

# Analysis of Factors Affecting Auditor Inspectorate Performance of Tebing Tinggi City and Pematangsiantar City with Auditor Motivation As A Moderating Variables

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## ABSTRACT

This study examines and analyzes the effect of educational background, continuing education, independence, knowledge, and experience on auditor performance with Motivation as a moderating variable. The population in this study were the inspectorate auditors of the Tebing Tinggi City and Pematangsiantar City, with the sampling technique using the census method and obtaining a sample of 40 auditors. The data is subsequently analyzed using Statistical Descriptive Analysis and Partial Least Square (SEM-PLS) with SmartPLS 3.0. software program. The results of this study indicate that educational background, continuing education, and independence partially have a positive and significant effect on auditor performance. While the knowledge and experience partially do not affect the auditor's performance. In addition, Motivation as a moderating variable has not been able to moderate the influence of educational background, continuing education, independence, knowledge, and experience on the performance of the inspectorate auditors of Tebing Tinggi City and Pematangsiantar City.

**Keywords:** Educational background, continuing education, independence, knowledge, experience, auditor's motivation dan auditor performance.

## INTRODUCTION

A country indeed aims to improve the welfare of the people who take shelter in the

country. The state must draw a constitution containing the country's basic rules and political principles.

In Indonesia, the constitution is stated in the 1945 Constitution. This constitution is regulating, binding, and mandatory for all citizens. The law is the legal form of a country. In Indonesia, the legal system is formed based on the democratic principle of the people in the seat of government. The law becomes the legal basis so the state can guarantee the implementation of the public interest under the applicable laws and regulations.

This goal of the State of Indonesia will not be achieved if a good and structured administrative system does not support it. One of the government's efforts to achieve the goals of the State of Indonesia is to improve the management of state finances.

Every set of rules and laws is expected to be adequately implemented by each implementer. So, it is necessary to carry out supervision in implementing this rule or regulation to create the expected governance. According to Siagian (2014), supervision is observing rather than implementing all organizational activities to ensure that all work being carried out goes according to a predetermined plan. Relawati (2012) states that the purpose of supervision is to avoid deviations. Still, if these deviations have already occurred, the role of

the supervisory function is to return the direction of activities to the initially set goals.

Good supervision will occur if the parties involved in the control are those with competencies following the leadership they carry out. It shows that supervision in the governance of state finances should be carried out by parties who understand the governance of state finances well. Financial auditors are parties who certainly understand how to implement financial governance properly. Therefore, the government places the government's internal auditor in carrying out the task of supervising the governance of state finances.

In carrying out supervision, an auditor is given a guideline to regulate the course of supervision that will be carried out. In Indonesia, these standards or policies are set by the Association of Internal Auditors Government of Indonesia (AAIPI). Article 53 of the Government Regulation of the Republic of Indonesia Number 60 of 2008 concerning the Government's Internal Control System states that audit standards are prepared by professional organizations of auditors regarding guidelines set by the government. AAIPI is a professional organization consisting of individuals and work units of the Internal Control Official Government (APIP) who have met the membership requirements stipulated in the AAIPI Bylaws. An auditor must have the education, expertise, experience, knowledge, skills, and competencies to carry out his duties and responsibilities.

The regional inspectorate is one of the regional APIPs. The supervision carried out by the City Inspectorate Auditor is to achieve the city's local government's vision, mission, and programs. As APIP in the region, the regional inspectorate has the task of carrying out supervision/inspection following the rules and professional standards that apply to the Functional Control Official Government (APFP). Supervision is part of management and plays a crucial role in the government

process, especially in supporting the realization of good governance.

Auditors have to audit the operational activities of an organization. It is to ensure whether the management has carried out its activities under the established operational standards or whether the financial statements have been presented following the Statement of Financial Accounting Standards (PSAK). The audit report will be a reference for interested parties so that the auditor is required to be accountable for the audit report.

Trisnarningsih (2007) stated that auditor performance is an act or implementation of an audit task that an auditor has completed within a certain period. Performance can be measured through specific measurements (standards), where quality is related to the quality of work produced, quantity is the amount of work produced within a certain period, and timeliness is the suitability of the planned time.

