

ICTHM 2023**International Conference in Technology, Humanities and Management****COMPETENCE AND INDEPENDENCE ON AUDIT QUALITY
WITH THE PROFESSIONAL ETHICS MODERATION**

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Abstract

This paper aims to examine the strength of professional ethics in moderating the relationship between auditor independence and competence in audit quality. This paper is important because looking at previous papers resulted in inconsistent conclusions and also users of audit reports demanding audit reports that have increasingly improved quality. Samples were taken by a simple random sampling method. The sample size is 55 examinations from public accountants who work in 24 accounting firms in Jakarta. The quantitative approach is used as the paper method where the survey method is given to respondents by purposive sampling. This paper uses analytical data using structural equation modeling (SEM) techniques. The results of the study concluded that independence and competence have a positive effect on audit quality. However, when including professional ethics as a moderating variable, the results illustrate that independence and competence do not affect audit quality. This paper has implications to better consider factors that can improve the quality of audit in Audit Firms, for example through public accountant professional training and professional seminars, so that understanding of service delivery can be carried out optimally. In addition, this paper is expected to make an affirmative contribution to IAPI in evaluating the quality of audits so that IAPI can develop regulations related to the audit profession related to the quality of audit. Moreover, the finding serves as input for regulators in making strengthening the policy within professional ethics in relationship with the quality of audit.

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1. Introduction

Several cases of financial reporting irregularities occurred in companies in Indonesia due to the involvement of external auditors, including in 2002 PT Bank Lippo published several financial reports containing different information, where the financial reports as of November 28, 2002, were addressed to the public through different newspapers than the financial statements as of September 30, 2002, and different from those submitted to the Jakarta Stock Exchange (BEJ) on December 27, 2002. As a result of the two reports with different information, Bapepam's audit team conducted a review of the related data and documents and concluded that the differences were only caused by: (1) adjustment of revaluation of foreclosed assets and allowance for possible losses on earning assets (PPAP); (2) Bank LIPPO does not apply the precautionary principle in including the word "audited" and unqualified opinion in newspapers; and (3) the public accountant's negligence in submitting important and material events related to Bank LIPPO's AYDA to Bapepam. As a result of this case, both the LIPPO Bank and the KAP concerned were subject to sanctions (Banjarnahor, 2018). An example of an international case is the Enron Corporation case, which was previously given an unqualified opinion by the Public Accounting Firm Arthur Anderson on the audit report of the Enron Corporation, not long after which surprisingly Enron Corporation was declared bankrupt (Simatupang & Sridharan, 2002; Wiratama & Ketut, 2015). These cases resulted in inaccurate information for investors to make decisions. As a result of this audit incident, the integrity, objectivity, and performance of the public accountant began to be doubted.

On the other hand, public accountants, especially in Indonesia, in carrying out their duties must follow auditing standards from IAPI, these standards and rules must be obeyed by all of its members. These standards are general, working, and reporting standards. Auditing standards are general guidelines for public accountants to fulfill their professional responsibilities in auditing historical reports (IAPI, 2021). The accounting profession is currently in the public spotlight. The credibility of audit reports is questionable, which is why many business failures due to corporate failures are attributed to public accountants. This threat has additional control over the public perception of audit quality. A high level of user confidence in audited audit reports requires public accountants to pay attention to the quality of their audit results. Audit quality can be then maintained and improved if material misstatements are detected and reported by an auditor (DeAngelo, 1981). Public accountants are also required to carry out and comply with the basic principles of professional ethics, including honesty, job objectives, competence, and the principles of prudence, confidentiality, and professional behavior (IAPI, 2021). Therefore, when referring to these standards, there should be no cases involving KAP that harm the public.

