

# THE EFFECT OF INTEGRITY, PROFESSIONAL SKEPTICISM AND PEER REVIEW ON AUDIT QUALITY WITH AUDITOR'S ETHICS AS MODERATING VARIABLES

Intan Marsela

Faculty of Economics and Business, Hasanuddin University  
[Intanmarsela46@gmail.com](mailto:Intanmarsela46@gmail.com)

Arifuddin

Faculty of Economics and Business, Hasanuddin University  
[arifuddin.mannan@gmail.com](mailto:arifuddin.mannan@gmail.com)

Aini Indrijawati

Faculty of Economics and Business, Hasanuddin University  
[ainiindrijawati@gmail.com](mailto:ainiindrijawati@gmail.com)

## ABSTRACT

This research aims to test and analyze the influence of integrity, professional skepticism, and peer review on audit quality with auditor ethics as a moderation variable.

The object of this research is an auditor in KAP Makassar City. The population used as many as 33 auditors both senior and junior. Determination of samples using purposive sampling with auditor sampling criteria, namely, gender, age of respondents, last education, position and tenure and auditors are willing to become respondents and fill out questionnaires distributed directly in the KAP concerned and through google from. Data retrieval using questionnaires with moderate regression analysis (MRA) data analysis.

The results of hypothesis testing show that: 1) integrity affects the quality of the audit; 2) Professional skepticism affects the quality of audits; 3) peer review affects the quality of audits; 4) The auditor's ethics does not moderate and weaken the integrity relationship to the quality of the audit; 5) Auditor ethics moderates and strengthens professional skepticism relationships with audit quality; 6) Auditor ethics does not moderate and weaken peer review relationships on audit quality.

**Keywords:** integrity, professional skepticism, peer review, audit quality, auditor ethics

## PRELIMINARY

Companies that have gone public are encouraged to use public services that have quality audit results, where the more often the Public Accounting Firm (KAP) is trusted to audit the company's financial statements, the higher the reputation of the Public Accounting Firm (KAP) circulating in the general public (Kurniasih, 2014). First, the factor that affects audit quality is integrity. Sukriah et al (2009) stated that integrity requires an auditor to have a personality that is based on an honest, brave, wise, and responsible attitude to build trust to provide a basis for reliable decision making. Second, professional skepticism is an attitude that is combined with the mind by having to review and question with critical thinking on the client's audit evidence (Queena, 2012). Third, another factor that affects audit quality is peer review. Harhinto (2004) states that peer-auditor reviews can improve the implementation of quality control by accounting firms to maintain their performance. Supposedly, the quality of the audit report by an auditor must be by the applicable code of ethics. The results of research by Primaharjo and Handoko (2011) state that ethics in decision making based on a moral approach,

shows a correlation between understanding ethical values and decision making, in this case, can produce good audio quality.

This study aims to analyze the effect of integrity, professional skepticism, and peer review on audit quality with auditor ethics as a moderating variable. It is hoped that this research will contribute to improving and maintaining audit quality so that the KAP can maintain audit quality control by considering integrity, professional skepticism, peer review, and auditor ethics.

## LITERATURE REVIEW

### Theory of attitude and behavior

The theory of attitude and behavior developed by Triandis (1971) is seen as a theory that can be used to explain independence. The theory states that behavior is determined by what people want to do (attitudes), what they think they will do (social rules), what they can do (habits), and by the consequences of the behavior they think about.

## INTEGRITY

According to Mulyadi (2002), Integrity is a quality that underlies public trust and is a benchmark for members in testing all decisions they take. Sukriah et al., (2009) prove that integrity requires an auditor to have a personality who is honest, brave, wise, and responsible to build confidence to provide a basis for reliable decision making.

### Professional Skepticism

According to the Professional Standards of Public Accountants SA Section 230, PSA No. 4, accuracy and thoroughness in professional skills can require the auditor to exercise professional skepticism, namely the attitude of the auditor who is expected to be able to think critically about the existing audit evidence by always questioning and evaluating the audit evidence. According to Hall and Singleton (2007) explain that Professional Skepticism is the application of an attitude that always questions and evaluates audit evidence critically.

