

## CHAPTER I : INTRODUCTION

### A. Background

The financial statements are a summary of the process used to record evidence of financial transactions that have taken place in the company during the current year. Financial statements become something important that a company's management uses to measure and evaluate a company's performance. The main purpose of financial statements is to provide information about the financial position, results of operations and changes in the financial position of a company that are required by all users of the financial statements, both internally and externally (IAI, 2009). Current financial statements based on accounting standards are financial statements that are free from material misstatement and that are applied consistently.

Audited financial statements can reduce the risk of misstatement and even improve the quality of decision-making by a company's management. The purpose of the audit process is to determine whether the figures reported in the financial statements are considered reasonable. So the quality of audits becomes important and the main thing is to increase the credibility of the financial statements and maintain the integrity of financial reporting. Better audit quality can increase the confidence of users of financial statements (Kurniasih and Abdul, 2014).

The public accounting profession is a profession that stakeholders rely on when issuing opinions on financial statements. The auditor's responsibility is to enhance the reliability of the existing financial statements so that users of the financial statements can obtain reliable and trustworthy audit information as a basis for making decisions. Good audit quality can be seen from the audit findings and audit reports actually reported by the auditor. Putrina et al. (2015)

in principle, audit results can improve the quality of information, but in practice there is still the behavior of auditors that can lead to a deterioration in the quality of audits. The quality of audits can be affected by several factors, one of which is audit fees.

The role of the auditor in the attitude of independence and responsibility is well taken into account by the public when his audit duties require the company's auditor to act in a professional manner, giving an opinion in line with the reality encountered during the Court's audit. check. Honesty, reliability, upholding ethics and commitment are the qualities of a professional accountant and auditor. Auditors are professions whose task is to serve the interests of the Community by carrying out audits of the accounts so that they can be used as a basis for decision-making.

An independent auditor is involved in objectivity, in order to increase the reliability of the company's financial statements and to know the reasonableness of the information contained in the financial statements, an independent audit must be performed. Independence is a person's attitude to act honestly, impartially, and to report findings only on the basis of existing evidence. The auditor is assumed to be both mentally and physically independent to perform the audit function to provide an impartial opinion. This is so that the results of the study are independent and impartial.

The quality of audit results is determined not only by the amount of experience of the auditors, but also by the fact that the auditors follow and continue to observe the professional code of ethics. A code of ethics is, in principle, a system of moral principles followed in a group of established professions. The code of ethics of the profession is a code of conduct that all those who adhere to professional duties must follow (Ananda, 2014). According to Sahara (2014), an accountant's code of ethics is the norm for behavior that governs auditors

'relationships with clients, auditors with peers, and between professions and the community. Auditors must adhere to established ethical rules, which are an integral part of the auditing standard. This Code of Conduct will help professionals better understand what the profession expects from members

Professional skepticism is the auditor's attitude in questioning and critically evaluating existing audit information (SA Chapter 230). An auditor with an attitude of professional skepticism does not just trust the client's explanation related to the audit information. Professional skepticism allows for a better analysis of the existence of fraud in the financial statements so that the auditor increases the detection of fraud in the subsequent audit process.

Skeptical attitudes have an impact on the evaluation of audit information provided by management to support the quality of the resulting audit. According to SPAP PSA No. 04 (SA Part 230), SPAP (2011: 230.2) states that professional skepticism must be used in gathering and evaluating evidence during the audit process. Rusyanti (2010) shows that skepticism affects the quality of inspections. Other studies also reveal that changing skepticism has a positive effect on the quality of inspections, Januarti (2010). This shows that the higher the professional skepticism, the better the audit quality of the financial statements.

The quality of the audit can be interpreted as good or not for the study performed by the auditor. Auditors are said to be qualified if the audit of the Professional Standards for Auditors (SPAP) meets regulations or auditing standards. Auditing standards include professional quality, independent auditors, the assessment used to perform the audits and the preparation of the audit reports (judgment).