Previous research related to the influence of auditor independence and competence on audit quality has been carried out globally and locally (in Indonesia), but the results have not been consistent. Some studies have found a positive relationship (Alsughayer, 2021; Fortuna Sari & Ramantha, 2015; Rahmina & Agoes, 2014; Wijayanti et al., 2022; Zainudin et al., 2021), while others have identified negative (Susanto et al., 2020) and non-significant relationships (Anam et al., 2021). However, some researchers suspect that there are moderating variables that can strengthen the positive influence or reduce the negative impact of the relationship between competence and independence on audit quality, which is related to the ethics of public accountants (Wijaya, 2022). Professional ethics is a set of rules of behavior

that serve as guidelines that must be obeyed while carrying out their profession so from this concept it is concluded that ethics is a value that guides a person in his actions (Hikmayah & Aswar, 2020). Therefore, an ethical auditor is expected to carry out his duties properly to produce a quality audit. (Kharismatuti & Hadiprajitno, 2012; Saputra, 2016) Proves that the interaction between the competence, independence, and ethics of public accountants affects audit quality.

Given the mixed results regarding the relationship between competence and independence on audit quality, and the limited research in Indonesia that examines the role of auditor ethics as a moderating variable. To fill this research gap, the purpose of this paper is to directly examine the effect of the independence and competence of public accountants on audit quality, as well as examine the moderating role of professional ethics in weakening or strengthening the relationship between independence and competence on audit quality. The results of this study are expected to add to the literature in the field of auditing related to audit quality in Indonesia. In addition, this paper is expected to be able to make an affirmative contribution to The Indonesian Institute of Certified Public Accountants (IAPI) in assessing audit quality so that IAPI can develop regulations related to the audit profession related to audit quality. The remainder of the paper is organized as follows, section 2 reviews the literature and develops research hypotheses, section 3 discusses the research methods, section 4 describes the empirical results and additional testing, and Section 5 is the conclusion.

2. Literature Review and Hypotheses Development

2.1. Literature Review

Based on agency theory (Jensen & Meckling, 1976), the agency relationship is the relationship between shareholders (principal) and company management (agent). Differences in interests between principals and managers as agents will lead to agency conflict within the company due to information asymmetry (Calocha & Herwiyanti, 2020). The agent has more internal information and prospects for the company compared to the principal. Therefore, it is necessary to disclose information through an audit program by an external auditor on the company's financial information (Calocha & Herwiyanti, 2020). In the context of an audit, the auditor is expected to comply with the rules and norms set established in relation to independence, competence, and professional ethics. If the auditor has a high level of compliance with these rules and norms, it is likely that the resulting audit quality will also be higher (Nurlaela, 2017). This is in line with the compliance theory put forward by (Melossi & Tyler, 1991) which states that organizations will comply with regulations because the organization considers that these regulations have the authority to regulate organizational behavior, in this case, namely the behavior of auditors to comply with applicable auditing standards. For the auditor to carry out their duties properly, they must meet audit standards, namely competence and independence by behaving according to professional ethics to achieve a quality audit. Based on planned behavior theory (TPB) a person's behavior is influenced by the desires and realization of thoughts. According to (Ajzen, 1991), the main aspect of a person's attitude is influenced by his internal desire (behavioral intention) towards his behavior. Ethics is an important aspect of the accounting profession, ethics can help maintain audit quality (Culpan & Trussel, 2005). The ethical perspective emphasizes the importance of integrity,

honesty, and morality in carrying out the role of the auditor to enhance the role of competence and independence of the auditor (Bird et al., 2020; Whitton, 2001).

2.2. Hypotheses development

2.2.1. The Effect of Independence on Quality of Audit

Independence is the attitude of being free from internal and external influences, free from control, and not dependent on other parties (Alim et al., 2007). The importance of good audit quality is one of the most important aspects of audit reporting quality because it reflects the credibility and reliability of providing company information. (Ardini, 2010) emphasized that public accountants in carrying out their duties must have an unselfish attitude in carrying out their duties but always apply procedures whose purpose is to assess whether audit reports are fair or not so that users of audit reports can have confidence that public accountants are independent parties who can provide reasonable assurance about management's reports. Independence has significant control over audit quality (Jonathan & Tanusdjaja, 2017; Kusumawardani & Riduwan, 2017; Wiratama & Ketut, 2015). This paper deals with research that investigates competence and independence controls on audit quality. Auditor independence is important because it has an impact on audit quality (Tepalagul & Lin, 2015). (Giovani & Rosyada, 2019), whose paper results explain that independence has an affirmative effect on audit quality. Considering the positions of the existing literature reviewed above, this study formulated and tested the following postulation as its first hypothesis:

H1: Independence has a significant affected on the quality of audits.