### Peer Review

According to Agoes (2014), peer review is a study conducted on a Public Accounting Firm to assess whether the Public Accounting Firm has developed adequate quality control policies and procedures as required in Statement of Auditing Standards (PSA) No.20 set by the Institute of Accountants. Indonesia

### Audit Quality

Audit quality according to De Angelo (1981) is audit quality as the probability that the auditor will find and report violations in the client's accounting system.

### Auditor Ethics

According to Halim (2015:13), Professional ethics includes attitude standards designed for members of the profession to be practical, realistic, and idealistic. Ethics is concerned with the question of how people will behave towards each other (Kelly et.al, 2002).

## RESEARCH METHODS

This study uses a quantitative approach. This research includes explanatory research which aims to determine the causality relationship between variables through a hypothesis test. The object of this research is the auditor who works in Makassar and Gowa District Public Accountants. This research method uses a survey method by distributing questionnaires directly and online media in the form of Google Forms. Data collection in this research is to use one stage (cross sectional study). The study used a Likert scale as a measurement scale. The population in this study were all auditors with a total of 33 auditors. With the characteristics of the

respondents, namely gender, age of the respondent, position, level of education, and length of service as an auditor.

This study uses SPSS (Statistical Package for the Social Science) for data processing. The analysis and tests carried out in this study were descriptive statistics, classical assumption tests (normality test, multicollinearity test and heteroscedasticity test).

## RESEARCH RESULT

The analytical method used to test the hypothesis in this study is to use Moderate Regression Analysis (MRA). Multiple analysis was carried out with two stages of testing. The first stage is multiple regression which is carried out without moderation. The second stage is a regression which is carried out with the moderating variable of auditor ethics.

### A. Multiple regression test results

Variabel Independen	Koefisien	t-value	Sig.	Keterangan
Konstanta	1,108			
Integritas (X1)	0,171	3,073	0,005	Signifikan
Professional Skepticism (X2)	0,219	3,793	0,001	Signifikan
Peer Review (X3)	0,318	2,126	0,042	Signifikan
$\alpha = 5\% 0,05$				
r square = 0,788				

Based on the results of the regression test above, the following mathematical equations can be arranged:

$$Y = 1,108 + 0,171X1 + 0,219X2 + 0,318X3 + e \dots (1)$$

The above equation shows that the coefficient values for all independent variables are positive. This indicates that the influence of the integrity variable, professional skepticism, and peer review is directly proportional to the audit quality variable.

Variabel Independen	Koefisien	t-value	Sig	Keterangan
Konstanta	26,868			
X1.Z1	-0,688	-1,878	0,072	Tidak Signifikan
X2.Z1	1,187	2,175	0,039	Signifikan
X3.Z1	-0,572	-0,903	0,375	Tidak Signifikan
$\alpha = 5\% 0,05$				
r square = 0,838				

The table above also shows that the variables of integrity, professional skepticism, and peer review have a significant effect on audit quality. This can be seen from the probability value which is smaller than 0.05, where the probability value for integrity is 0.005, professional skepticism is 0.001, and peer review is 0.042. These results indicate that all independent variables have a significant effect on the dependent variable.

### B. The results of the regression test with the moderating variable

The value of the coefficient of determination R square in the test results above shows a value of 0.838 or 83.8%. These results indicate that the audit quality variable is influenced by 83.8% by integrity (X1), professional skepticism (X2), and peer review (X3) after interacting with the audit quality variable (Z). The remaining 16.2% is influenced by other variables outside of the independent variables studied in this study.

