

# The Effect of Auditor Competence and Skepticism on Remote Audit Quality

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## Research article

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**Abstract:** This study aims to determine the effect of auditor competence and skepticism on remote audit quality. This type of research is descriptive quantitative. Respondents in this study were the Auditors of the Inspectorate General of the Ministry of Finance, totaling 82 people using probability sampling technique. Source of data in this research is primary data. Primary data was taken by distributing questionnaires and analyzed using multiple linear regression analysis after testing the validity, reliability, and classical assumption tests. Furthermore, the data was processed using the SPSS program application version 25.0. The results of this study show simultaneously and partially that auditor competence and skepticism have a positive and significant effect on remote audit quality. The results of the coefficient of determination simultaneously show that professional skepticism and auditor competence have a positive and significant effect on remote audit quality by 67.5%. The results of the regression coefficient show that partially professional skepticism has a positive and significant effect of 43.5%, auditor competence has a positive and significant effect of 57.2%. This means that professional skepticism and auditor competence together are very important for an auditor in maintaining the quality of his remote audit during the Covid-19 pandemic.

**Keywords:** competence; skepticism; and remote audit.

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## 1. Introduction

Remote audit is an audit that is carried out partially or completely outside the assignment location. The audit will still cover all areas but use digital technology to support the assessor where site visits are not possible (IIA, 2021). The challenge in implementing remote audits at the Inspectorate General of the Ministry of Finance is that not all of the auditee documents are in digital form, so that document review and remote interviews require a lot of time for the process of scanning documents and saving them to storage applications such as Google Drive or Dropbox. This impedes the review of documents thereby affecting work effectiveness with the challenges of limited Information Technology (IT) infrastructure owned by the auditor and the audited party which will affect the quality of the remote audit (Setianto, 2020). Another challenge faced by the APIP Inspector General of the Ministry of Finance in conducting remote audits (Marcus, 2021) is that the auction activity at DJKN still produces output in the form of physical documents, namely auction minutes, where these auction minutes have a high level of confidentiality so that not just anyone has access to them. The Ministry of Finance's APIP Inspector General, who holds the quality assurance function, must maintain the quality of internal supervision that he carried out during the Covid-19 pandemic, one of which was with

a remote audit. (SAIPI,2014) General standards in the form of auditor qualifications are important things that need to be considered in conducting audits so that in dealing with various obstacles that occur during remote audits, APIP is required to sharpen professional skepticism with a questioning mind about the validity of the audit evidence obtained and evaluate evidence- evidence of careful and careful examination (Fabianska, 2021). According to IAPI, auditors must maintain an attitude of professional skepticism to act in accordance with professional standards and the applicable professional code of ethics in accordance with provisions in a careful, thorough, and timely manner. One of the causes of audit failure is low professional skepticism, because low professional skepticism will make the auditor less sensitive to fraud, both real and potential, or to signs of danger that accommodate errors and fraud (Tuanakota, 2015). Therefore, the auditor's professional skepticism will provide adequate assurance that the audit evidence is sufficient and appropriate to support the auditor's findings and conclusions (Hurt, 2013).

The remote audit implementation of the Inspector General of the Ministry of Finance can be implemented effectively if it meets the aspects of adequate auditor skills, knowledge, and attitudes (Marcus,2021). Auditors who have sufficient knowledge and experience can carry out audits objectively, carefully, and thoroughly even though the audit is carried out remotely and can maintain audit quality.

Based on the background that has been stated, the researcher is interested in examining the quality of remote audits in the government sector where previous research focused more on audit quality in general and the purpose of this study was to determine the effect of auditor competence and skepticism on remote audits.

APIP Inspector General of the Ministry of Finance who is an internal auditor within the Ministry of Finance. (Widyajala, 2021) APIP Inspector General of the Ministry of Finance as the holder of the quality assurance function must continue to maintain the quality of internal supervision that was carried out during the pandemic, namely by remote auditing during the pandemic (Litzenberg & Ramirez, 2020).

