

The Influence of Independence, Competence, and Due Professional Care on the Quality of APIP's Internal Audit with Auditor Ethics as a Moderation Variable in the BPKP Representative of the North Sumatra and Inspectorate of the North Sumatra

Oktavian¹, Iskandar Muda², Khaira Amalia Fachrudin³

^{1,2,3}Department of Accounting, Faculty of Economics and Business, Universitas Sumatera Utara, Indonesia

Corresponding Author: Oktavian

DOI: <https://doi.org/10.52403/ijrr.20230752>

ABSTRACT

BPK found 15,674 problems related to financial management in Indonesia worth IDR 18.37 trillion in the first semester of 2022. This indicates that APIP's role has yet to be fully effective in providing adequate assurance of compliance, efficiency, thrift, and effectiveness in achieving the objectives of carrying out the duties and functions of government agencies.

This study examines the effect of independence, competence, and due professional care on internal audit quality with auditor ethics as a moderating variable. The research was carried out on auditors/P2UPD at the BPKP Representative Office of North Sumatra Province and the Inspectorate of North Sumatra Province. This quantitative research uses primary data collected through questionnaires that 151 respondents have filled in. Research data is processed using multiple regression analysis methods.

This research concludes that independence, competence, and due professional care positively and significantly affect internal audit quality. In addition, auditor ethics can significantly strengthen the relationship between independence and internal audit quality. However, auditor ethics cannot significantly strengthen the relationship between competence and due professional care with internal audit quality.

Keywords: *BPKP, inspectorate, independence, competence, due professional care, auditor ethics, internal audit quality*

INTRODUCTION

The low performance of state financial management is one aspect that can hinder sustainable development in Indonesia. History records that Indonesia, which was once dubbed the "Asian Tiger" in 1980-1990, ultimately had to slump in 1997-1998 due to a monetary crisis. Corruption-riddled state financial management placed Indonesia first as the most corrupt country in Asia in 1998 with a Corruption Perception Index of only 20 (setkab.go.id January 31, 2019). The monetary crisis resulted in very high inflation, which resulted in the collapse of the Indonesian economy. In the end, President Soeharto, who had led the Indonesian state in the New Order era for 32 years, was forced to resign from his position as President on May 21, 1998, due to demands from the Indonesian people who no longer believed in his leadership. This change was the beginning of the birth of reform in Indonesia.

In Indonesia, reforms in various aspects of life have raised awareness about the need for accountability and transparency in managing state finances. Changes in regulations regarding the management and

accountability of state finances mark examples of changes in the state financial sector. In 2003 and 2004, 3 packages of laws were issued: Law Number 17 of 2003 concerning State Finance, Law Number 1 of 2004 concerning the State Treasury, and Law Number 15 2004 concerning Examination of State Financial Management and Responsibility. This law forms the basis for the birth of derivative regulations in the government, ministries, and regional governments with the aim of transparency, performance improvement, and accountable management of state finances.

The Government Internal Supervisory Apparatus (APIP) is inseparable from managing state/regional government finances. APIP has transformed into a new form that is more strategic following the changing times. The internal audit carried out by APIP is expected to provide added value to the business processes of government agencies (AAIPI 2013).

As described in The Institute of Internal Auditor (IIA) research entitled The Three Lines of Defense in Effective Risk Management and Control, APIP acts as the last gate of defence that provides assurance of internal control, governance, and risk management within the organization (IIA 2020). Even AAIPI (2013) in SAIPI states that realizing an effective APIP function can help achieve the goals of bureaucratic reform. Through quality assurance activities, APIP is expected to provide recommendations that impact achieving government agencies' objectives efficiently, economically, effectively, and regulatory. In other words, APIP is one of the agencies in the organizational structure/government management, which is expected to be able to accelerate the realization of good and clean governance.

In the 2022 BPK Semester I Examination Results Summary (IHPS) published in September 2022, the Supreme Audit Agency (BPK), which acts as state financial auditor, found 15,674 problems with a finding value of IDR 18.37 trillion in the

first semester of 2022. Conditions this is contrary to what is expected from implementing the effective role of APIP. There were at least 538 (3.4%) 3E problems (in the economy, inefficiency, and ineffectiveness) with a finding value of IDR 1.04 trillion. There were 8,116 (51.8%) issues related to compliance (non-compliance with applicable provisions/rules). With a finding value of Rp. 17.33 trillion, and there were 7,020 (44.8%) problems related to weaknesses found in the internal control system (SPI) that were found by the BPK only during a half-year inspection period. The high number of problems found by the BPK indicates that APIP still needs to fully contribute to guaranteeing that government agency objectives have been achieved economically, effectively, and efficiently and implemented per applicable regulations. Other conditions of independence disturbance are also seen in APIP in Regional Government. The PK National Secretariat in 2020 has also stated that the independence of the Regional Government APIP in Government Regulation Number 72 of 2019 is considered weak because regional heads structurally control APIP. Based on information in Detiknews on March 18, 2021, Deputy Chairperson of the KPK, Nurul Ghufron, said that so far, there have been 429 regional heads who have been caught committing corruption. From this point of view, it is important to strengthen the national internal control system through statutory regulations. The existence of a national supervision system that is equipped with a strong legal basis will increase the independence of APIP, which is expected to be able to suppress the negative culture that may be created due to low commitment from regional leaders/agencies.

