The Effect of Audit Accountability and Audit Quality on Audit Opinion

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Abstract

The purpose of this study is to determine the effect of accountability and audit quality on audit opinion. The population in this study are all active 599 colleagues at 244 Public Accounting Firm in Jakarta. The sample in this study are 130 persons, who became the sample is an active partner at Public Accounting Firm in Jakarta. Based on the IAPI 2016 directory, the number of Public Accounting Firm in Jakarta are 244 which consists of 112 are individual businesses and 132 are partnership business. The results showed that accountability and audit quality had a significant effect on audit opinion. The results of this study also proves that audit quality is more dominant in determining audit opinion. The researcher is then suggested to examine audit opinion by using audit ethics as dependent variable to obtain maximum audit result.

Keywords: Accountability, Audit Quality, Audit Opinion.

1. Introduction

Audit opinion is needed by users of financial information such as shareholders, management, creditors, potential investors and creditors, labor organizations, and tax office. For shareholders and management, an audit opinion can be used to analyze the company's condition. Audit opinion is an opinion issued by the auditor to assess the fairness of the financial statements presented by the entity. Opinions take the form of a report prepared by the auditor through the formulation in advance based on an evaluation of the conclusions drawn from the evidence obtained and to express a clear opinion through a written report which also explains the basis for the opinion.

The auditor should formulate an opinion as to whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. Formulating an opinion, the auditor should conclude whether it has obtained reasonable assurance about the financial statements as a whole free from material misstatement errors, whether caused by errors or fraud (SPAP, 2013). Audit opinion is given by the auditor through several stages of the audit process, so that the auditor can give a conclusion on the opinion that should be given to the audited financial statements. Audit report or audit opinion is a report given by a registered public accountant as a result of its assessment of the fairness of the financial statements presented by the company (Ardiyos, 2007).
Opinion is needed by both the company and investors who want to invest in companies that have good business continuity. The role of the auditor is very important in giving an opinion on the audit result, since the audit opinion issued by the auditor determines the viability of the company (SPAP, 2013). The importance of an audit opinion issued by an independent auditor is to predict the viability of the entity based on the principle of going concern, therefore to generate an opinion that assures the users of the financial statements required adequate audit quality.

Audit opinion as the final form of audit report result of the auditor's examination of the financial statements presented by management, not only useful for the entity itself but also useful for users of external financial statements such as banks, government, potential investors, investors and others. The phenomenon shows that some audit opinions issued by independent auditors both in Indonesia and the world become biased, not even a bit of a case in the community. This results in a decrease in the level of public trust to an independent auditor or public accounting firm. Until present day to restore public confidence in independent auditors or public accounting firms, accountability and auditor professionalism must still be at stake when auditors or public accounting firms carry out professional work.

Audit quality is the probability that an auditor finds and reports when it encounters an infringement in the client's accounting information system. Audit quality indicators include motivation, knowledge and experience owned by auditors (Ilmiati and Suharjo, 2012). Audit quality is all possibility where auditor when auditing financial report of client can find mismatch that happened in client accounting information system and report it in audited financial statement, where in carrying out its duty the auditor is guided by auditing standard and ethical code of relevant public accountant. De Angelo (1981) defines audit quality as the probability that an auditor discovers and reports about a discrepancy in his client's accounting information system. The probability of discovery of a discrepancy depends on the auditor's technical capabilities and the independence of the auditor. Auditor quality can be influenced by a sense of responsibility and competence owned by an auditor in completing the audit process. Mardisar and Sari (2007) examine the effect of accountability on the work of auditors.

The results show that accountability can improve the quality of the auditor's work if the knowledge possessed is high. The assumption used in this research is that the complexity of the work faced is high. Accountability must be attached to the auditor's self when performing the audit work of the entity's financial statements, because in the auditor's ethical principles other than competence and independence, the auditor must also have the responsibility to the auditor's profession to maintain audit quality. Accountability is accountability or circumstances to be accountable or circumstances to be held accountable (Ilmiati & Suharjo, 2012) whose indicators include motivation, social obligations and competencies.

2. Previous Research
Audit opinion is an opinion issued by the auditor to assess the fairness of the financial statements presented by the entity and ascertain whether the company can maintain its viability. Audit opinion is the conclusion given to the audits conducted in the form of auditor's opinion, whose indicators include presentation of financial statements, evidence adequacy, entity conditions and opinion shopping. Audit opinion is an opinion issued by the auditor to assess the fairness of the financial statements presented by the entity. Opinions take the form of a report prepared by the auditor through the formulation in advance based on an evaluation of the conclusions drawn from the evidence obtained and to express a clear opinion through a written report which also explains the basis for the opinion. The auditor should formulate an opinion as to whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. In formulating the auditor's opinion should conclude whether whether it has obtained reasonable assurance about whether the overall financial statements are free from material misstatement errors, either caused by errors or fraud (SPAP, 2013).
De Angelo (1981) defines audit quality as the likelihood that the auditor will find and report the violations contained in the client's accounting system and report them in the audited financial statements. The ability to find material misstatements in the company's financial statements depends on the time budget pressure while the willingness to report the findings of the misstatement depends on its independence. In carrying out the work, the auditor is guided by the relevant standards and code of ethics of the accountant. The auditor is required by an interested party with the company to provide an opinion on the fairness of financial reporting presented by entity management. But in carrying out its function, auditors often have some conflicts of interest with entity management such as presentation of financial performance reports by entities envisaged through higher profits, whereas the presentation is not in accordance with the PSAK, there is a material misstatement and there is fraud. Tetclock (1984) defines accountability as a form of psychological encouragement that makes one attempt to account for all actions and decisions made to his or her surroundings.