## 2. Literature Review

In the conditions of the Covid-19 pandemic, auditors are needed who have competence in the form of knowledge about the field they are involved in, because auditors who have sufficient knowledge and experience can carry out audits objectively, carefully and thoroughly even though the audit is carried out remotely, because with quite extensive knowledge , auditors will find it easier to follow increasingly complex developments such as the current pandemic situation (Fabianska, 2021). The Government of Indonesia's Internal Audit Standard (SAIPI,2014) states that an audit must be carried out by one or more persons who have adequate technical expertise and training as an auditor, because auditor competence is a measure of the minimum ability that must be possessed by an auditor which includes aspects of education, knowledge. , skills/expertise (skills), and experience to be able to carry out tasks in the auditor's functional position so that it will affect the quality of the remote audit that is carried out. According to research (Zahra, 2021) it proves that competency influences the quality of remote audits at KAPs in Surabaya. Based on this description, the hypothesis is as follows:

*H<sub>1</sub>: Auditor competence has a positive and significant effect on remote audit quality.*

Based on the 2014 Indonesian Government Internal Audit Standards (SAIPI), it is explained that the Government Internal Supervisory Apparatus (APIP) is a Government Agency established with the task of carrying out internal supervision within the central

government and/or regional governments. Internal supervision is regulated in regulation Number KEP-062/AAIPI/DPN/2018 concerning the Conceptual Framework for Internal Oversight of the Government of Indonesia that internal supervision is an activity of auditing, reviewing, evaluating, monitoring, and other supervisory activities to provide adequate assurance that activities have been carried out effectively and efficiently to achieve good governance. Due to the Covid-19 pandemic, the government issued a work from home policy which has an impact on the work mechanism of the Government's Internal Oversight Apparatus to change its supervisory approach to remote internal supervision, including activities within it, namely auditing to remote auditing (IIA, 2021).

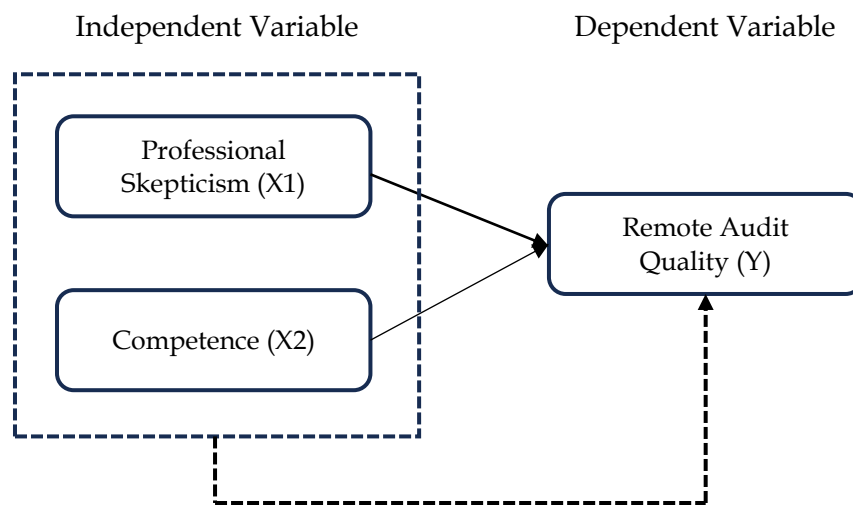
In these conditions APIP must maintain its audit quality even though it is carried out remotely. (SAIPI) general standards in the form of auditor qualifications are important things that need to be considered in conducting audits to maintain the quality of remote audits APIP is required to sharpen professional skepticism with a questioning mind about the validity of audit evidence obtained, and evaluate audit evidence carefully and carefully (Hurt, 2013). This is in accordance with the results of research (Sugiarmini & Datrini, 2017) showing that professional skepticism has a positive and significant effect on audit quality. The second factor (Marcus, 2021) in the Remote Auditing Catalyst Article that the implementation of remote internal control at the Inspectorate General of the Ministry of Finance can be implemented effectively if HR competencies in the form of education, knowledge, skills, and experience are sufficient. This is consistent with the results of research (Nurjanah & Kartika, 2016) showing that auditor competence has a positive and significant effect on audit quality. Then it is strengthened by the results of research (Zahra, 2021) which shows that professional skepticism and auditor competence have a positive and significant effect on the quality of remote audits at KAPs in Surabaya.