2.2.2. The Effect of Competency on Quality of Audit

Competence means basic attitudes, skills, knowledge, and values that are reflected in habits of thinking and acting that are dynamic and developing, sustainable, and always accessible. How to think and act continuously, consistently and continuously makes someone competent (Pairingan et al., 2018) According to the Indonesian Institute of Accountants (IAPI), competence is where public accountants have expertise in applying knowledge or understanding to carry out the audit process, both in groups and individuals based on the applicable SPAP. Audit skills are built through formal and informal training, which is then put into practice through the public accountant's professional experience. According to (Dzikron & Purnamasari, 2021), with increased competence, ease, and audit outcomes can be better and minimize errors that occur. (Ramlah et al., 2018) which claims the competence of the public accountant has control on the quality of the audit, relevant to the paper (Zahmatkesh & Rezazadeh, 2017), and (Bouhawia et al., 2015). The competence of public accountants concerning audit quality has previously been tested by (Kharisma & Budiarta, 2022), (Rizal & Liyundira, 2016), and (Fortuna Sari & Ramantha, 2015) and found that competence had a significant control on audit quality. Similar papers were conducted by (Samosir et al., 2022) which found that the achievement of audit quality is when public accountants can achieve good competence, and this is also in line with the paper (Charendra & Kurnia, 2017), The paper they conducted said that competence has a significant control on audit quality. Based on the description above, the data hypothesis is formulated:

H2: Competency has a significant affected on the quality of audit.

2.2.3. The Effect of Independence and competency on Quality of audit with Professional Ethics as a Moderation Variable

Based on the planned behavior theory (TPB) which explains how a person's behavior is influenced by the desires and realization of thoughts. (Ajzen, 1991) states that the main aspect of a person's attitude is influenced by internal desires (behavior intentions) towards his behavior. The desire to behave alone can be influenced by three things: Behavior: Beliefs about the possibility of a behavior; Subjective norms: Belief in the normative expectations of others and their motivation to conform to those expectations; perceived behavioral control: Belief that there are factors that bridge or hinder the performance of the behavior and the perceived strength of these factors. (Faizal, 2019) states that ethics is the critical attitude of each individual or group towards the application of morality, and ethics encourages humans to act according to morality. Morality gives people concrete instructions on how to behave as good people in life, whereas ethics talks about moral values and standards that guide human behavior. (Ningtyas & Aris, 2018) Mention that a public accountant can achieve audit quality if the public accountant has independence and good ethics. Independence is one of the ethical factors that public accountants must uphold. Independence also means that public accountants are not easily affected, because public accountants work in the public interest, so public accountants are not entitled to represent the interests of others, including clients. According to (Pairingan et al., 2018), public accountants who always follow ethical rules can maintain their credibility, including responsible competence. Public accountant ethics are demonstrated by fulfilling their duties to carry out the audit process.

(Ningtyas & Aris, 2018), demonstrates that professional ethics have a significant control and can affect audit independence. This is also reinforced by a paper (Purnomo & Aulia, 2019) which gives similar outcomes. In line with previous a paper from (Hanjani, 2014) which examines the control of professional ethics on the quality of audits, also according to his paper professional ethics has a fairly affirmative control on the quality of audits. (Alsughayer, 2021), (Haeridistia & Fadjarenie, 2019), and (Seliamang & Tapatfeto, 2021) in his paper, it found that professional ethics supports the control of public accountant competence on the quality of audit. Competent public accountants indirectly have a better understanding of professional ethics according to the Accountant Code of Ethics and this has an effect on the quality of the audit provided. This is also in line with papers (Valen, 2018) which examine the power of professional ethics on audit quality. Based on his paper, professional ethics have significantly controlled audit quality. Based on the description above, the data hypothesis is formulated:

H3: Independence has a significant affected on the quality of audits moderated by professional ethics.

H4: Competence has a significant affected on the quality of audits moderated by professional ethics.