According to Marsdiasmo (2009), public sector performance measurement is carried out to fulfill 3 (three) objectives. First, the measurement of public sector performance is intended to help improve government performance, which focuses on the goals and objectives of the work unit program. It, in turn, can increase the efficiency and effectiveness of public sector organizations in providing public services. Second, public sector performance measures are used for resource allocation and decision-making. Third, public sector performance measures are intended to realize public accountability and improve institutional communication. The characteristics of people who have high performance are as follows:

1. Have a high personal responsibility.
2. Dare to take and bear the risks faced.
3. Have realistic goals.
4. Have a comprehensive work plan and strive to realize its goals.
5. Utilize concrete feedback in all work activities he does.
6. Look for opportunities to realize the plans that have been programmed.

Performance is the result of work in quality and quantity achieved by an employee in carrying out his duties by the responsibilities given to him. In this case, employees can learn how much they are doing through informal means, such as good comments from partners. However, performance appraisal is a formal and structured system that measures, assesses, and influences work-related traits, behaviors, and outcomes, including attendance rates. Job appraisal focuses on determining how productive an employee is and whether they can perform the same or more effectively in the future.

According to Dwiyogi (2008), educational background is a conscious effort to equip individuals with experience and skills so that individuals can develop their potential. Batubara (2008) stated that the examiner's educational background is advantageous in the inspection and supervision process by APIP.

Suppose it is related to the work carried out by an internal supervisor, that all professional requirements are complied with. It is confirmed by Sawyer (2005) that an auditor must have the following qualifications:

1. Have the technical ability and adequate education in the field of auditing.
2. Have the ability in the field of human relations.
3. Honest, independent, objective, firm and responsible, brave and wise.
4. Can master the operations of the inspected field.

Tirtarahardja (2005) explains that the level of education has three dimensions, including:

1. Educational level is the education stage determined based on the student's level of development, the goals to be achieved, and the abilities developed.
2. The suitability of the department is that before the employee is recruited, the company analyzes the level of education and the suitability of the employee's education department so that later he can

be placed in a position following his educational qualifications.

3. Competence is knowledge, mastery of tasks, skills, and basic values reflected in the habit of thinking and acting.

In connection with this explanation, it can be seen that educational background has a crucial role. The Local Government Agencies (SKPD) located in the Tebing Tinggi City and Pematangsiantar City consist of various fields, for that diversity of educational backgrounds is very useful in the examination process by the APIP Inspectorate of the Tebing Tinggi City and Pematangsiantar City.

Ayura (2013), Widodo et al. (2016), Yazid and Suryanto (2016), Wiratmaja and Suardana (2018, and Limbong et al. (2019) found that educational background had a positive effect on auditor performance. Gimardien (2017) found that educational background did not influence the performance of auditors.

Based on the Regulation of the Minister of State for Administrative Reform Number: PER/05/M.PAN/03/2008 concerning APIP Audit Standards dated March 31, 2008, point 2230 states that the form of continuing education is that the examiner must have a Functional Auditor (JFA) certification, the examiner must follow continuing education and training. Examiners must know and access up-to-date information on auditing standards, methodologies, procedures, and techniques.

Continuing professional education includes the latest developments in auditing methodologies and standards, accounting principles, accounting judgments, assessments of internal control, management or supervision principles, an inspection of information systems, audit sampling, financial statement analysis, financial management, evaluation design statistics, and data analysis. This education also covers topics on examination work in the field, such as public administration, government structure and policy, industrial engineering, finance, economics, social sciences, and information technology.

Mulyono (2009) argues that good/high job certification, continuing education, and training will improve the performance of the inspectorate and vice versa. If job certification, continuing education, and training are poor/low, then the inspectorate's performance will be low/poor. This effect shows that job certification, continuing education, and training have an essential role in improving the performance of the inspectorate.

Based on research conducted by Khaddash et al. (2013), Agustinarsih (2017) found that continuing education had a positive and significant effect on auditor performance, while research conducted by Ayura (2013) found that continuing education had no significant impact on auditor performance.

Arens et al. (2015) suggest that independence in auditing means taking an unbiased point of view in conducting audit testing, evaluating test results, and issuing audit reports. Professional Standards of Public Accountants (SPAP) defines an independent as a public accountant who is not easily influenced. Public accountants are not allowed to side with anyone's interests. Public accountants are also obliged to be honest not only with management and company owners but also with creditors and other parties who place their trust in the work of public accountants (SA Section 220, PSA No. 04). The public's assessment of the auditor's independence does not lie with the auditor as a whole. So that if an auditor cannot maintain his freedom, the public will assume that all auditors are not independent. This assumption will result in reduced credibility of auditors and their institutions in the eyes of the public.