In the Covid-19 pandemic situation, remote audits make auditors dependent on technology to collect evidence and review documents remotely which causes a lack of interaction between auditors and auditees, thus opening opportunities for fraud. Meanwhile, the auditor must maintain audit quality and be able to obtain sufficient and appropriate audit evidence to support the audit opinion. So, to maintain the quality of remote audits the auditor must sharpen professional skepticism which includes a mind that always questions and performs critical testing, because objectively collecting and testing evidence will require the auditor to consider the relevance, competence, and adequacy of the evidence (SAIPI, 2014). According to research (Zahra, 2021) it proves that professional skepticism affects the quality of remote audits at KAPs in Surabaya. Based on this description, the hypothesis is as follows:

*H<sub>2</sub>: Professional skepticism has a positive and significant effect on remote audit quality.*

In maintaining audit quality, there are several challenges, including the lack of direct interaction, increasing the opportunities for fraud to occur, and the opportunity to manipulate documents and eliminate relevant evidence and information will increase. Therefore, the professional skepticism of an auditor is needed to maintain the quality of remote audits during a pandemic. In conducting a remote audit, the competence of an auditor in terms of education, knowledge, expertise and experience of the auditor is required to conduct an audit objectively, carefully and thoroughly even though the audit is carried out remotely. (Litzenberg & Ramirez, 2020) Professional skepticism and auditor competence affect the quality of remote audits. Based on this description, the hypothesis is as follows:

*H<sub>3</sub>: Competence and Auditor skepticism have a simultaneous effect on remote audit quality.*



**Figure 1.** Research Model

### 3. Research Methods

This study uses a quantitative approach. In collecting data, this study uses primary data sources using survey methods, so it is necessary to take samples from the population (Sugiyono, 2015). The population in this study were all auditors within the inspectorate general of the Ministry of Finance, totaling 466 people. The sample in this study used a probability sampling technique with a simple random sampling method so as to produce a sample of 82 people with the respondent being the auditor. The data collection technique used in this study is by using a questionnaire, namely by submitting or sending a list of questions to be filled out by the respondents themselves.

#### 3.1. Testing and Data Analysis

The number of questionnaires distributed was 82 questionnaires according to the calculation of the slovin formula when determining the number of samples. The number of questionnaires that can be processed is 73 questionnaires so that the percentage of the questionnaire return rate is 89%.

Before testing the hypothesis, each question item has passed the validity and reliability tests.

##### 3.1.1. Validity test

The results of the calculation of the validity test of the 64 item statements submitted, the correlation number of all questions obtained is greater than the  $r$  table number of 0.279, then all questions are declared valid. This means that the statements submitted in the questionnaire have construct validity or the statistical term is internally consistent, which means that the statements measure the same aspects.

##### 3.1.2. Reliability Test

The reliability test was carried out to measure the consistency and reliability of the questions in the questionnaire on the variables, by looking at the Alpha Cronbach's value limit above 0.6, the questions in the questionnaire were considered reliable, consistent, and relevant to the

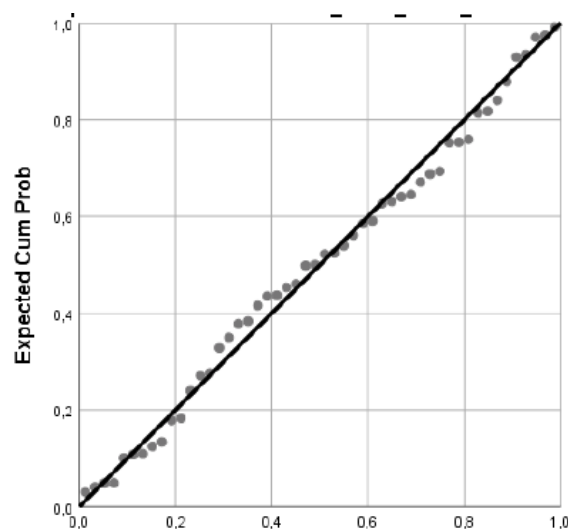
variables or factors in the study. After the reliability test was carried out, all question items were declared reliable.