Based on the results of the regression test after interacting with the audit quality variable (Z), the following mathematical equation can be drawn up:

$$Y = 26.868 - 0.688X_1.Z_1 + 1.187X_2.X_1 - 0.572X_3.Z_1 + e \dots (2)$$

From the table above, it is known that after the integrity variable interacts with the auditor's ethics (moderation) it has a probability of 0.072 above the standard value of 0.05 significance. This shows that auditor ethics cannot moderate the effect of integrity on audit quality. The coefficient for the interaction of the integrity variable and auditor ethics is negative -0.688, which means that the auditor's ethics variable weakens the influence of integrity on audit quality.

## DISCUSSION

### A. Integrity affects audit quality

The results of testing hypothesis 1 show that the proposed hypothesis has an effect. Thus the hypothesis that integrity affects audit quality is empirically proven. In this case, also obtained a positive direction. Auditors are required to have a personality attitude that is based on an honest, brave, wise, and responsible attitude to build trust in order to provide a basis for reliable decision making (Sukriah et.al, 2009). The higher the integrity of the auditor in the audit assignment, the higher the quality of the audit results. The results of this study are in line with research (Turini, 2019; Enzelin, 2021; Siahaan and Simanjuntak, 2019; Dewi and Sumadi, 2020) the results show that integrity has a significant positive effect on audit quality.

### B. Professional skepticism affects audit quality

The results of testing hypothesis 2 show that the proposed hypothesis has an effect. Thus the hypothesis that professional skepticism affects audit quality is empirically proven. This means that it is important for the auditor to ask co-workers as a means to add information. The higher the level of skepticism of an auditor in conducting an audit, it will affect the quality of the resulting audit. The results of this study are in line with research (Setiorini, 2017; Puspitasari, 2019; Wiratama and Budiarta, 2015; Septian, 2019; Mardijuwono and Subianto, 2018) that professional skepticism has a significant positive effect on audit quality.

### C. Peer review affects audit quality

The results of testing hypothesis 3 show that the proposed hypothesis has an effect. Thus the hypothesis which states that peer review affects audit quality is empirically proven. Auditors with the attitude of conducting a review first with their professional colleagues can improve their reputation and effectiveness and reduce the possibility of lawsuits (Arens et.al, 2008). The results of this study are in line with research (Wulandari, 2008; Situmeang, 2019; and Evayanti, 2021) that peer review has a significant positive effect on audit quality.

### D. Auditor ethics moderates the effect of integrity on audit quality

The results of testing hypothesis 4 show that the proposed hypothesis has no effect. This means that auditor ethics moderates the relationship between integrity and audit quality that has not been proven. This is because the attitude of the auditor in complying with the ethics of the auditor is low, the resulting quality is also lower. A good or bad auditor who is satisfied or not satisfied with his work is still required to have an attitude of integrity because integrity is the basis of public trust. This result is in line with Muslimin's research (2017) which states that the interaction of integrity with auditor ethics has no effect. However, this is not in line with the research by Siahaan and Simanjuntak (2019) which states that the interaction of auditor integrity and ethics moderates audit quality.

### E. Auditor ethics moderates the effect of professional skepticism on audit quality

The results of testing hypothesis 5 show that the proposed hypothesis has an effect. This means that auditor ethics moderates the relationship between professional skepticism and audit quality. This is because the auditor's professional skepticism in complying with auditor ethics is high, so the quality produced is also

higher. A good or bad auditor who is satisfied or not satisfied with his work is still important to have a professional skepticism attitude, because professional skepticism is important for auditors to always think critically, carefully, and thoroughly to the evidence obtained to achieve a good audit quality. et al, 2014). These results are in line with research

Puspitasari (2019) states that the interaction of professional skepticism and auditor ethics moderates audit quality. F. Auditor ethics moderates the effect of peer review on audit quality

The results of testing hypothesis 6 show that the proposed hypothesis has no effect. It means that auditor ethics moderate the relationship between peer review and audit quality has not been proven. The auditor ethics variable is not able to moderate peer review on audit quality. This is because the attitude of the auditor in complying with the ethics of the auditor is low, the resulting quality is also lower. An auditor must have good ethics and have gone through established procedures or regulations because auditor ethics relates directly to clients.