The Auditing Standards (SA 220, Para. A14-A17) that have been established by the Institute of Indonesia Certified Public Accountants (IAPI) explain that auditors must comply with relevant ethical requirements, including requirements relating to independence, with audit engagements on financial statements. These ethical provisions are contained in the Code of Ethics for the Professional Public

Accountant ("Code of Ethics"). Because the audit engagement is in the public interest, as provided for in the Code of Ethics, the auditor must be independent of the entity being audited. The Code of Ethics describes independence as independence in thought and appearance. Auditor independence protects auditors' ability to form an audit opinion without influence. Independence enhances the ability of auditors to maintain their integrity, act objectively and maintain an attitude of professional skepticism.

Mulyadi (2013) suggests that independence is a mental attitude free from influence, not controlled by other parties, and not dependent on others. Independence also means an impartial, objective consideration within the auditor in formulating and expressing his opinion. Auditor independence in appearance will be damaged if the auditor is aware of circumstances or relationships that may compromise his independence.

An auditor's independence affects the opinion given to the audit report because an independent auditor's opinion has a better predictive level than the opinion of a non-independent auditor. Therefore, independence is needed by an auditor to state the actual condition of the examination object. So the quality of the audit results is maintained. Research conducted by Martini (2011), Ferdiansyah (2016), Lestari et al. (2015), Arifin (2014), Limbong et al. (2019), and Gimardien (2017) get the results that independence has a positive effect on auditor performance. Meanwhile, Khoisaroh (2017) and Nugroho (2015) found that independence did not affect auditor performance.

An APIP leader must ensure that the APIP's educational background and technical competence are adequate for the examination work. An APIP leader can also create criteria about education and experience to fill the APIP position.

Someone who does work under his knowledge is believed to give better results than someone who does not know in the field of work. According to Kusharyanti

(2003), in general, there are 5 (five) pieces of knowledge that an auditor: must possess

1. General auditing knowledge, such as audit risk, audit procedures, etc.
2. Knowledge of functional areas, such as taxation and auditing, etc.
3. Understanding of the most recent accounting issues.
4. Knowledge of specific industries.
5. Know general business and problem-solving.

According to Yuniarsih and Suwatno (2013), knowledge is a piece of information that a person has, especially in a specific field. There are three dimensions of knowledge: education, experience, and interest.

The results of research conducted by Lestari et al. (2015) and Pritama et al. (2017) concluded that knowledge positively affects auditor performance. In contrast, the research conducted by Azlina et al. (2017) concluded that knowledge does not affect auditor performance.

Agoes (2012) argues that experienced auditors are auditors who have a better understanding. They are also better able to provide reasonable explanations for errors in financial statements and can classify errors based on audit objectives and the structure of the underlying accounting system. Work experience is expressed in: (a) the work to be done and (b) the length of time doing the work. The experience factor needs to be considered because there is a tendency that the longer you work, the more experience you have, and vice versa, the shorter the work period, the less experience you get.

The auditor's knowledge of auditing will grow with increasing work experience. In implementing good supervision and inspection within the local government environment, APIP must have quality human resources supported by adequate expertise and knowledge in auditing practices and sufficient technical training on techniques and ethics as the government's internal supervisory apparatus. The expertise of the supervisory apparatus is

formed because of the work experience and knowledge of the supervisory apparatus.

Besides, work experience will also affect APIP's level of knowledge. The more experience supervisory officers get, the higher their field knowledge will be. According to Batubara (2008), the influence of experience on knowledge is very important in the context of the obligations of the supervisory apparatus in their duties to meet general audit standards. Tubbs (1992) states that experienced auditors have advantages, including (1) detecting errors, (2) understanding errors accurately, and (3) finding the cause of errors. These advantages will benefit the client to make improvements, thereby giving satisfaction to the auditee.

Research conducted by Ayura (2013), Widyasari (2010), Martini (2011), Lestari et al. (2015), Arifin (2014), Nebiye (2017), Zahmatkesh and Rezazadeh (2017), Yazid and Suryanto (2016), Limbong et al. (2019) found that experience has a positive effect on auditor performance. In comparison, research conducted by Nugroho (2015), Ferdiansyah (2016), Khoisaroh (2017), Suyono (2012), Oktavianto and Suryandari (2018), Azlina et al. (2017), Gimardien (2017) found that experience does not affect auditor performance. According to Weiner (1990), Motivation is an internal condition that arouses a person to act, encourages someone to achieve certain goals, and keeps the individual interested in certain activities. With Motivation, auditors are considered to be more responsible in carrying out their duties and will impact increasing the performance of the auditors.