Another reason for APIP's internal audit needing to be more optimal can be seen from a competency perspective. The APIP capability level achieved by APIP throughout Indonesia has yet to show encouraging results. The following is the

distribution of APIP capabilities throughout Indonesia up to the 2022 period:

Table 1. APIP Capability Level in Indonesia

No	Government Agencies	Number of APIPs	APIP Level ≥ 3 Capacity	Percentage
1	Ministries/Agencies	81	50	61,7%
2	Provincial government	34	31	91,2%
3	Regency/City Government	508	266	52,4%
	Total	623	347	55,7%

Source: Database of SPIP, MRI & IEPK BPKP, 2023

The table above shows that only the % of APIPs with capability level ≥ 3 is only 55.7%. When compared with the percentage of APIP level 3 in North Sumatra Province, the results are even lower. Of the 34 Regional Inspectorates (Provincial and Regency/City) in North Sumatra Province, only 11 Regional Inspectorates have been awarded level 3 up to 2022, or only 32.4%, while the remaining 23 Regional Inspectorates, or 67.6%, are still predicated at level 2 and level 1. This condition illustrates that the percentage of the number of APIP level 3 in North Sumatra Province (32.4%) is far behind that of the number of APIP level 3 nationally (55.7%). This indicates that most APIPs in North Sumatra Province are not yet competent to carry out internal audits according to standards.

Problems of due professional care can also cause APIP to have to deal with the law due to lawsuits by other auditees/stakeholders on the results of audits conducted by APIP. Due professional care is needed to maintain the quality of internal audits. In carrying out their duties, an auditor must be alert to various risks that hinder the purpose of the audit he is carrying out, as happened in the case of the Indonesian Corruption Watch (ICW) lawsuit, which demanded that the Financial and Development Supervisory Agency (BPKP) disclose information on the results of the BPJS Kesehatan Specific Purpose Audit. The Public Information Commission (KIP) granted ICW's demands on March 3, 2020. KIP decided that the BPJS Kesehatan audit report carried out by the BPKP is a public information document

that the wider community can access. However, the BPKP rejected the decision from KIP and filed a lawsuit again at the State Administrative Court (PTUN) to revoke the KIP decision because the audit results for a specific purpose were confidential documents, so they could not be given to the public. The BPKP stated that the information on the audit results was controlled by the Ministry of Finance (Kemenkeu) as the party that requested the BPKP to audit BPJS Kesehatan. In the end, PTUN granted BPKP's request on June 16, 2020, which canceled the BPJS audit results as open information to the public. If the BPKP is careful, confidential documents can avoid falling into the hands of unauthorized parties. This will reduce BPKP's authority before stakeholders who request an internal audit (audit by request). Another lawsuit related to APIP's professional care occurred against BPKP in 2013. On May 1, 2013, PTUN granted a lawsuit from a suspect who was the former Main Director of PT Indosat Mega Media (IM2) regarding the BPKP audit report, which stated that there were state losses of approx. Rp. 1.3 trillion in the 2.1 GHz/3G radio frequency network procurement project owned by Indosat and IM2 (Kompas, 2013). Bambang Heryanto, on the panel of judges at the State Administrative Court at that time, stipulated a decision that the losses listed in the BPKP audit report on the Indosat and IM2 cases were declared legally flawed (invalid). According to the panel of judges, three strong reasons prove that there was an error in the audit procedure carried out by the BPKP in this case. First, the audit was not accompanied by an official request document (audit by request by letter) from the Ministry of Communication and Informatics (Kemenkominfo). Second, the use of shared frequency between Indosat and IM2 was not found, which was proven through expert testimony and facts in court. Third, BPKP has never audited PT Indosat Tbk and PT IM2, the audit objects in the report on state

losses. From this case, the mistakes that occurred during the audit will allow the auditee to challenge/cancel the findings in the audit report conducted by APIP. To avoid the risk of such lawsuits, the auditor is expected to prudently use professional care in every internal audit assignment (AAIPI 2021).

Auditor ethics issues can sometimes reduce the independence or credibility of APIP in the public eye. In 2013, a BPKP auditor named Sudirman was a witness in defence of three defendants, namely Irwansyah (former Head of the Coal Public Works Service), Hari Sukardi, and Syahrial (two Commitment Making Officials) in the case of the construction of seven SKPD office buildings in the Coal Regency (Tribunnews.com): 16 February 2015). These actions are certainly not following APIP's code of ethics, where an auditor must be able to maintain his integrity by maintaining a fair/neutral relationship with the auditee. An auditor professionally should carry out assignments in an independent position. Sudirman defended himself and stated that the High Prosecutor's Office easily intervened with the BPKP in investigative audits. In the end, Sudirman was fired as an auditor and civil servant at BPKP because he was proven to have committed an ethical violation. This incident certainly damaged the image of the BPKP because one of its auditors defended a suspected corruptor.

Phenomena related to internal audit quality, independence, competence, due professional care, and auditor ethics are still found, as described in the previous paragraph. There are still inconsistencies in the results of previous studies, which are the basis for conducting research with the title "The Influence of Independence, Competence and Due Professional Care, on APIP Internal Audit Quality with Auditor Ethics as a Moderating Variable at BPKP Representatives of North Sumatra Province and Inspectorate of North Sumatra Province."

LITERATURE REVIEW

Internal Audit Quality

De Angelo (1981) in Jefryaldi & Halmawati (2021) explains that audit quality is the probability that an auditor finds a violation in his client's accounting system and reports it. Internal audit quality is determined by the ability of the internal audit department to find findings and provide effective recommendations when auditing. Internal audit must prove that it has value and can provide a reputation for the organization (Sawyer, 1995).

APIP is a government agency that has the function of carrying out internal audits within the central government and regional governments consisting of the Financial and Development Supervisory Agency (BPKP) as the auditor for the President, Inspectorates at Ministries/Agencies, Inspectorates at regional governments (Provinces and Regencies/Cities), as well as units that have the same role in other Government Legal Entities (AAIPI 2021).

Independent

The existence of an auditor as a third party will help the principal obtain more accurate information through conclusions on audit results on assertions/information in reports prepared by agents. For the audit to be free from pressure that can interfere with the objectivity of the audit results, independence is a requirement that the auditor must possess. AAIPI stated that independence is one of the standards required in implementing internal audits. AAIPI (2021) states that internal control activities must be carried out independently, and auditors must carry out their duties objectively. Independence is a condition of being free from situations threatening APIP's ability to carry out its responsibilities objectively (AAIPI 2021). Disturbances to independence during the implementation of internal audits can hinder the auditor from disclosing findings or conditions of material misstatement or presentation of

management information/assertions, which are the object of an internal audit.