## CONCLUSION

Integrity affects audit quality, meaning that the better the integrity of the Public Accounting Firm (KAP) will result in the better quality of audits produced by the auditors.

Professional skepticism affects audit quality, meaning that the higher professional skepticism an auditor has in carrying out examinations and evaluating audit evidence, the accuracy of giving an opinion can affect the accuracy of giving an opinion, the accuracy of giving an opinion can indicate a good quality auditor.

Peer review has an effect on audit quality, meaning that the better the auditor is in conducting peer reviews of the applicable laws and standards, the better the audio quality produced by the auditor will be.

Auditor ethics does not moderate and weaken the relationship of integrity to audit quality. It can be interpreted that high auditor ethics does not affect the influence of integrity on audit quality.

Auditor ethics moderates and strengthens the relationship of professional skepticism to audit quality. It can be interpreted that, the higher the auditor's ethics, the higher the influence of professional skepticism on audit quality. Auditor ethics does not moderate and weaken the relationship of peer review to audit quality. It can be interpreted that the higher the auditor's ethics, the auditor has no effect on peer review in influencing audit quality.

## DAFTAR PUSTAKA

- 1) Agoes, Sukrisno. 2004. Auditing Petunjuk Praktis Pemeriksaan Akuntan oleh Akuntan Publik. Edisi ke 4. Buku 2. Jakarta: Salemba Empat.
- 2) Arens, A. Alvin, Elder, J. Randal, Beasley, S. Mark. 2008. Auditing and Assurance Service an Integrated Approach. Twelfth Edition. Singapore: Pearson Education, Inc.
- 3) De Angelo, L.E. (1981). Auditor independence "low balling" and disclosure regulation. *Journal of Accounting and Economics*, 3(2), 113-127.
- 4) Dewi N. P. S. U., dan Sumadi N. K. 2020. Pengaruh Budaya Etis Organisasi Dan Integritas Terhadap Kualitas Audit Dengan Sensitivitas Etika Auditor Sebagai Variabel Moderasi Pada Kantor Akuntan Publik Di Denpasar. *Hita Akuntansi dan Keuangan. Universitas Hindu Indonesia*.
- 5) Enzelin, Irin dan Edi. 2021. Pengaruh Integritas, Objektivitas, Kompetensi, Kerahasiaan dan Perilaku Profesional Terhadap Kualitas Laporan Keuangan. *Conference on Management, Business, Innovation, Education and Social Science*. Vol. 1 No. 1 (2021).
- 6) Evayanti, N. P, Kadek, D. P, dan Putu, N. 2021. Pengaruh Perencanaan Audit, Peer Review, Due Professional Care, Dan Akuntabilitas Terhadap Kualitas Audit Pada Kantor Akuntan Publik (KAP) Di Kota Denpasar. *Hita Akuntansi dan Keuangan. Universitas Hindu Indonesia*.