Maslow's theory assumes that people will first meet more basic needs (physiological) before directing behavior to meet higher needs (self-realization). It shows that the requirements that have been met motivate to achieve the following higher-hierarchical needs.

Achieving success demands encouragement to excel. Studies comparing executive-level performance stars with their high-achieving peers show that they exhibit the following

traits of high achiever skills: they talk about risk. They are more willing to take calculated risks. They encourage and support innovations and set challenging goals for their subordinates. They do not hesitate to provide support for the entrepreneurial ideas of others. The need for achievement is the most potent skill that distinguishes star executives from ordinary ones.

The moderating variable in the research by Friska (2017) found that the motivation variable can moderate the effect of education level, continuing education, independence, experience, and knowledge on auditor performance. Meanwhile, in the research of Zahmatkesh and Rezazadeh (2017), Azlina et al. (2017) found that Motivation does not affect auditor performance.

Based on the previous description, it can be concluded that auditors with an excellent educational background are also considered to have absorbed good knowledge. In addition, the high intensity of auditors participating in the training will increase their skills. Auditors who can maintain their independence are considered to have the complete trust of the public.

Good knowledge and experience will also greatly support the auditor in carrying out his audit duties. These factors become a decisive factor in determining good auditor performance. In addition, auditors must be motivated to carry out their duties and responsibilities. The existence of motivational factors is suspected of strengthening or weakening the influence of other factors for the auditor to achieve its goal of providing good performance.

Goal-setting theory of goal setting theory is one of the contemporary motivational theories that Locke has developed since 1968. Goal-setting theory is closely related to determining organizational success goals, where good planning will influence the behavior of a person in an organization to commit to achieving organizational goals and is closely associated with the resulting performance.

In practice, the supervisory activities carried out by APIP in the government area of the North Sumatra Province have not fully achieved what was expected. It is contained in the Supervisory Report (LHP) Semester I of 2020 Financial and Development Supervisory Agency (BPKP) Representative of North Sumatra Province, one of which explains the opinion of the external auditor (BPK) on the presentation of financial statements. Opinions on Local Government Financial Reports (LKPD) within the North Sumatra Provincial Government for the 2019 Fiscal Year from 34 Regional Governments that have received opinions from as many as 23 Regional Governments. The result was that 18 Regional Governments received Unqualified Opinions (UQ), and 5 Regional Governments received Qualified Opinions (QU).

Meanwhile, as of June 26, 2020, the results of the examination by BPK-RI on 11 other regional governments have not been received. The BPKP Representative for North Sumatra Province conveyed several problems that were considered to be hampering the quality of financial reports, including budget shifts that were not stated in the P-APBD, delays in completing financial statements, and inadequate asset management. Government governance in the North Sumatra Provincial Government has also not reached expectations. BPKP as the supervisor of the Government Internal Control System (SPIP), concluded that from the implementation of the SPIP until the first semester of 2020, it showed that seven local governments had obtained level 3 (defined), while 27 local governments had obtained level 2 (developing). The low achievement of level 3 is since the Regional Government does not fully have the control infrastructure as stipulated in Government Regulation (PP) Number 60 of 2008 and Regulation of the Head of BPKP Number 4 of 2016.

The Tebing Tinggi City Government has good regional potential. For this reason, the management of this regional potential must

also be adequately monitored, including financial management. The Tebing Tinggi City Inspectorate, an agency that supervises financial management, is expected to carry out its duties and functions correctly. So that the goals, vision, and mission of the Tebing Tinggi City can be achieved where the interests of the community become a priority.

The APIP performance of the Tebing Tinggi City Inspectorate also experienced similar problems with several inspectorates in North Sumatra Province. It had not been able to meet expectations for its supervision and inspection within the Tebing Tinggi City Government. It can be seen from the findings that were not detected by the APIP Inspectorate of the City of Tebing Tinggi but became the findings of the Audit Board of the Republic of Indonesia (BPK-RI). The following is a table of BPK's opinion on the LKPD from the Tebing Tinggi City Government in the last 10 (ten) years.