### 3.1.3. Data Transformation

Before carrying out linear regression analysis, research using an ordinal scale needs to be changed first to an interval scale using the Method of Successive Interval (MSI). The aim of transforming ordinal data into interval data so that the data can be normally distributed or homogeneous, which can then be tested using classical assumptions on the results of the data transformation. The process of transforming ordinal data into interval data in this study uses Microsoft Excel STAT 97.

### 3.1.4. Classic assumption test

#### Normality test



**Figure 1.** Normality Diagram

The picture above shows the spread of the dots following the diagonal line. So, it can be concluded that the regression model has an assumption of normality.

**Table 1.** Normality test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		50
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	6,97275538
Most Extreme Differences	Absolute	,101
	Positive	,096
	Negative	-,101
Test Statistic		,101
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Based on the table above, it is significant at  $0.200 > 0.05$ , it can be concluded that the regression method in this study fulfilled the assumption of normality.

### Multicollinearity Test

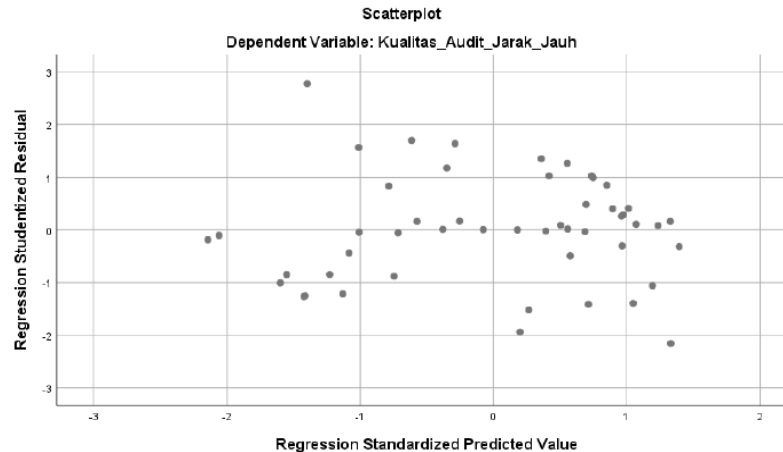
The following results of the multicollinearity test can be seen as follows:

**Table 2.** Multicollinearity test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Skeptisme Profesional	,454	2,204
Kompetensi Auditor	,454	2,204

From the table above it can be seen that the results of the analysis calculations show that the VIF value of each independent variable is less than 10 and the tolerance value is greater than 0.10 so it can be concluded that the regression model does not contain symptoms of multicollinearity.

### Heteroscedasticity Test



**Figure 2.** Heteroscedasticity Test

From the test results with the graphical method above, it can be seen that the output of the Scatterplot shows that the dots spread and do not form a clear pattern. So, it can be concluded that there is no heteroscedasticity problem.

## 4. Results and Discussion

### 4.1. Regression Analysis

$$Y = -5,353 + 0,435 X_1 + 0,572 X_2 + e$$

From the regression equation above it can be explained that:



- a) The  $\alpha$  value is negative at -5.353 meaning that if the competence and skepticism of the auditor is equal to zero then the remote audit quality value is -5.353.
- b) The competency coefficient value is 0.435. The positive sign indicates a unidirectional change from competency to remote audit quality, which means that if the competency variable increases by 1 unit, the remote audit variable increases by 0.435. Vice versa.
- c) The auditor's skepticism value is 0.572. The positive sign indicates a unidirectional change from the auditor's skepticism variable to the remote audit quality variable, which means that if the auditor's skepticism variable increases by 1 unit, the remote audit quality will also increase by 0.572.

#### 4.2. Coefficient of Determination.

**Table 2.** Coefficient of Determination

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.822 <sup>a</sup>	.675	.662	7,11957

The R value (correlation coefficient) is 82.2%. This explains that there is a strong relationship between the independent variables and the dependent variable. Furthermore, based on the table above, it explains that the coefficient of determination ( $R^2$ ) is 67.5%, which means that the effect of the competence and skepticism variables on the quality of remote audit simultaneously is 67.5% while the rest is influenced by other variables not tested in this study.

