

## **The Effect of Competence, Time Budget Pressure, Integrity, Professional Skepticism of Auditors, on Audit Quality with Workload as a Moderation Variable in Detecting Fraud (A conceptual framework of research)**

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Accepted 1 May 2023, revised 10 May 2023, published 25 May 2023

### **Abstarct**

*Audit quality refers to the likelihood and realism of the auditor's identification and reporting of fraud in the accounting system, as well as the extent to which such findings or fraud are reported in the audit report, and the quality of the financial statements is highly expected and reliable. This study aims to develop a research model on fraud on the Effect of Competence, Time Budget Pressure, Integrity, Professional Skepticism of Auditors, on Audit Quality with Workload as a Moderation Variable in Detecting Fraud. This research uses a conceptual model, which analyzes and observes all information relevant to the research topic. The conceptual structure of the study includes a combination of researchers and previous studies of current phenomena. The conceptual model of this research is expected to be a new idea used by government agencies, especially to improve audit quality, to prevent potential fraud.*

Kata kunci: *Fraud, Audit Quality, Professional Skepticism, Theory Agency*

### **Introduction**

Corruption has slowly undermined trust, undermined democracy, hindered economic development, and exacerbated inequality, poverty, and existing environmental crises in society. Legal issues and especially those related to corruption, collusion and nepotism (CCN) and all its practices, such as abuse of power, corruption, spending money on corruption, illegal taxes, transportation, issuing bonuses based on collusion and nepotism, and the use of public funds for personal gain, they attract the attention of the public and are considered common in this country. In recent years, there have been cases of alleged receipt of bribes involving as many as four members of the Audit Board (BPK) who have been determined to be suspects by the Corruption Eradication Commission, regarding bribes in the management of the Bogor district government's financial statements for the 2021 fiscal year. The determination of this suspect is a follow-up to the hand-catching operation (OTT) carried out by the KPK (Populis.id, 2022). The problem of fraud to date is one of the phenomena that occur in developing and developed countries. Many trigger a person to cheat that can harm others. We can see fraud from the presentation of financial statements. If the financial statements presented are not in accordance with the facts and are material in nature that are known to be incorrect and are done intentionally with the intent to deceive, it can be said to be fraud. At present the public demand for the implementation of transparency and accountability is increasing in order to create good governance (Pelu et al., 2020). However, due to the involvement of public accountants in it and the frequent occurrence of corruption cases carried out by large-scale auditors, the problem of poor audit quality performance has become a major concern for the general public in recent years. In carrying out their duties, auditors are assessed based on their competence. For example, auditors must have the ability to think clearly, experience, and expertise in order to succeed in auditing, and as long as they do, auditors must have adequate technical skills and be trained as auditors. A qualified auditor can be an expert used to conduct impartial audit (Junitra & Lastanti, 2022). For example, there are a number of situations that require auditors of the Audit Board (BPK) to follow certain procedures to ensure the quality of the audits they perform. Through the initiative of the BPK team, this initiative is carried out to ensure that the public can obtain accurate, up-to-date, and comprehensive Electronic CE. It is true that

the BPK itself doubts the quality or is unable to provide the best results from the audit process (BPK.go.id, 2019).

With the issuance of Government Regulation PP No. 71 (2010) concerning Government Accounting Standards, it is a guideline for the government in presenting financial statements and avoiding differences in perception and understanding between local governments as presenters of financial statements and users of financial statements. Because financial statements are used as a basis for decision making, government financial statements must be presented in a relevant and reliable manner and need adequate disclosure of information that can influence decisions. Audit quality as a condition where the auditor will find and report violations in the client's accounting system. Audit is an activity carried out by parties who have independence and professional competence to check whether the results of government performance are in accordance with predetermined standards. The competence possessed by auditors is certainly inseparable from the development carried out by organizations and individuals. According to Arum (2018), in his book *Financial Statement Audit* it is stated that: Competence relates to expertise, knowledge, and experience. Therefore, a competent auditor is an auditor who has adequate knowledge, training, skills, and experience in order to successfully complete his audit work. Another factor that can affect the quality of an audit is the pressure of time budgets. Time budget pressure is a condition when auditors are under pressure to complete audit assignments in accordance with the agreed budget (Said & Munandar, 2018).