**Table 1. BPK-RI Opinion on LKPD of Tebing Tinggi City**

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Opinion Type	QU	DO	QU	UQ	QU	UQ	QU	UQ	UQ	UQ

Source: [sumut.bpk.go.id](http://sumut.bpk.go.id) after processing (2022)

Information:

DO: Disclaimer of Opinion

QU: Qualified Opinion

UQ: Unqualified Opinion

In 2012, BPK-RI gave a DO on the LKPD of Tebing Tinggi City. It means that the quality of the LKPD is still considered poor. The following year, opinion increased to QU and then to UQ in 2014. However, it decreased again in 2015, which shows that the performance of the Tebing Tinggi City Government LKPD is not stable because the assessment received from BPK-RI is still up and down for the next few years. In addition, based on the Rank Order List (DUK) at the City Inspectorate of Tebing Tinggi, it was found that there was a mismatch of positions with the educational background of auditors. Based on the DUK, it shows that the auditors' educational

background and continuing education are less able to support the auditors' performance. This discrepancy also affects the auditor's knowledge because the auditor does not receive basic knowledge about the audit. Auditor experience is also considered lacking due to the limited number of auditors with a higher-level Auditor Functional Position.

**Table 2. BPK-RI opinion on LKPD of Pematangsiantar City**

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Opinion Type	QU	QU	QU	UQ	QU	UQ	UQ	QU	QU	QU

Source: [sumut.bpk.go.id](http://sumut.bpk.go.id) after processing (2022)

Table 2 shows the performance of the Pematangsiantar City LKPD, which does not meet what is expected. It follows what was conveyed by the Pematangsiantar City DPRD to Pematangsiantar City Government, which was reported through online media: [www.hariansib.com](http://www.hariansib.com) on Friday, June 18, 2021, LKPD Pematangsiantar Government on 2020. Pematangsiantar DPRD asked Pematangsiantar City Government to follow up on BPK-RI recommendations on LKPD. Pematangsiantar hopes that the Local Apparatus Organization (OPD) will make an action plan on the recommendation. In addition, Pemko Pematangsiantar was also urged to conduct a follow-up audit of investigative audits of many assets. The BPK-RI Inspection Report (LHP) stated that many Pematangsiantar Government assets did not have proof of ownership and their whereabouts were unclear. There were fears that the assets would be lost. In addition, each OPD is also asked to be more careful and optimal in planning, monitoring, and controlling and hopes that the Inspectorate and Bappeda can improve the competence of officials on duty on the budget team. So that planning and preparation of the following year's budget are more accurate, efficient, effective, and accountable so that opinions BPK-RI on LKPD the next year increase.

Based on the inconsistency of the results of previous studies and the phenomena that occur, researchers are interested in conducting further research with "Analysis of Factors Affecting the Performance of Auditors at the City Inspectorate of Tebing Tinggi and Pematangsiantar City with Auditor Motivation as Moderating Variables." The factors that influence the performance of the auditors of the Inspectorate of Tebing Tinggi City and Pematangsiantar City are intended in this study: educational background, continuing education, independence, knowledge, and experience.

### Framework

Following the description of the background of the problem, literature review, and previous research, a conceptual research framework is prepared as follows:

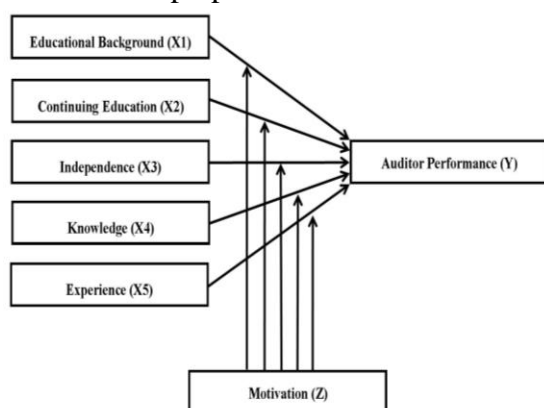


Figure 2. Conceptual Framework

H1: Educational background has a positive and significant effect on the performance of the auditors of the Inspectorate of Tebing Tinggi City and Pematangsiantar City.

H2: Continuing education has a positive and significant effect on the performance of the auditors of the Inspectorate of Tebing Tinggi City and Pematangsiantar City.

H3: Independence has a positive and significant effect on the performance of the auditors of the Inspectorate of Tebing Tinggi City and Pematangsiantar City.

H4: Knowledge has a positive and significant effect on the performance of the auditors of the Inspectorate of Tebing Tinggi City and Pematangsiantar City.

H5: Experience has a positive and significant effect on the performance of the auditors of the Inspectorate of Tebing Tinggi City and Pematangsiantar City.