DeAngelo (1981) defines audit quality as the market value at which it is possible for the auditor to provide (a) findings of irregularities in the client's accounting system; and (b) there are breaches in the recording. The possibility of the auditor reporting incorrectly on the reported report has been identified and is defined as the independence of the auditor. The auditor must be able to produce high quality work because the auditor has a great responsibility to the parties involved in the company's financial statements, including the public. The auditor is not only dependent on the client, but is qualified to review and test whether the financial statements have been presented fairly in accordance with generally accepted accounting principles.

(Q.S. Al-baqarah (2:282))

يَا أَيُّهَا الَّذِينَ ءَامَنُوا إِذَا تَدَايَنْتُمْ بِدِينٍ إِلَىٰ أَجَلٍ مُّسَمًّى فَاكْتُبُوهُ ۚ وَلْيَكْتُب بَيْنَكُمْ كَاتِبٌ بِالْعَدْلِ ۚ وَلَا يَأْب كَاتِبٌ أَنْ يَكْتُبَ كَمَا عَلَّمَهُ اللَّهُ ۚ فَلْيَكْتُبْ وَلْيُمْلِلِ الَّذِي عَلَيْهِ الْحَقُّ وَلْيَتَّقِ اللَّهَ رَبَّهُ وَلَا يَحْسِ مِنْهُ شَيْئًا ۚ فَإِنْ كَانَ الَّذِي عَلَيْهِ الْحَقُّ سَفِيهًا أَوْ ضَعِيفًا أَوْ لَا يَسْتَطِيعُ أَنْ يُمِلَّ هُوَ فَلْيُمْلِلْ وَلِيُّهُ بِالْعَدْلِ ۚ وَاسْتَشْهِدُوا شَهِيدَيْنِ مِنْ رِجَالِكُمْ ۚ فَإِنْ لَمْ يَكُونَا رَجُلَيْنِ فَرَجُلٌ وَامْرَأَتَانِ مِمَّن تَرْضَوْنَ مِنَ الشَّهَدَاءِ أَنْ تَضِلَّ إِحْدَاهُمَا فَتُذَكَّرَ إِحْدَاهُمَا الْأُخْرَىٰ ۚ وَلَا يَأْبَ الشَّهَدَاءُ إِذَا مَا دُعُوا ۚ وَلَا تَسْمَعُوا أَنْ تَكْتُبُوهُ صَغِيرًا أَوْ كَبِيرًا إِلَىٰ أَجَلِهِ ۚ ذَٰلِكُمْ أَقْسَطُ عِنْدَ اللَّهِ وَأَقْوَمٌ لِلشَّهَادَةِ وَأَدْنَىٰ ۖ أَلَّا تَرْتَابُوا ۗ إِلَّا أَنْ تَكُونَ تِجْرَةً حَاضِرَةً تُدِيرُونَهَا بَيْنَكُمْ فَلَيْسَ عَلَيْكُمْ جُنَاحٌ أَلَّا تَكْتُبُوهَا ۗ وَأَشْهِدُوا إِذَا تَبَايَعْتُمْ ۚ وَلَا يُضَارَّ كَاتِبٌ وَلَا شَهِيدٌ ۚ وَإِنْ تَفَعَّلُوا فَإِنَّهُ فُسُوقٌ بِكُمْ ۗ وَاتَّقُوا اللَّهَ ۗ وَيُعَلِّمُكُمُ اللَّهُ ۗ وَاللَّهُ بِكُلِّ شَيْءٍ عَلِيمٌ

"O you who believe, if you bermu'amalah [179] not in cash for a specified time, you should write it. and let a writer among you write it correctly. and let the writer not be reluctant to write it as God taught it, they should write it, and let the person who owes it teach (what will be written it), and let him fear Allah the Lord, and let him not reduce the slightest of his debt. if the debtor is a person whose mind is weak or weak (his condition) or he himself is not able

to lead, then let his guardian teach him honestly. and witness with two witnesses of the men (among you). if there are not two men, then (may be) a man and two women from witnesses that you approve, so that if someone forgets, then one person reminds him. do not be reluctant witnesses (provide information) when they are called; and do not be weary of writing that debt, small or large until the deadline to pay it. that is, it is more just with Allah and strengthens testimony and is closer to not (raising) your doubts. (Write your muamamamu), unless you muamam is a cash trade that you run among you, then there is no sin for you, (if) you do not write it. and witness if you sell and buy; and don't let the writer and witness make it difficult for each other. if you do (that is), then surely it is a wickedness in yourself. and fear Allah; God teaches you; and Allah knows everything. "