According to Suseno (2013) in Rahmayani (2018), an auditor must have an absolute attitude; namely, independence needs to be maintained. Therefore, in carrying out his auditing duties, an auditor is not only required to have competence but also to act independently. Independence from the organizational side of APIP and the individual auditors who carry out internal audits greatly affects audit quality. Pike (2003) in Rahmayani (2018) stated that auditors who are not independent tend to produce low-quality audits. Because without the auditor's independence cannot make serious efforts to identify material misstatements. From this statement, independence can affect the quality of internal audits.

Research conducted by Pritama (2017), Rahmayani (2018), Addaraini et al. (2020), Ginting (2020), and Pasaribu (2021) states that independence has a positive and significant effect on internal audit quality. However, it is different from the research by Siallagan (2019), Hayati (2019), Nurzaman & Mayangsari (2021), and Suhendra (2021), which state that independence has no significant effect on internal audit quality.

Competence

AAIPI (2021) states that auditors must have professional competence and accuracy in internal audit assignments. To realize quality audit performance, the auditor must have certain qualifications for internal audit assignments. This qualification can be obtained through formal or non-formal education. For example, when a skilled auditor with a team member's status wants to improve his capabilities to become a team leader, the auditor must at least have received an S1 certificate. Otherwise, the auditor will not serve as team leader. Apart from formal education, APIP also has rules that require its auditors to receive a minimum of 20 hours of training and some even up

to 120 hours per auditor for a year. The training can be obtained through seminars, workshops, and training (education and training). This indicates that the APIP organization is concerned with the quality of knowledge that must be added and maintained in line with the development of knowledge and technology.

From the description above, it can be assumed that the better the competency possessed by APIP auditors, the better the audit quality they will produce.

Research conducted by Hayati (2019), Siallagan (2019), Ginting (2020), Jefrynaldi & Halmawati (2021), and Nurzaman & Mayangsari (2021) states that competence has a significant influence on internal audit quality. However, these results are not in line with the research of Addaraini et al. (2020), Lubis (2020), Pasaribu (2021), and Sembel & Mulya (2022), which state that competence has no significant effect on internal audit quality.

Due Professional Care

Professional care requires the auditor to exercise professional scepticism. Professional scepticism is an attitude that includes a questioning mind and critical testing of audit evidence (AAIPI 2013). Collecting and testing evidence objectively requires the Auditor to consider audit evidence's relevance, competence, and adequacy. Professional skills will greatly affect the accuracy of the output of audit results that have been carried out. From the description above, it can be assumed that the better the due professional care possessed by APIP auditors, the better the audit quality they will produce.

Research conducted by Siallagan 2019, Sumartono et al. (2019), Addaraini et al. (2020), Andriyani et al. (2021), Nurzaman & Mayangsari (2021), Evayanti et al. (2021), Simatupang (2021), and Pasaribu (2021) state that due

professional care has a significant influence on internal audit quality. However, these results are different from the research by Pritama (2017), Lubis (2020), and Sembel & Mulya (2022), which state that due professional care has no significant effect on internal audit quality.

Auditor Ethics

Personnel in APIP who have the duties, responsibilities, and authorities to carry out internal supervision are called auditors (AAIPI 2021). AAIPI publishes a Code of Ethics to maintain its members' behaviour. The Code of Ethics aims to promote an ethical culture in the professional practice of internal control. The Code of Ethics is necessary because Internal Control is based on trust in providing objective governance, risk management, and internal control guarantees. The code of ethics is a foundation that can realize Auditor ethics that upholds honor and exemplary attitudes, behavior, and actions in carrying out official duties. AAIPI issued the Indonesian Government Internal Auditor Code of Conduct (PP-AIPI) on 17 October 2018.

Framework

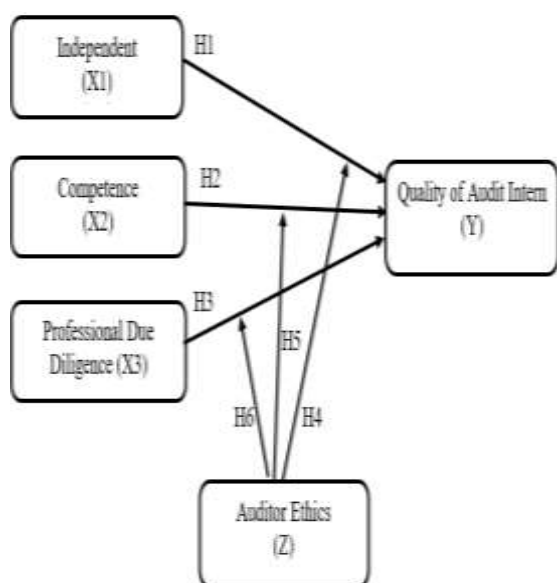


Figure 1. Framework

H1: Independence has a positive and significant effect on internal audit quality.

H2: Competence has a positive and significant effect on internal audit quality.

H 3: Due professional care positively and significantly affects internal audit quality.

H4: Auditor Ethics can significantly moderate the influence of Independence on Internal Audit Quality.

H5: Auditor Ethics can significantly moderate the influence of Competence on Internal Audit Quality.

H6: Auditor Ethics can significantly moderate the influence of Due Professional Care on Internal Audit Quality.

MATERIALS & METHODS

This research is quantitative research that uses primary data types. This research is also explanatory research that aims to examine the direction of the relationship and the strength of the influence of the independent variables, namely independence, competence, and due professional care, with the moderating variable of auditor ethics on the dependent variable, namely internal audit quality.