H6: Auditor motivation as a moderating variable can strengthen the influence of educational background on the performance of the Tebing Tinggi City Inspectorate and Pematangsiantar City auditors.

H7: Auditor motivation as a moderating variable can strengthen the effect of continuing education on the performance of the Tebing Tinggi City Inspectorate and Pematangsiantar City auditors.

H8: Auditor motivation as a moderating variable can strengthen the influence of independence on the performance of the Tebing Tinggi City Inspectorate and Pematangsiantar City auditors.

H9: Auditor motivation as a moderating variable can strengthen the influence of knowledge on the performance of the Tebing Tinggi City Inspectorate and Pematangsiantar City auditors.

H10: Auditor motivation as a moderating variable can strengthen the effect of experience on the performance of the Tebing Tinggi City Inspectorate and Pematangsiantar City auditors.

### RESEARCH METHODS

This research was designed by researchers using causal research. Causal research is research with identified causal relationships between various variables (Erlina, 2011). This study uses causal research to see Factors Affecting the Performance of the Auditors of the Inspectorate of Tebing Tinggi City and Pematangsiantar City, with Motivation as a Moderating Variable.

This study uses a survey method which is field research. Survey research is a quantitative research method that aims to obtain data that occurred in the past or present regarding beliefs, opinions, characteristics, behavior, and variable relationships. According to Sugiyono (2014), survey research aims to test several hypotheses regarding sociological and psychological variables from a sample of a



certain population, where the data collection techniques, either interviews or questionnaires, are not in-depth, and the research results tend to be generalized.

Researchers used primary data in this study to provide empirical evidence and analyze the factors that affect auditor performance, with Motivation as a moderating variable.

This research was conducted in the City of Tebing Tinggi Inspectorate, Jl. Mount Agung No. 12 Tebing Tinggi City and Pematangsiantar City Inspectorate, Jl. Paper No. 2 Pematangsiantar City. The population in this study were auditors at the City Inspectorate of Tebing Tinggi, amounting to 19 people and Pematangsiantar City, amounting to 21 people.

Determination of the sample in this study using a saturated sample. Sugiyono (2014) states that the saturated sample involves the entire population. The determination of the saturated sample was carried out because it took into account the relatively small population of the study. The sampling technique in this study used the census method in which all populations were used as research samples.

The data analysis method used in this study is structural equation modeling-partial least square (SEM-PLS) using SmartPLS 3.0 software.

## RESULT AND DISCUSSION

### Data Description

Table 3. Description of Respondents' Answers

Variabel	N	Min	Max	Mean	Std. Deviation
Auditor Performance (Y)	40	1,000000	5,000000	3,553571	1,489607
Educational Backgroun (X1)	40	1,000000	5,000000	3,500000	1,442141
Continuing Education (X2)	40	1,000000	5,000000	3,637500	1,364558
Independence (X3)	40	1,000000	5,000000	3,617857	1,422841
Knowledge (X4)	40	1,000000	5,000000	3,762500	1,243380
Experience (X5)	40	1,333333	5,000000	3,537500	1,158695
Motivation (Z)	40	1,470588	5,000000	3,388235	1,187116

Source: Data processed by the researcher with the Ms. Excel (2022)

Table 3 shows that the average respondent is quite understanding and understanding about auditor performance, educational background, continuing education, independence, knowledge, experience, and

Motivation in their respective institutions based on the minimum and maximum values.

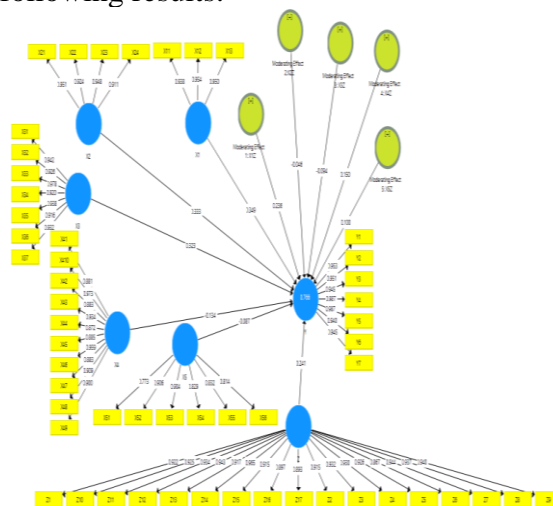
### Data analysis

#### A. Testing Results of The Measurement Model (Outer Model)

Evaluation of the measurement model (Outer Model) is a correlation evaluation between the construct and its indicators by testing the validity and reliability of the indicators of latent variables formed by the confirmatory factor analysis (CFA). The construct validity test shows how well the results are obtained using a measurement according to the theories used to define a construct.