It is the longest verse in the Qur'an and clearly contains guidelines for recording the practices of economic transactions. This verse is the verse that deals most openly with accounting practices. In the verse, 8 words are marked (كتب) in the word, while recording is part of the main function of accounting.

This study is a Replication of a previous study from Kusumawati and Syamsuddin (2017), the previous researcher used the title " The effect of auditor quality to professional skepticism and its relationship to audit quality". The difference of this research with a previous research are the location of the research and the respondent, the previous research location are in south Sulawesi and the respondent are the auditor in Audit Board of the Republic of Indonesia (BPK) in South Sulawesi province using questionnaire. The location of this research are in West Nusa Tenggara (NTB), and the respondent are the auditor of KAP khairunnas & colleageagus in mataram city Nusa Tenggara Barat. In West Nusa Tenggara there is only one KAP, while the need for audits is very large from various companies and sectors from both

local government and private sector. one of them is the gold mining sector on the island of sumbawa which was formerly known as PT. Newmont and other local mines and other industry. research results are expected to be useful for develop behavioral science especially about audit skepticism and for society, the results of this research are expected to help to improve public trust in public accountants in conducting audits.

One of the reasons why researchers conduct this research is a phenomenon that researchers find in the field where many companies that undergo audits from both the private and government sectors lack evidence of any transactions that are unfortunately important, either invalid or not at all. Here the role of the auditor is to be more skeptical of evidence that is less strong or that cannot be used as evidence so that the audit results or audit opinion have better quality and can be used for companies to take the next step based on the audit opinion.

The New Variable used in this study from the previous research which is “PENGARUH PENGALAMAN AUDITOR , BEBAN KERJA , RED FLAGS , DAN TIPE KEPRIBADIAN TERHADAP KEMAMPUAN AUDITOR DALAM MENDETEKSI KECURANGAN DENGAN SKEPTISME SEBAGAI VARIABELL MODERASI ( Studi Empiris pada KAP di Jakarta)” from Prakosa , Hendra (2020).

## **B. Problem Formulation**

Based on the description of the background above, The problem formulations are as follows :

1. does the quality of the auditor affect professional skepticism?
2. does the quality auditor influence quality control?
3. does ethical rules affect professional skepticism?
4. does ethical rules affect quality control?
5. does professional skepticism affect quality control?
6. What is the impact of a quality auditor on quality control through professional skepticism?

7. does ethical rules affect quality control through professional skepticism?

### **C. Objectives of the study**

1. Examine of the impact of auditor quality on professional skepticism
2. Examine the impact of the quality auditor on quality control
3. Examine the impact of ethical rules on professional skepticism
4. Examine the impact of ethical rules on quality control
5. Examine of the effect of professional skepticism in quality auditing
6. Examine the impact of quality auditors on quality control through professional skepticism
7. Determine the impact of ethical rules on quality control through professional skepticism

### **D. Benefits of research**

The results of this study are expected to provide the following benefits:

1. Theoretical benefits:

(a) The results of this study are expected to contribute to the development of accounting, in particular in the field of auditing.

b) The results of this study are expected to be a factor in increasing knowledge and may be used as a reference in the future.

2. Practical benefits :

(a) For authors: Researcher may increase the views of Auditor, in particular on the impact of professional skepticism and the independence of the auditor on the quality of

audits. It is also a suggestion for researchers to develop and apply the information obtained

b) For researchers: This study is expected to contribute to professional skepticism and the independence of the auditor in a number of circumstances that improve the quality of the audit.

(c) KAP: as a proposal to improve the ability of auditors to carry out audits, in particular to improve the quality of audits