, Independensi, Dan Motivasi Kerja Pada Kinerja Internal Auditor.” *E-Jurnal Akuntansi* 10, no. 3 (March 19, 2015): 797–809. <https://ojs.unud.ac.id/index.php/akuntansi/article/view/10309>.
- Ulfah, Uly Maria, and Fitri Lukiastuti. “Pengaruh Kompetensi Dan Independensi Pada Kinerja Auditor Internal Pemerintah Dengan Etika Auditor Sebagai Variabel Moderasi (Studi Pada Inspektorat Kabupaten Tegal).” *Jurnal Manajemen Teori Dan Terapan, Tahun* 11 (2018). <https://doi.org/https://doi.org/10.20473/jmtt.v11i1.7620>.
- White, Michael. “Sample Size in Quantitative Instrument Validation Studies: A Systematic Review of Articles Published in Scopus, 2021.” *Helijon* 8, no. 12 (December 1, 2022): e12223. <https://doi.org/10.1016/J.HELIYON.2022.E12223>.
- Yuhendra. “Peningkatan Peran Pengawas Dalam Pencegahan Tindak Pidana Korupsi.” Pusdiklatwas BPKP, 2008. <https://pusdiklatwas.bpkp.go.id/konten/show/696>.
- Yunianto, Joko. “Refleksi Peran APIP Dalam Pencegahan Korupsi Pada Pengadaan Barang Dan Jasa.” Itjen KLHK Republik Indonesia, 2021. <https://itjen.menlhk.go.id/artikel/refleksi-peran-apip-dalam-pencegahan-korupsi-pada-pengadaan-barang-dan-jasa>.
- Zarefar, Arumega, Andreas, and Atika Zarefar. “The Influence of Ethics, Experience and Competency toward the Quality of Auditing with Professional Auditor Scepticism as a Moderating Variable.” *Procedia - Social and Behavioral Sciences* 219 (May 31, 2016): 828–32. <https://doi.org/10.1016/j.sbspro.2016.05.074>.