Construct validity consists of Convergent Validity and Discriminant Validity. Besides the construct validity test, it is also carried out a reliability construct test measured by the Composite Reliability of the indicator block that measures the construct because the composite reliability measures the actual value of the reliability of a construct.

The Outer Test Model starts with estimating or estimating parameters, namely by calculating pls algorithms with the following results:



Source: PLS Output Results  
Figure 2. Validity Testing Based on Loading Factor

Based on the testing of the validity of the loading factor in Figure 2, the entire loading value is  $> 0.70$ , which means that it has fulfilled the validity requirements based on the loading value. The validity test is based

on the average variance extracted (AVE) value.

**Table 4. Validity Test Based on Average Variance Extracted (AVE)**

	Average Variance Extracted (AVE)
X1	0,898
X2	0,871
X3	0,876
X4	0,826
X5	0,713
Y	0,919
Z	0,854

Source: PLS Output Results

The recommended AVE value is above 0.50 (Mahfud and Ratmono, 2013). All AVE values are > 0.50, meaning they have met the validity requirements based on the AVE. Then, the discriminant validity test was carried out using the Fornell-Larcker approach.

**Table 5. Discriminant Validity Test**

	X1	X2	X3	X4	X5	Y	Z
X1	$\sqrt{AVE_{x1}} = 0,947$						
X2	0,115	$\sqrt{AVE_{x2}} = 0,934$					
X3	0,218	0,193	$\sqrt{AVE_{x3}} = 0,936$				
X4	-0,145	-0,083	-0,116	$\sqrt{AVE_{x4}} = 0,909$			
X5	-0,186	-0,007	-0,138	-0,253	$\sqrt{AVE_{x5}} = 0,844$		
Y	0,536	0,515	0,527	-0,200	-0,137	$\sqrt{AVE_y} = 0,959$	
Z	-0,008	-0,027	0,038	0,082	0,225	0,229	$\sqrt{AVE_z} = 0,924$

Source: PLS Output Results

In discriminant validity testing, a latent variable's AVE square root value is compared with the correlation value between the latent variable and other latent variables. It is known that the square root value of AVE for each latent variable is greater than the correlation value between the latent variable and other latent variables, so it is concluded that it has met the discriminant validity requirements. Furthermore, reliability testing was carried out based on the composite reliability (CR) value.

**Table 6. Reliability Testing Based on Composite Reliability (CR)**

	Composite Reliability
X1	0,963
X2	0,964
X3	0,980
X4	0,979
X5	0,937
Y	0,988
Z	0,990

Source: PLS Output Results

The recommended CR value is above 0.70 (Mahfud and Ratmono, 2013). It is known that all composite reliability values are > 0.70, meaning they have met the reliability requirements based on CR. Furthermore, reliability testing was carried out based on the value of Cronbach's alpha (CA).

**Table 7. Reliability Testing Based on Cronbach's alpha (CA)**

	Cronbach's Alpha
X1	0,943
X2	0,951
X3	0,977
X4	0,977
X5	0,939
Y	0,985
Z	0,989

Source: PLS Output Results

The recommended Cronbach's alpha value is above 0.70 (Mahfud and Ratmono, 2013: 67). It is known that all CA values are > 0.70, meaning they have met the reliability requirements based on Cronbach's alpha.

## B. Evaluation of Model Structure (Inner Model)

### 1. Analysis of Variant (R<sup>2</sup>) or Test of Determination

The coefficient of determination on the construct is called the R-square value. The structural model (inner model) is a structural model for predicting causality relationships between latent variables. The goodness of fit model is measured using R-square dependent latent variable with the same interpretation as Q-square regression predictive relevance for structural models, measuring how well the model's observed values are generated and the estimated parameters. The following table presents the results of the coefficient of determination (R-square) and adjusted R-square.

**Table 8. Coefficient of Determination (R-Square)**

	R Square	R Square Adjusted
Y	0,766	0,674

Source: PLS Output Results

The table above shows the R-square value of 0.766, and the adjusted R-square is 0.674, which means educational background, continuing education, independence, experience, and knowledge can explain the auditor's performance by 76.6%. In contrast, other variables explain the rest outside of this study.