The population is a collection of all objects of concern, which can be a collection of all possible people, objects, and other sizes that are objects of concern (Suharyadi & Purwanto, 2020). The object under study is the perception of internal audit executors. The population is calculated from the number of Functional Auditors and Supervision of the Implementation of Regional Government Affairs.

Suharyadi & Purwanto (2020:7) state that a measure called statistics can be obtained using a sample. In line with this statement, this research will also use the sampling method to conclude from the research results. The following is the population and sample in the study, namely:

Table 2. Population and Research Sample

No	APIP Agency Name	Total Population	Formula	Percentage
1	BPKP Representative of North Sumatra Province	153	$\frac{153}{251} \times 142$	91
2	Inspectorate of North Sumatra Province	98	$\frac{98}{251} \times 142$	58
	Number of Auditors	251		149

Samples can be divided into two groups, namely probability samples and non-probability samples (Suharyadi & Purwanto, 2020). This study was planned using the probability sample method. The sampling technique to be used is a simple random sampling technique. With a simple random sample, each auditor has the same opportunity/probability of becoming a respondent. No specific criteria are used to determine which auditors will be the respondents in the research sample.

This data will be collected using a questionnaire instrument designed based on the indicators contained in each research variable with quantitative answers. The questionnaire will be submitted to the auditors/P2UPD at the BPKP Representative of North Sumatra Province and to the auditors/P2UPD at the Inspectorate of North Sumatra Province in the form of Google form. This was intended to speed up the tabulation process and avoid any statements in the questionnaire that the respondents did not answer.

Variable measurements in this study were in the form of closed statements representing each variable in this study and were measured using the Likert scale method from 1 to 5.

Furthermore, the data obtained from the questionnaire will be tabulated and statistically analyzed using the Tetrad application version 4.3.9-18 and Smart PLS version 4.0.

RESULT

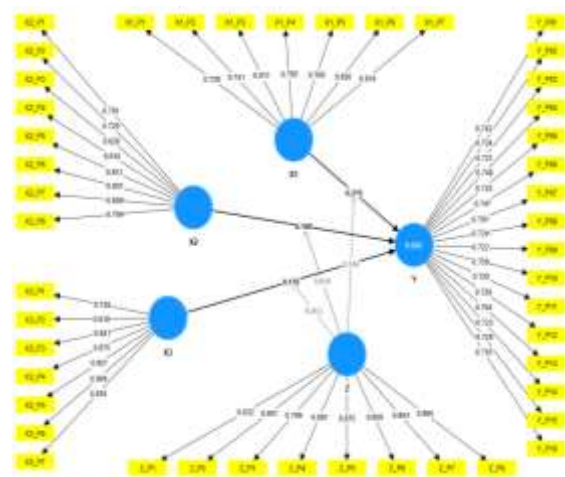
A. Instrument Quality Test

To see the quality of the questionnaire,

the instrument used to obtain data in this study, the researcher first tested the validity and reliability tests on the statements and variables in the questionnaire. The following are the results of validity and reliability tests using the Smart PLS and Tetrad applications version 4.3.9-18.

1. Validity Test

The validity test was carried out by comparing the correlation between each statement in the questionnaire and the total score. The higher the correlation, the better the quality of the statement in forming the variable. The correlation between the statements in the questionnaire and their latent variables in the Smart PLS program can be seen from the outer loading value of each statement in the questionnaire. If a statement has an outer loading value of 0.7 or more, then the statement is concluded to be valid. If the outer loading value is less than 0.7, the statement is considered invalid, so it must be removed from the questionnaire. The following are the results of the validity test using Smart PLS 4.0:



Source: Smart PLS, 2023

Figure 2. PLS Algorithm Model with Moderation

From the picture above, it can be concluded that:

- 1) The independence variable has an outer loading value of more than 0.7, so it can be concluded that the seven

statements that make up the independence variable are valid.

- 2) The competency variable has an outer loading value of more than 0.7, so it can be concluded that the eight statements that make up the competency variable are valid.
- 3) The due professional care variable has an outer loading value of more than 0.7, so it can be concluded that the seven statements that make up the due professional care variable are valid.
- 4) The internal audit quality variable has an outer loading value of more than 0.7, so it can be concluded that the 16 statements that make up the internal audit quality variable are valid.

2. Reliability Test

The reliability test examined each latent variable's Cronbach Alpha value and the Average Variance Extracted (AVE) value. If a latent variable has a Cronbach Alpha value of 0.70 or more and an AVE value of 0.5 or more, the variable is concluded to be reliable. The Cronbach Alpha values for the five variables used in this study which were calculated using the Smart PLS 4.0 application are confirmed in the following table:

Table 3. Reliability Test Results

Variable	Cronbach's Alpha	Average Variance Extracted (AVE)	Conclusion
Independent (X1)	0,896	0,616	Reliable
Competence (X2)	0,917	0,633	Reliable
Professional Due Diligent (X3)	0,927	0,699	Reliable
Auditor Ethics (Z)	0,943	0,717	Reliable
Quality of Audit Intern (Y)	0,944	0,541	Reliable

Source: Smart PLS, 2023

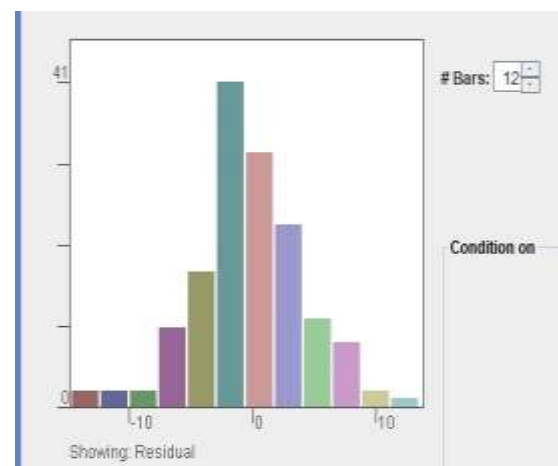
The table above shows that the five variables used in this study have a Cronbach Alpha value greater than 0.7 and an AVE value greater than 0.5. Thus, it can be concluded that all the variables used in this study are reliable.