3. Research Method
This research method using survey research, which is a research conducted by taking samples from the population using a questionnaire as a tool of data collection principal. Primary data of this research comes from public accountant office in Jakarta as respondents through direct interview and through questionnaire.

3.2. Operational Definition

3.2.1. Audit Opinion
Audit opinion is the conclusion given on audits conducted in the form of auditor's opinion, whose indicators include: Presentation of financial statements, adequacy of evidence, condition of entities, opinion shopping.

3.2.2. Audit Quality
Audit quality is the possibility that an auditor can see errors and frauds that occurring in the financial statements presented and client’s accounting information system based on the standards and criteria applicable at the time of examination, the indicators include: Competence, Commitment, Prudence.

3.2.3. Accountability
Accountability is the auditor's accountability with respect to the audit of financial statements and an overview of the planned audit scope, the timing of the planned audit and the opinion of the audit results, whose indicators include: Social liability, Motivation, Dedication

4. Population and Sample
Population in this study are all active 599 colleagues at 244 Public Accounting Firm in Jakarta. The sample in this study are 130 persons, who became the sample is an active partner at Public Accounting Firm in Jakarta. Based on the IAPI 2016 directory, the number of Public Accounting Firm in Jakarta is 244 which consists of 112 are individual businesses and 132 are partnership business.

5. Result
5.1 Test Results of Structural Equation Model
Test results assumed SEM assumption there is no problem multicollinearity, outlier and normal distributed data.
Figure 1: Result of Structural Equation Model

The result of Structure Equation Modeling analysis is done with the help of computer program AMOS 16. For Windows which presented in attachment.

It is known that all the goodness of fit of criteria are as set out in table 1.

Table 1: Value of goodness of-fit Indeces and cut off of SEM Model

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Cut-off Value</th>
<th>Test Result Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi square</td>
<td>Expected small</td>
<td>31.464</td>
<td>Good</td>
</tr>
<tr>
<td>Significance probability</td>
<td>≥ 0.05</td>
<td>0.494</td>
<td>Good</td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>≤ 2.00</td>
<td>0.983</td>
<td>Good</td>
</tr>
<tr>
<td>RMSEA</td>
<td>≤ 0.08</td>
<td>0.000</td>
<td>Good</td>
</tr>
<tr>
<td>GFI</td>
<td>≥ 0.90</td>
<td>0.953</td>
<td>Good</td>
</tr>
<tr>
<td>TLI</td>
<td>≥ 0.90</td>
<td>1.003</td>
<td>Good</td>
</tr>
</tbody>
</table>

Source: primary data processed 2017
Table 1. shows the results of structural equation model testing. The results have been tested that the value of Chi Square / DF and TLI has met the recommended.

### Table 2. Hypothesis Testing

<table>
<thead>
<tr>
<th>Variable</th>
<th>Direct</th>
<th>Prob</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>0.514</td>
<td>0.037</td>
</tr>
<tr>
<td>Audit Quality</td>
<td>1.021</td>
<td>0.016</td>
</tr>
</tbody>
</table>

Significant 5%.

#### 5.2. The Effect of Accountability on Audit Quality.

Based on the results of research proved that accountability has a significant effect on audit quality. Motivation is reflected in the auditor is committed to deliver the audit results in accordance stages and auditors committed to complete the audit work in accordance with the contract work is able to present the financial statements reflected in the financial report enforcement auditors based on SAK and Financial Reports as the output of accounting information systems. This study supports research conducted by Ardini (2010) which states that partially and simultaneously competence, independence, accountability and motivation affect the quality of audit

#### 5.3 Audit Quality Affects Audit Opinion.

Based on the results of research proved that audit quality has an effect on audit opinion. The prudence of the auditor as reflected in the auditor as the audit executing staff works according to the procedures and the auditor performs audits in accordance with the SPAP procedure capable of presenting the financial statements as reflected in the preparation of financial statements based on IFRSs and Financial Statements as the output of the accounting information system. The results of this study support the research conducted Praptitorini and Januarti (2007) states that partially audit quality, debt default and opinion shopping affect the acceptance of going concern opinion.

#### 6. Summary and Concluding Remarks

Accountability has a significant effect on audit opinion, the motivation reflected in the Auditor is committed to deliver the audit results according to the stage and the Auditor is committed to complete the audit work in accordance with the work contract able to present the financial statements as reflected in the preparation of financial statements based on SAK and Financial Report as output from accounting information system.

Audit quality influences audit opinion. The prudence of the auditor as reflected in the auditor as the audit executing staff works according to the procedures and the auditor performs audits in accordance with the SPAP procedure capable of presenting the financial statements as reflected in the preparation of financial statements based on IFRSs and Financial Statements as the output of the accounting information system.

Topics of discussion of audit opinion are often discussed in science studies as well as daily practice. This is because the public accounting firm must be related to audit quality issues and audit opinions. This research is expected to enrich and develop conception about audit quality and audit opinion in science study.

The results of this study indicate that accountability and audit quality can improve audit opinion. Leadership of Public Accounting Firm (KAP) is expected to organize programs that can increase employee motivation, such as awarding exemplary employees, adequate work facilities, and improving employee welfare.
It is suggested to the next researcher to develop the research model by adding other variables, such as audit independence variable to strengthen the research result. The results of this study need to be tested elsewhere with larger samples to obtain better results.

References