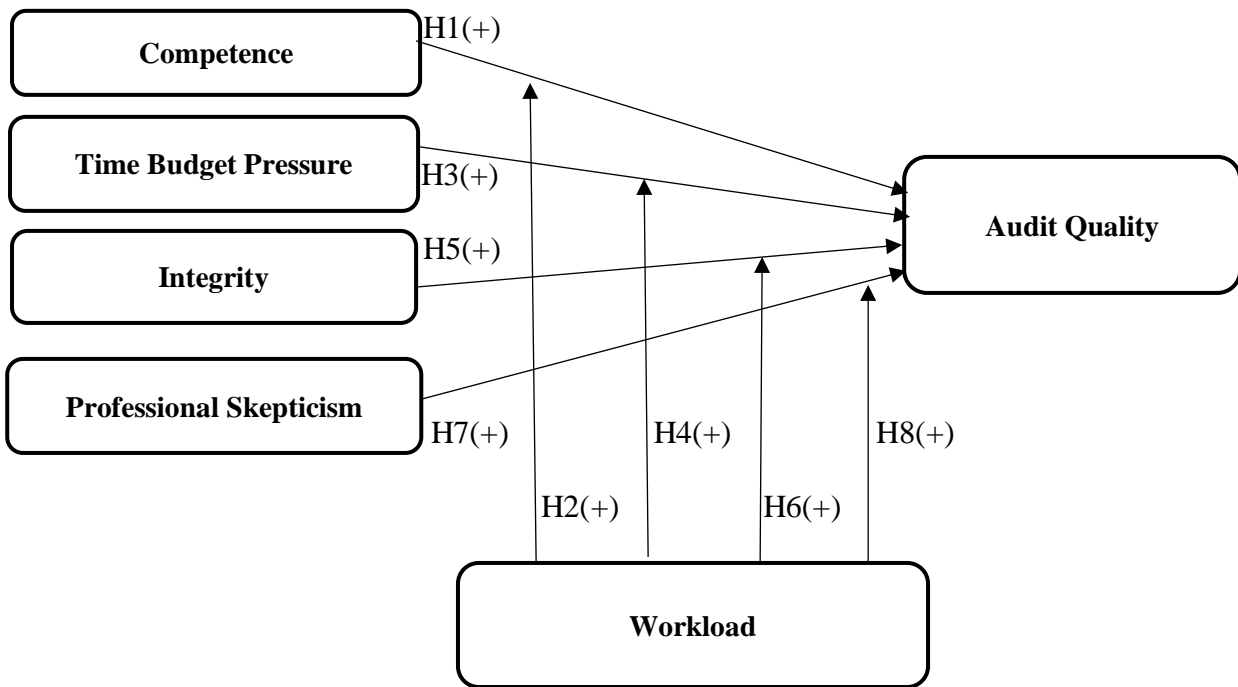
Based on the provisions of the BPK state financial examination standard (2017), integrity is applied in a trustworthy attitude, no conflict of interest, has firm principles in decision making. Integrity requires a member to be honest and forthright without compromising the recipient's secrets. Public service and trust must not be defeated by private gain (Muslim et al., 2020). In addition, an important factor that can affect the quality of an audit is professional skepticism. In all audit operations, an auditor must have professional skepticism in all audit planning and execution. Therefore, the vigilance of an auditor includes the possibility of material misstatement of financial statements due to fraud or errors in all audit planning and implementation (Purba & Nuryatno, 2019). In addition to strengthening or weakening competence, time budget pressures, integrity, professional skepticism, and workload have responsibilities and give rise to auditors' judgment or actions. For auditors, the workload can be seen from how many clients must be completed by an auditor or the limited time available to carry out the audit process, it can cause a decrease in the auditor's ability to find fraud (Larasati & Puspitasari, 2019). From the review and discussion of research on agency theory and attribution theory, the current research offers the development of agency theory and attribution theory to find out factually about the variables that affect the quality of auditors in detecting fraud. This research is important to do so that the factors that affect the quality of the audit can be known and can improve the quality of the audit it produces. This study focuses more on workload which is a moderation variable. Because workload is an important factor in the continuity of auditor quality in detecting fraud, because a person's behavior is formed from the intentions they have.

## Methods

The method used in this study is a conceptual research framework method. Conceptual research is defined as a methodology whereby research is conducted by observing and analyzing information that already exists on a particular research topic (Bhat, 2018). There are four steps in conducting conceptual research methods (Mamahit & Urumsah, 2018). First, conceptual research is defined as a methodology where research is carried out by observing and analyzing information that is already present on a particular topic. Conceptual research does not involve conducting any practical experiments. It is associated with abstract concepts or ideas. The conceptual research framework is a combination of previous research by explaining the phenomena that occur. The problem statement in the research becomes the research framework. Attempts to begin to answer questions form the basis of research. Second, collect relevant literature. By narrowing down the topic and gathering relevant information that is around. Gathering relevant information is an important step as conceptual research is largely based on information obtained from previous research. Gathering relevant literature and information is key in completing a study. The research materials used are scientific journals, research papers published by a well-known scientist, and the same material materials. There is a lot of information available on the internet and libraries, but before researchers use the information, it is necessary to make sure to verify it first. Third, identify specific variables. Identify variabels related to the research to be

carried out. These variables can provide new research scope and can also help to identify how it can relate to the research. Fourth, produce a skeleton. In this step start designing the necessary framework using some relevant variables from scientific articles and other related materials. The population in this study is employees working at the Audit Board (BPK) of Gorontalo Province. The researcher using this population because employees BPK have more experience in audit issues. This is due to the condition that to be registered with BPK RI, prospective employees must first pass a certification test.