B. Classic Assumption Test

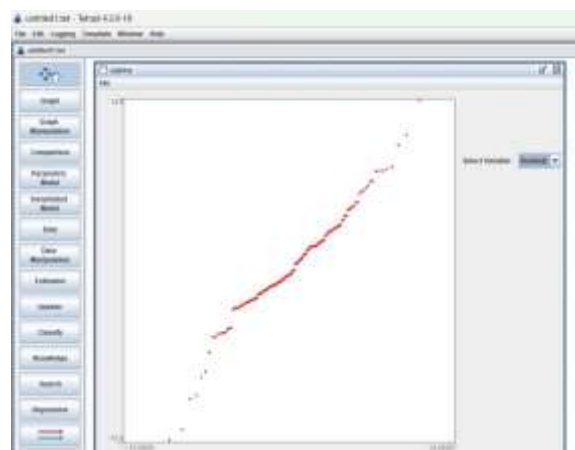
Before testing the hypothesis, a classic assumption test was carried out on the data obtained in this study. Two classic assumption tests are used: the normality and multicollinearity tests. Hypothesis testing will continue if the data obtained is normally distributed and there is no multicollinearity between independent variables.

1. Normality Test

The normality test determines whether the regression model normally distributes residual variables. The normality test in this research uses three types of measurements: the normality test with the histogram graph, the normality test with the QQ Plot graph, and the Kolmogorov-Smirnov method normality test.

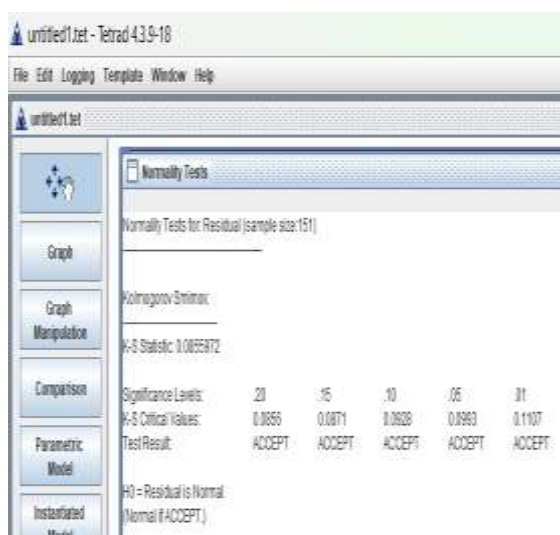


Source: Tetrad version 4.3.9-18, 2023
Figure 3. Histogram Normality Test



Source: Tetrad version 4.3.9-18, 2023
Figure 4. QQ Plot Normality Test

Based on Figure 4, it can be seen that the shape of the histogram resembles a bell, indicating that the data is normally distributed. Likewise, Figure 5 shows that the points in the probability plot graph spread around the diagonal line. Their spread follows the direction of the diagonal line. Thus it can be concluded that the research data has passed the normality test. The researchers also used the Kolmogorov-Smirnov statistical analysis method to ensure that the conclusions of the normality test results based on the graphical method above are correct.



Source: Tetrad version 4.3.9-18, 2023
Figure 5. Kolmogorov Smirnov Normality Test

Figure 5 shows that the Kolmogorov-Smirnov statistical value for this research data is 0.0855972. The picture shows that the data distribution's conclusion is "ACCEPT," which means that the research data is normally distributed because it has a K-S Statistic value greater than 0.05.

2. Multicollinearity Test

The multicollinearity test aims to see whether there is a perfect or nearly perfect relationship between the independent variables in this study. Ghazali (2018: 107) argues that the regression model can be concluded well if there is no correlation between the independent variables. The multicollinearity test examines the inner model's Variance Inflation Factor (VIF)

value. If the VIF value is less than 5, it is concluded that there is no multicollinearity.

Table 4. Multicollinearity Test Results

Variable	VIF	Criteria	Conclusion
X1	2,696	< 5	Multicollinearity Does Not Occur
X2	2,774	< 5	Multicollinearity Does Not Occur
X3	3,451	< 5	Multicollinearity Does Not Occur
Z	3,613	< 5	Multicollinearity Does Not Occur
Z*X1	2,493	< 5	Multicollinearity Does Not Occur
Z*X2	3,091	< 5	Multicollinearity Does Not Occur
Z*X3	3,229	< 5	Multicollinearity Does Not Occur

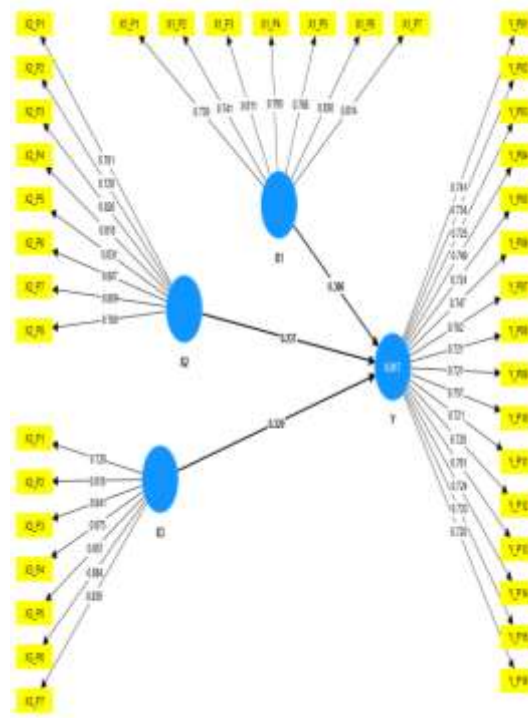
Source: Tetrad version 4.3.9-18, 2023

From the table above, the three independent variables (X1, X2, and X3), 1 moderating variable (Z), and three interaction variables between the independent variables and moderating variables (Z*X1, Z*X2, and Z*X3) all have the VIF value is less than 5. Thus, all independent, moderating, and interactions between independent and moderating variables used in this study did not experience multicollinearity.