## 2. Effect Significance Test (Bootstrapping) (Hypothesis Test) (Inner Model)

**Table 9. Effect Significance Test**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O-STDEV)	P Values	Description
X1 > Y	0,349	0,368	0,171	2,037	0,042	H1 Accepted
X2 > Y	0,333	0,325	0,148	2,244	0,025	H2 Accepted
X3 > Y	0,323	0,339	0,153	2,110	0,035	H3 Accepted
X4 > Y	-0,134	-0,107	0,181	0,739	0,460	H4 Rejected
X5 > Y	-0,087	-0,065	0,179	0,486	0,627	H5 Rejected
Moderating Effect 1: X1Z > Y	0,236	0,180	0,180	1,314	0,190	H6 Rejected
Moderating Effect 2: X2Z > Y	-0,046	-0,059	0,152	0,302	0,762	H7 Rejected
Moderating Effect 3: X3Z > Y	-0,094	-0,118	0,159	0,591	0,555	H8 Rejected
Moderating Effect 4: X4Z > Y	0,150	0,111	0,187	0,800	0,424	H9 Rejected
Moderating Effect 5: X5Z > Y	0,100	0,042	0,189	0,530	0,596	H10 Rejected

Source: PLS Output Results

## CONCLUSION

1. Based on the results of research and discussion, the following conclusions can be drawn:
2. Educational background, continuing education, independence, knowledge, and experience can explain auditors' performance by 76.6%.
3. Educational background has a positive and significant effect on the performance of the inspectorate auditors in Tebing Tinggi City and Pematangsiantar City.
4. Continuing education has a positive and significant effect on the performance of the inspectorate auditors of the City of Tebing Tinggi and the City of Pematangsiantar.
5. Independence has a positive and significant effect on the performance of the inspectorate auditors in Tebing Tinggi City and Pematangsiantar City.
6. Knowledge partially has no significant effect on the performance of the inspectorate auditors in Tebing Tinggi City and Pematangsiantar City.
7. Experience partially has no significant effect on the performance of the inspectorate auditors in Tebing Tinggi City and Pematangsiantar City.
8. Motivation as a moderating variable cannot moderate the effect of educational background on the performance of the inspectorate auditors in Tebing Tinggi City and Pematangsiantar City.
9. Motivation as a moderating variable cannot moderate the effect of continuing education on the performance of the inspectorate auditors in Tebing Tinggi City and Pematangsiantar City.
10. Motivation as a moderating variable cannot moderate the effect of independence on the performance of the inspectorate auditors in Tebing Tinggi City and Pematangsiantar City.
11. Motivation as a moderating variable cannot moderate the effect of knowledge on the performance of the inspectorate

auditors in Tebing Tinggi City and Pematangsiantar City.

12. Motivation as a moderating variable cannot moderate the effect of experience on the performance of the inspectorate auditors in Tebing Tinggi City and Pematangsiantar City.

## **LIMITATIONS**

This study has limitations that can be considered for further research to obtain better results. The following are the limitations of this study:

1. This study only examined the OPDs of Tebing Tinggi City and Pematangsiantar City, so the results only reflect the two OPDs. They cannot be generalized to all situations in other OPD Cities/Regencies.
2. The scope of this research is limited to certain variables, so it is still possible to use other variables related to auditor performance.
3. Lack of understanding of the respondents' questions in the questionnaire and the seriousness in answering the questions.

## **IMPLICATION**

The implications of this research include two things: theoretical and practical.

### **A. Theoretical Implications**

1. This study found that some independent variables can contribute well to auditor performance but do not rule out the possibility of development. So as a suggestion for further researchers can consider other variables that are wider than the variables that have been used in this study, for example, competence, integrity, or ethics of the auditor.
2. The results of this study revealed that Motivation as a moderating variable could not moderate the influence of educational background, continuing education, independence, knowledge, and experience on the performance of the auditors of the Tebing Tinggi City and Pematangsiantar inspectorate. So the next research is expected to test

other moderating variables to determine the existence of other variables that can moderate the effect of educational background, continuing education, independence, knowledge, and experience on auditor performance.

3. Further researchers can also consider determining a wider research object and multiply the research sample to show a broader picture.

### **B. Practical Implications**

This research is expected to provide input for consideration in improving and even increasing the performance of auditors in regional organizations. The research is also expected to help the government consider matters in decision-making that will help the government improve the performance of its auditors.

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