**Findings**



**Figure 1 Research Model**

**Discussion**

**1. The Effect of Competence on Audit Quality**

Sari et al., (2021) Competence is the ability to carry out or perform a job or task based on skills and knowledge and supported by the work attitude required by the job. The task of an auditor is to provide an accurate opinion on the financial statements produced by the company which then the audited financial statements will be used by stakeholders. The competence in auditing can be obtained from the auditor's cooperation activities (Cisadani & Wijaya, 2022). Competence variables use agency theory as a reference theory in this study. Competence relates to the auditor's expertise and experience in conducting audits. This shows that auditors who have good expertise and have a lot of experience, then he will have more sensitivity to mistakes made by clients. Meidawati & Assidiqi (2019), stated that competence affected audit quality. The research is supported by Yaumi (2021), Pelu et al., (2020), said that auditor competence positively influenced audit quality. Thus, the higher the competence level of an auditor, the better the quality of audit. Therefore, preliminary conclusions can be drawn that competence has a positive effect on audit quality.

**2. Workload Reinforces the positive influence of competence on Audit quality**

An auditor who is experienced in his field will have better knowledge of errors and fraud so that it will produce maximum performance to reveal fraud cases. Suryanto et al., (2017) explained that an experienced auditor has more knowledge about fraud and errors and is easier to detect fraud cases. In the workload variable as moderation describes understanding a person's reaction to events around them, by knowing their reasons for the events experienced. Whether or not the auditor's workload will not reduce the auditor's ability to detect fraud because the auditor already has an audit schedule and program that determines the number of audit

assignments of an auditor (Yuanita, 2018). Cheng et al., (2021) stated that auditor competence has a significant effect on audit quality, which means that auditors have the obligation to have the ability, expertise and experience to be able to carry out audit procedures professionally. Therefore, preliminary conclusions can be drawn that workload has a significant effect on the relationship between auditor competence and audit quality.

### **3. The Effect Of Time Budget Pressure On Audit Quality**

Experience in audit practice is one indicator that shows the expertise or professionalism of an auditor, because if an auditor does not have experience, there will be a greater chance of making mistakes compared to experienced auditors. The faster the audit processing time, the smaller the cost of conducting the audit. Time budget pressure variables using agency theory are used as a theoretical basis only because agency theory can help auditors understand conflicts of interest that arise and try to be able to reduce conflicts of interest between agents and principals. The existence of this time budget forces the auditor to complete the task as soon as possible or in accordance with the time budget that has been set (Dewi & Jayanti, 2021). Auditors perform their responsibilities within the stipulated time frame. During busy periods, inspectors are required to complete many tasks in a very limited time and are bound by a very limited time budget, leading to burnout and poor audit quality (Suryanto et al., 2017). Therefore, preliminary conclusions can be drawn that time budget pressure have a positive effect on audit quality

### **4. Workload Reinforces The positive effect of time budget pressure on Audit quality**

In research Dewi & Ramantha, (2019) states that Proper time budget pressure can be used as a basis for estimating costs arising from the audit process. If time is required in completing a given audit task for too long, this can be affect audit costs and the effectiveness of the audit process. Workload variables as moderation use attribution theory which explains that a person's behavior can change because it is influenced by external factors, on external factors related to the environment and situations that forcing a person to perform certain actions. Low time budgets given by clients tend to making auditors perform dysfunctional behaviors, such as skipping some audit procedures to minimize time resulting in low the quality it produces. The large amount of workload given will result in dysfunction due to time this budget pressure will have a direct impact on audit quality. However, (Riyandari et al., 2017) the research states that the narrower the time budget pressure given by clients to auditors in completing audit tasks it has an impact on the high quality of the audits produced. Therefore, it can be concluded early that workload positively affects the relationship between time budget pressure and audit quality.