C. Structural Model Test (Inner Model)

1. Path Coefficient Analysis

a) Model without Moderation



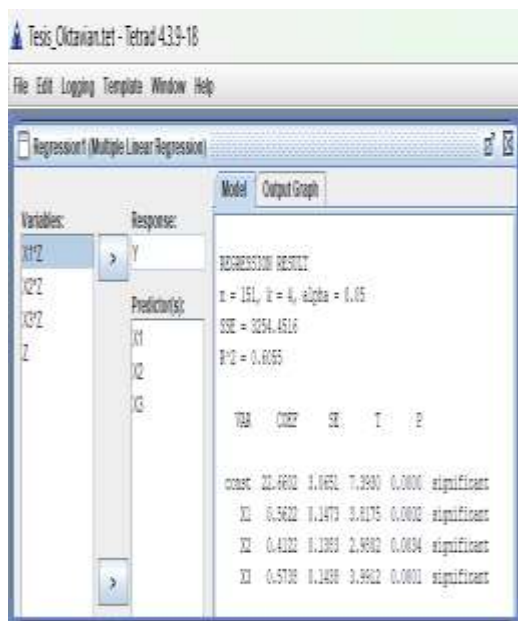
Source: Smart PLS, 2023
Figure 6. Results Path Chart (Without Moderation)

Figure 6 above shows the path coefficient values presented in the arrows from variables X1, X2, and X3 to variable Y. Based on these coefficient values, the first multiple linear regression formula can be developed, namely:

$$Y = 0.306 (X1) + 0.237 (X2) + 0.329 (X3)$$

The formula does not use constant and error values because the Smart PLS 4.0 application uses the Part Least Square (PLS) method.

For comparison, the following is a figure of the regression coefficient values processed through the tetrad 4.3.9-18 application:



Source: Tetrad version 4.3.9-18, 2023
Figure 7. Model Coefficients with Tetrad Applications

From the variable coefficients, constant coefficients, and error coefficients presented in Figure 7 above, the multiple linear regression formula can be compiled as follows:

$$Y = 22.6602 + 0.5622 (X1) + 0.4122 (X2) + 0.5738 (X3) + 3.0651$$

b) Model with Moderation

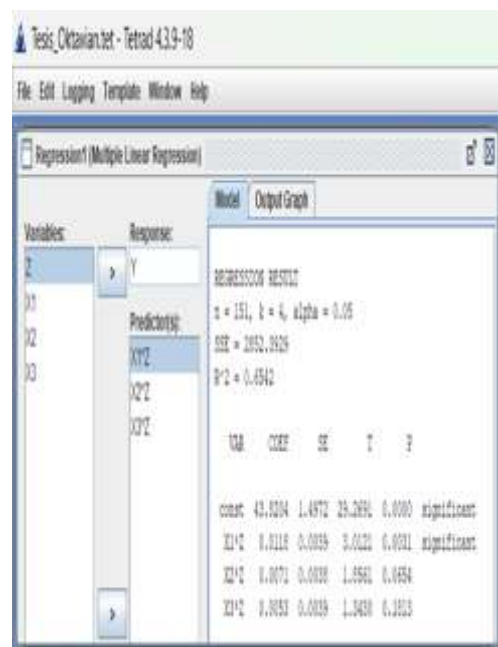
The path diagram that describes the construct with the moderating variable

processed through the Smart PLS 4.0 application is presented in Figure 2 above. Based on the coefficient values, the second multiple linear regression formula can be developed, namely:

$$Y = 0.215 X1 + 0.160 X2 + 0.170 X3 + 0.144 X1.Z + 0.01 X2.Z + 0.013 X3.Z$$

The formula does not use constant values and error coefficients because the Smart PLS 4.0 application uses the Part Least Square (PLS) method.

For comparison, the following is a picture of the regression coefficient values processed through the tetrad 4.3.9-18 application:



Source: Tetrad version 4.3.9-18, 2023
Figure 8. Coefficients in Moderated Models with Tetrad Applications

From the variable coefficients, constant coefficients, and error coefficients presented in Figure 8 above, the multiple linear regression formula can be compiled as follows:

$$Y = 43.8204 + 0.0118 (X1.Z) + 0.0071 (X2.Z) + 0.0053 (X3.Z) + 1.4972$$

2. Determination Test

From the results of testing the model with moderation using the Tetrad application, the

R2 value is 0.6542 (Figure 8). This means that the variables of independence (X1), competence (X2), and due professional care variables (X3), each of which is moderated by the auditor ethics variable (Z), can explain the internal audit quality variable (Y) of 65.42% while other variables explain 34.58%. Compared with the opinion of Chin (1998), this research model has a moderate category because the value of the coefficient of determination is $0.33 \leq R2 < 0.67$.

In contrast to the results of the tetrad, R2 with the Smart PLS application is 0.682 (Figure 2). This means that variables X1, X2, and variable X3, each of which is moderated by variable Z, can explain variable Y by 68.2%, while other variables explain 31.8%. When compared with the opinion of Chin (1998), this research model has a strong category because $R2 > 0.67$.

To see whether the moderating variable can strengthen the relationship of the research model, a comparison is made between the value of R2 in the model without moderation and R2 in the model with moderation. Using Smart PLS 4.0, the R2 value for the model without moderation is 0.617 (Figure 6), while the R2 value for the model with moderation is 0.682 (Figure 2). This illustrates that the existence of the moderating variable strengthened the determination of the model so that it increased by 6.5% from 61.7% to 68.2%.

Almost the same conclusion is also obtained with the Tetrad application, where the R2 value for the model without moderation is 0.6055 (Figure 7), while the R2 value for the model with moderation is 0.6542 (Figure 8). This illustrates that the existence of the moderating variable strengthened the determination of the model so that it increased by 4.87% from 60.55% to 65.42%.