#### 4.3. Hypothesis test

##### 4.3.1. Partial Significance Test (T-Test)

##### Competency Variable on Remote Audit Quality

Tcount = 2.483, which means Tcount > Ttable (2.483 > 2.011) with a significant 0.017 < 0.05 then  $H_0$  is rejected, and  $H_a$  is accepted meaning the hypothesis ( $H_1$ ) shows competency results affect remote audit quality.

##### Auditor Competency Variable on remote audit quality

Tcount = 4.612, which means Tcount > Ttable (4.612 > 2.011) with a significance of 0.000 < 0.05, then  $H_0$  is rejected, and  $H_a$  is accepted, meaning the hypothesis ( $H_2$ ) shows the results of the auditor's skepticism affects the quality of the remote audit.

##### 4.3.2. Simultaneous Significance Test (F-Test)

The F test was conducted to determine whether there is an influence between the competency variable and auditor skepticism simultaneously (simultaneously) on the quality of the remote audit. Based on the calculation results obtained F count = 48.888 to determine the value of F count with a significance level of 5%,  $F(k ; n-k) = F(2 ; 50-2) = F(2 ; 48) = 3.19$ , the results obtained for F table is 3.19. So the results of the calculation of Fcount > Ftable (48.888 > 3.19) with a sig value (0.000 < 0.05) obtained simultaneously (together) the competence and auditor skepticism variables significantly influence the remote audit quality.

#### 4.3.3. *Effect of competence and auditor skepticism on remote audit quality*

Based on the simultaneous hypothesis testing of the calculation results  $F_{count} > F_{table}$  ( $48.888 > 3.19$ ) with a sig value ( $0.000 < 0.05$ ) it can be concluded that  $H_0$  is rejected, and  $H_a$  is accepted meaning that simultaneously (together) the independent variables Competence and Skepticism Auditors have a positive and significant effect on remote audit quality with an influence value of 67.5%. This shows that the quality of the remote audit of the Inspectorate General of the Ministry of Finance is influenced by the variables of professional skepticism and auditor competence. The results of this study are in line with research conducted by Zahra (2021) proving that auditor competence and skepticism affect the quality of remote audits, because in the conditions of the Covid-19 pandemic, auditors are needed who have competence in the form of knowledge about the field they are involved in.

In accordance with the opinion according to Marcus, namely the Ministry of Finance's Inspectorate General's auditor in the Remote Auditing Catalyst Article which said that the implementation of remote internal supervision at the Inspectorate General of the Ministry of Finance can be implemented effectively if five aspects have been fulfilled, one of which is HR in the form of adequate skills, knowledge and attitudes. Auditors who have sufficient knowledge and experience can carry out audits objectively, carefully and thoroughly even though the audit is carried out remotely, because with sufficiently broad knowledge the auditor will find it easier to follow increasingly complex developments such as a pandemic situation, so that the auditor remains to maintain audit quality. In addition, professional skepticism assists auditors in dealing with remote audit challenges to prevent opportunities for fraud and opportunities to manipulate documents and eliminate evidence and information.

## 5. Conclusion

Based on the results of the discussion above, it can be concluded as follows:

- a) Auditor competence has a positive and significant effect on the quality of the remote audit. This shows that the better the competence of the auditor at the Inspectorate General of the Ministry of Finance, the quality of the remote audit will further improve.
- b) Auditor's skepticism has a positive and significant effect on the quality of the remote audit. This shows that the better the skepticism of the auditors at the Inspectorate General of the Ministry of Finance, the better the quality of the remote audit.
- c) Auditor competence and auditor skepticism simultaneously have a positive and significant effect on the quality of the remote audit of the Inspectorate General of the Ministry of Finance with an influence value of 67.5%. This shows that the quality of the remote audit of the Inspectorate General of the Ministry of Finance is strongly influenced by the competence and skepticism of the auditors.

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