### **5. The Effect Of Integrity On Audit Quality**

Integrity is a characteristic that must be possessed by an auditor by being honest, correct, firm, independent and fair so that the results of the audit can be trusted by parties requiring the results of the audit (Prabowo & Suhartini, 2021). The integrity variable uses agency theory because in agency theory predicts that if agents have information advantages compared to principals and interests between principals and agents are different, there will be principal-agent problems where agents will take actions that benefit themselves but will harm principals. If the auditor is independent faced with a situation of non-existence specific rules, standards, guidelines, or in the face of opinions that contrary, auditors must be able to think what decision he made deeds have been in accordance with his integrity or not yet as an auditor (Kamil & Fathonah, 2020). Integrity can accept unintentional mistakes and honest dissent, but it cannot accept cheating or negation of principles. Therefore, preliminary conclusions can be drawn that integrity has a positive effect on audit quality

### **6. Workload Reinforces The positive influence of integrity on Audit quality**

Integrity is a quality, trait, or condition that shows complete unity, possesses honesty, hard work, and adequate competence. Auditors must have high integrity so that people can continue to believe in the services they provide. To maintain and expand public trust, auditors must carry out all their professional responsibilities with a high degree of integrity by being professional, objective, fact-based, impartial, honest and open to the entity being examined but still paying attention to limitations (Kamil & Fathonah, 2020). Confidentiality contained in the applicable laws and regulations. Integrity is manifested in an honest,

objective and assertive attitude in applying principles, values and decision. The workload variable as a moderation variable uses attribution theory because there are behaviors related to individual attitudes and characteristics, it can be said that only looking at their behavior will be able to know the attitude or characteristics of the person and can also predict a person's behavior in dealing with certain situations. Integrity is the foundation of character as recognition for examiners and is a quality that can lead to trust in society (Firmansyah et al., 2020). Hasina & Fitri, (2019) research states that integrity has a significant positive effect on the quality of auditors, this likens that with high integrity, auditors can improve the quality of the audits they produce. That auditors who have specialists are considered to have good abilities in detecting and reporting errors and fraud, because of the experience they have in the form of workload. so that preliminary conclusions can be drawn that workload positively affects the relationship between auditor integrity and audit quality.

## **7. The Influence Of Professional Skepticism On Audit Quality**

According to Purba & Nuryatno, (2019), auditor professional skepticism is an auditor's attitude where before making audit decisions will always doubt and question everything, and critically assess audit evidence. Skepticism does not mean disbelief, but seeking proof before being able to believe a statement. Professional skepticism must be possessed by an auditor because the auditor's skepticism or curiosity will be able to improve the quality of the audit. The variable of professional skepticism uses attribution theory because an auditor is one of the determinants of the quality of audit results to be carried out because it is an internal factor that encourages someone to carry out an activity. The same thing explained in Mulyani & Munthe, (2019) research shows that auditor professional skepticism has a positive effect on audit quality, so the more skeptical an auditor is, the better the quality of the audit he conducts. The auditor's inability to detect fraud and financial misrepresentation is a reflection of the auditor's low professional skepticism. Therefore, preliminary conclusions can be drawn that professional skepticism has a positive effect on audit quality.

## **8. Workload Reinforces The positive influence of skepticism professional on Audit quality**

Professional skepticism includes a mind that constantly questions and critically evaluates audit evidence. Since audit evidence is collected and assessed during the audit process, professional skepticism must be used during the process. Workload variables using attribution theory explain the process of how we or a person can determine what motives and causes regarding a person's behavior. In the study, Basuki & Sunaryo, (2020) explained that the high workload of an auditor, where the auditor has many tasks to be completed while the time they have is limited so that variations in information search will vary. Professional skepticism is an attitude that involves an inquisitive mindset and a critical evaluation of audit evidence. Auditors must be able to carry out their duties with skepticism in accordance with established standards, laws and regulations, and maintain audit quality and professional image (Junitra & Lastanti, 2022). This result is in accordance with Mardijuwono & Subianto, (2018) research stating that auditors who embrace their profession can improve professionalism so as to produce the quality of the audit has certainly improved. Then, the results of the completed work provide inner satisfaction as a professional auditor. In this case, professional devotion the auditor will need the audit work to be completed immediately. So it can be concluded early that workload has a positive effect on the relationship between auditor professional skepticism and audit quality

## **Conclusion**

Various cases of irregularities involving auditors related to the provision of WTP to institutions/governments mean that the information they audit is worthy of trust, does not contain doubts. This provides loopholes that are exploited by irresponsible parties. This paper discusses a conceptual model of how auditors are responsible for detecting possible fraud errors to maintain the quality of audits that occur in government using agency theory and attribution theory. Preliminary conclusions in this conceptual research states that there is a positive influence between competence, time budget pressure, integrity and professional skepticism. The positive effect of workload the relationship between competence, time budget pressure, integrity, and professional skepticism with audit quality. This conceptual model furthermore, it can be developed into advanced research so that it can contribute to the eradication of fraud in the government sector.

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