3. Hypothesis Testing

Hypothesis testing examines the independent variables' coefficient, T-Statistic, and P-Value values. Following are the regression results on the Tetrad 4.3.9-18

application and the bootstrapping results on the Smart PLS 4.0 application:

Table 5. Hypothesis Test Results

Variable	Coefficient / Original sample	T- Statistics	P-Values	Conclusion
Tetrad Regression Results 4.3.9-18				
X1	0,5622	3,8175	0,0002	Positive - Significant (Accepted)
X2	0,4122	2,9802	0,0034	Positive - Significant (Accepted)
X3	0,5738	3,9912	0,0001	Positive - Significant (Accepted)
Z*X1	0,0118	3,0121	0,0031	Positive - Significant (Accepted)
Z*X2	0,0071	1,8561	0,0654	Positive - Not Significant (Rejected)
Z*X3	0,0053	1,3430	0,1813	Positive - Not Significant (Rejected)
Results of Bootstrapping Smart PLS 4.0				
X1	0,215	2,801	0,005	Positive - Significant (Accepted)
X2	0,160	2,479	0,013	Positive - Significant (Accepted)
X3	0,170	2,472	0,013	Positive - Significant (Accepted)
X1.Z	0,144	2,209	0,027	Positive - Significant (Accepted)
X2.Z	0,013	0,184	0,854	Positive - Not Significant (Rejected)
X3.Z	0,010	0,166	0,868	Positive - Not Significant (Rejected)

CONCLUSION

Based on the research results, it can be concluded that:

1. Independence has a positive and significant effect on Internal Audit Quality;
2. Competence has a positive and significant effect on Internal Audit Quality;
3. Due professional care has a positive and significant effect on Internal Audit Quality;
4. Auditor Ethics can significantly moderate the influence of Independence on Internal Audit Quality;
5. Auditor Ethics is unable to moderate the influence of Competence on Internal Audit Quality significantly;
6. Auditor Ethics is unable to significantly moderate the influence of Due Professional Care on Internal Audit Quality;

RESEARCH LIMITATIONS

The results of this study have limitations,

including:

1. Competence, one of the six ethical principles in the Indonesian Government's Code of Conduct for Internal Auditors, is not included as an indicator that forms the moderating variable of auditor ethics in this study. This is intended to avoid duplicating indicators where competence is also an independent variable in this study.
2. The effect of time pressure on conducting audits and limited audit funds are things that auditors often complain about to researchers. Overlapping assignments and limited funds are certain things that can limit the implementation of all audit procedures. However, the authors needed help finding information regarding time pressure and limited audit funds in the mass media or APIP performance reports, making it difficult to explore the phenomena and sources of information from this variable. Therefore, this study should have raised discussions about time pressure and limited funds.

IMPLICATIONS

This study describes the effect of independence, competence, and due professional care on internal audit quality, each moderated by auditor ethics. There are at least four things that can be suggested for the results of this study with the following description:

1. The research results can be used as an alternative input for the BPKP and Inspectorate of North Sumatra Province to be able to improve the quality of their internal audits by maintaining the independence, competence, and due professional care of their auditors so that they can implement standard and quality internal audit practices.
2. This research can provide input to APIP that auditor ethics can strengthen independence to maintain

internal audit quality, which in audit theory is known as independence in appearance.

3. The study results show that independence, competence, and due professional care moderated by auditor ethics can strongly contribute (68.2%) to internal audit quality. This means 31.8% of other variables can still be added or developed. Subsequent research can add or develop time pressure variables and audit funding limitations. Subsequent research can also be developed by expanding the scope of research by involving all inspectorates throughout North Sumatra Province.

Declaration by Authors

Acknowledgement: None

Source of Funding: None

Conflict of Interest: The authors declare no conflict of interest.

REFERENCES

1. Adaraini, F., Erlina, & Tarmizi, H. B. (2020) Analysis of The Effect of Independence, Professionalism, and Competence on The Quality of Internal Audit Results With Auditor Ethics as Moderating Variable. *International Journal of Public Budgeting, Accounting, and Finance*. 3 (1) Retrieved from <http://ijpbaf.net/index.php/ijpbaf/article/download/238/224/1770/>
2. Andriyani, H., Suratno, & Yusuf, M. (2021). Pengalaman, Due Professional Care, Akuntabilitas dan Kualitas Audit. *Jurnal Pancasila*. 8(1), 108–121. Retrieved from: <https://doi.org/10.35838/jrap.2021.008.01.09>
3. Asosiasi Auditor Intern Pemerintah Indonesia (2013). *Standar Audit Intern Pemerintah Indonesia (SAIPI)*. Jakarta. Indonesia. Author.
4. Asosiasi Auditor Intern Pemerintah Indonesia (2018). *Pedoman Perilaku Auditor Intern Pemerintah Indonesia*. Jakarta. Indonesia. Author.
5. Evayanti, N. P., Padnyawati, K. D., & Hutnaleontina, P. N. (2021). Pengaruh