- 7) Halim, A. 2015. Auditing I: Dasar-Dasar Audit Laporan Keuangan. Edisi kelima. YKPN. Yogyakarta.
- 8) Hall dan Singleton. 2007. Information Technology: Auditing and Assurance. Jakarta : Salemba Empat.
- 9) Harhinto, Teguh. 2004. Pengaruh Keahlian dan Independensi Terhadap Kualitas Audit Studi Empiris Pada KAP di Jawa Timur. Tesis Maksi : Universitas Diponegoro. Semarang.
- 10) Mulyadi. 2002. Auditing. Buku 1 Edisi 6. Salemba Empat. Jakarta.
- 11) Kurniasih, Margi. 2014. "Pengaruh Fee Audit, Audit Tenure, dan Rotasi Audit terhadap Kualitas Audit pada perusahaan Go Public yang terdaftar di BEI". Universitas Diponegoro, Semarang.
- 12) Mardijuwono, A.W dan Charis, S. 2018. Independence, Professionalism, Professional Skepticism: The Relation Toward the Resulted Audit Quality. Asian Journal of Accounting Research.
- 13) Muslimin. 2017. Pengaruh Kompetensi, Integritas, Objektivitas, Independensi Dan Pengalaman Kerja Aparat Pengawasan Intern Pemerintahan (APIP) Terhadap Kualitas Audit Dengan Etika Auditor Sebagai Variabel Moderasi. Universitas Hasanuddin. Makassar.
- 14) Primaraharjo dan Jesica Handoko. 2011. Pengaruh Kode Etik Profesi Akuntan Publik terhadap Kualitas Auditor Independen di Surabaya. Jurnal Akuntansi Kontemporer, Vol 3 No.1, Januari 21.
- 15) Puspitasari, A. Zaki, B. Aulia, F. R. 2019. The Effect Of Audit Competence, Independence, And Professional Skepticism On Audit Quality With Auditor's Ethics As Moderation Variables. International Journal of Business, Economis and Law, Vol. 18, Issue 5.
- 16) Setiorini, C. 2017. Pengaruh Independensi, Due Professional Care, Audit Fee, Skeptisisme Terhadap Kualitas Audit Serta Etika Auditor Sebagai Variabel Moderasi ( Study Empiris Pada Kap Di Surabaya Dan Sidoarjo). STIE Perbanas.
- 17) Septian, I. dan Astika, I.B.P. 2019. Halo Effect Moderating : Impact of Professional Skepticism on Auditor Performance. International Research Journal of Management, IT & Social Sciences.
- 18) Siahaan, S. B. dan Simanjuntak Arthur. 2019. Pengaruh Kompetensi Auditor, Independensi Auditor, Integritas Auditor Dan Profesionalisme Auditor Terhadap Kualitas Audit Dengan Etika Auditor Sebagai Variabel Moderasi (Studi Kasus Pada Kantor Akuntan Publik Di Kota Medan). Jurnal Manajemen, Vol 5 No 1 2019.
- 19) Situmeang, N. et al. 2019. Pengaruh Pengalaman, Pengetahuan, Audit Tenure dan Peer Review Terhadap Kualitas Audit (Studi Empiris Pada KAP Di Wilayah Kota Medan). Jurnal Mutiara Akuntansi. Universitas Prima Indonesia.
- 20) Sukriah. Ika, Akram, dan Inapty B. A. 2009. Pengaruh Pengalaman Kerja, Independensi, Obyektifitas, Integritas dan Kompetensi terhadap Kualitas Hasil Pemeriksaan. Simposiuom Nasional Akuntansi XII. Palembang.
- 21) Triandis, H.C. 1971. Attitudes and Attitudes Change. Jhon Waley and Sons, Inc, New York.
- 22) Turini. 2019. Pengaruh Integritas, Profesionalisme Dan Kompetensi Auditor Terhadap Kualitas Audit (Studi Empiris Pada Kantor Akuntan Publik (Kap) Di Bandung. Jurnal Ekonomi, Bisnis, dan Industri (EBI). Universitas Catur Insan Cendekia.
- 23) Wilasita, IAP, Sujana, E. dan Musmini, LS. 2014. Pengaruh Independensi, Professional Skepticism Dan Kepatuhan Pada Kode Etik Terhadap Kualitas Hasil Pemeriksaan Audit (Studi Empiris Pada Kap Denpasar). E-Journal Universitas Pendidikan Ganesha.
- 24) Wiratama, WJ dan Budiarta, K. 2015. Pengaruh Independensi, Pengalaman Kerja, Professional Skepticism Dan Akuntabilitas Terhadap Kualitas Audit. E-Jurnal Akuntansi Universitas Udayana 10.1:91-106. ISSN: 2302-8578.
- 25) Wulandari, N. 2014. Pengaruh Pengalaman, Pengetahuan, Audit Tenure dan Peer Review Terhadap Kualitas Audit. Jurnal Akuntansi 1(2).