- Perencanaan Audit, Peer Review, Due Professional Care, dan Akuntabilitas terhadap Kualitas Audit pada Kantor Akuntan Publik (KAP) di Kota Denpasar. *Jurnal Universitas Hindu Indonesia*, 566-592. Retrieved from <https://ejournal.unhi.ac.id/index.php/HAK/article/download/1580/951/>
6. Ginting S, C. D. (2020) Analisis Faktor – Faktor yang Mempengaruhi Kualitas Hasil Audit Internal dengan Pengalaman Kerja Auditor sebagai Variabel Moderating pada Inspektorat Kota Medan (Master's Thesis). Univesitas Sumatera Utara, Fakultas Ekonomi dan Bisnis, Medan, Sumatera Utara. Retrieved from <https://repositori.usu.ac.id/handle/123456789/30014>
 7. Hayati R, S. N. (2019). Pengaruh Etika, Motivasi, Independensi dan Kompetensi Terhadap Kualitas Audit di Inspektorat Provinsi Sumatera Utara (Bachelor's Essay). Univesitas Sumatera Utara, Fakultas Ekonomi dan Bisnis, Medan, Sumatera Utara. Retrieved from <https://repositori.usu.ac.id/handle/123456789/14043>
 8. Jefrynaldy, & Halmawati (2021). Pengaruh Kompetensi, Independensi, dan Motivasi Auditor terhadap Kualitas Audit Internal (Studi Empiris pada Badan Usaha Milik Swasta dan Badan Usaha Milik Negara di Kota Padang). *Jurnal Universitas Negeri Padang*. 3(1), 233-247. Retrieved from <http://jea.ppj.unp.ac.id/index.php/jea/article/download/359/282/>
 9. Lubis, A. S. (2020). Pengaruh Akuntabilitas, Kompetensi, Profesionalisme, Integritas dan Objektivitas Akuntan Publik terhadap Kualitas Audit dengan Independensi sebagai Variabel Moderating (Studi Empiris Pada KAP Kota Medan) (Master's Thesis). Univesitas Sumatera Utara, Fakultas Ekonomi dan Bisnis, Medan, Sumatera Utara. Retrieved from <https://repositori.usu.ac.id/handle/123456789/29765>
 10. Nurzaman, J., & Mayangsari, S. (2021). Pengaruh Skeptisme Profesional, Kompetensi Dan Independensi Terhadap Kualitas Audit Sebagai Variabel Moderasi. *Jurnal Universitas Trisakti*. 1(2), 660-672. Retrieved from <http://senapan.upnjatim.ac.id/index.php/senapan/article/download/156/95>
 11. Pasaribu, N. J. (2021). Pengaruh Self Efficacy, Time Budget Pressure, Due Professional Care, Pengalaman Kerja, Kompetensi, dan Independensi terhadap Kualitas Audit Internal pada Inspektorat Kota Medan (Bachelor's Essay). Univesitas Sumatera Utara, Fakultas Ekonomi dan Bisnis, Medan, Sumatera Utara. Retrieved from <https://repositori.usu.ac.id/handle/123456789/31671>
 12. Pritama, Y. (2017). Faktor-Faktor Yang Mempengaruhi Kualitas Audit Inspektorat Jenderal Kementerian Lingkungan Hidup Dan Kehutanan (Master's Thesis). Univesitas Sumatera Utara, Fakultas Ekonomi dan Bisnis, Medan, Sumatera Utara. Retrieved from <https://repositori.usu.ac.id/handle/123456789/621>
 13. Rahmayani, R. (2018). Analisis Pengaruh Kompetensi, Independensi, Perencanaan Audit, Supervisi Audit dan Pelaporan Hasil Audit terhadap Kualitas Audit pada Inspektorat Kota Binjai dengan Motivasi sebagai Variabel Moderating (Master's Thesis). Univesitas Sumatera Utara, Fakultas Ekonomi dan Bisnis, Medan, Sumatera Utara. Retrieved from <https://repositori.usu.ac.id/handle/123456789/23039>
 14. Sawyer, L.B. (1995). *Internal Auditor, An internal; audit philosophy*, August, pp.46-55.
 15. Sembel, H. J. F., & Mulya, H. (2022). Pengaruh kompetensi, independensi dan profesionalisme auditor internal terhadap kualitas audit: studi empiris pada Inspektorat Jenderal Kementerian Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi Republik Indonesia. *Jurnal Universitas Mercu Buana*. 4 , 392-406. Retrieved from <https://journal.uui.ac.id/NCAF/article/download/22313/pdf>
 16. Siallagan, A. (2019). Pengaruh Kompetensi, Independensi, dan Profesionalisme Auditor terhadap Kualitas Audit pada Badan Pengawasan Keuangan dan Pembangunan (BPKP) Perwakilan Provinsi Sumatera Utara (Bachelor's Essay). Univesitas Sumatera

- Utara, Fakultas Ekonomi dan Bisnis, Medan, Sumatera Utara. Retrieved from <https://repositori.usu.ac.id/handle/123456789/25531>
17. Suharyadi, Purwanto S.K. (2020). *Statistika untuk Ekonomi dan Keuangan Modern*. Cetakan Kelima. Jakarta: Salemba Empat.
18. Suhendra, M. R. (2021). *Faktor-Faktor yang Mempengaruhi Kualitas Audit Dengan Komitmen Organisasi Sebagai Variabel Moderasi di Badan Pemeriksa Keuangan (BPK) Perwakilan Sumatera Utara (Master's Thesis)*. Universitas Sumatera Utara, Fakultas Ekonomi dan Bisnis, Medan, Sumatera Utara. Retrieved from <https://repositori.usu.ac.id/handle/123456789/42869>
19. Sumartono, Pasolo, M. R., & Nugraha, K. (2019). *Studi Empiris Kualitas Audit Internal Pemerintah : Melalui Batasan Waktu Audit dan Skeptisme Profesional*. Jurnal Universitas Yapis Papua. 3(3), 245-257. Retrieved from <https://jurnal.polibatam.ac.id/index.php/JABA/article/view/1535>
20. The Institute of Internal Auditors - Indonesia (2020). *Perspektif dan Pandangan Global Model Tiga Lini – Alat Penting untuk Kesuksesan Setiap Organisasi*. Jakarta. Indonesia. Author.
- How to cite this article: Oktavian, Iskandar Muda, Khaira Amalia Fachrudin. *The Influence of independence, competence, and due professional care on the quality of APIP's internal audit with auditor ethics as a moderation variable in the BPKP representative of the North Sumatra and inspectorate of the North Sumatra*. *International Journal of Research and Review*. 2023; 10(7): 414-427. DOI: <https://doi.org/10.52403/ijrr.20230752>