3. Research Methodology

3.1. Population and sample

This paper used a quantitative approach. This type of paper uses primary data. The data collection technique implemented in this paper is to simulate primary data with survey methods through the allocation of online questionnaires to public accountants in the city of Jakarta, Indonesia. The sample selection only uses KAP in Jakarta because Jakarta is the centre of the Big Ten KAP location in Indonesia. The KAP has a scope of operations throughout Indonesia, so it can represent the auditor population in Indonesia. The questionnaires in this paper were distributed during the period March 24-April 1, 2023. Based on Table 1, it can be concluded that the amount of data used in this paper of 55 observations was based on the number of questionnaires that had been filled out correctly and completely by respondents. Based on 60 questionnaires distributed, a total of 55 questionnaires were returned, and 5 did not return, resulting in a 91% rate of return, so the data is considered representative and can be processed.

Table 1. Details of total sample and return

Activity	Number
The number of questionnaires distributed	60
The questionnaires that received responses	55
The questionnaires that are not returned (no responses)	5
The rate of return $(55/60) \times 100\%$	91%
Incomplete questionnaires 0	0
The number of questionnaires that can be processed is 55	55

Source: Source: Data Processed

The characteristics of respondents representing public accountants in this paper are as follows:

Table 2. Characteristic of Respondents

Characteristics of Respondents		Respondents Total
Gender	Male	34
	Female	21
Respondent's Age	20-30	24
	31-40	20
	41-50	9
	51-60	2
Last Education	Diploma (D3)	1
	Bachelor (S1)	45
	Masters (S2)	8
	Doctoral (S3)	1
Respondent's Working Experience		

Below 2 years	15
2-5 years	13
6-10 years	9
11-15 years	9
16-20 years	6
Above 20 years	3
Respondent's Position	
Junior Auditor	26
Senior Auditor	16
Manager	4
Partner	7
The Average Number of Auditors in a Year	
1-3 Task	18
4-7 Task	15
8-10 Task	0
More than 10 Task	22

Source: Data Processed

Based on Table 2, it can be seen that (81.8%) of respondents have bachelor's degrees and 16.3% have postgraduate degrees. Higher Education Level adds value to the competency of the audit process (Alsughayer, 2021). The distribution of responses based on the respondent's position shows that 47.2% are junior auditors and 29.1% are senior auditors. The age factor shows that (80%) of those surveyed are less than 40 years old, while only (20%) are over 40 years old. The majority of respondents have work experience of less than 10 years, namely 67.3% and the remaining 32.7% have experience of more than 10 years.

3.2. Definition of operational variables

The paper's dependent variable is audit quality, while the independent variables in this paper are independence and competence. In addition, the moderation variable in this paper is professional ethics. Unlike previous research, in this study, we combined questions about independence from (Trisnaningsih, 2007), audit quality (Putra, 2012) and (Kustandy, 2020), Professional Ethics from (Putra, 2012), and Competence from (Putra, 2012). The variable descriptions will be explained on the Table 3 below:

Table 3. Definition of Operational Variables

No	Variable	Definition	Source
Independent variables			
1	Auditor Independence	Independence is the attitude of an impartial auditor, who does not have personal interests, and is not easily influenced by other interested parties in providing professional services as an auditor to make audit quality free from the influence of interested parties on financial statements. In this study, 11 questions were made related to auditor independence.	(Trisnaningsih, 2007)
2	Competence Auditor	Auditor competence is the qualification required by the auditor to carry out the audit properly. In this study, 12 questions were made related to auditor competence.	(Putra, 2012)

Moderating variable			
3	Professional ethics	an attitude and behavior of adhering to the provisions and norms of life that apply in a systematic process to obtain and objectively assess evidence, relating to assertions about economic actions and events. In this study, 13 questions were made related to professional ethics.	(Putra, 2012)
Dependent variable			
4	Audit quality	Audit quality variables will be measured using conformity assessment indicators with audit standards and quality indicators of audit reports. In this study, 11 questions were made related to audit quality.	(Kustandy, 2020; Putra, 2012)

3.3. Analysis Method

Hypothesis testing in this paper uses structural equation model (SEM) equations, a statistical model for calculating and estimating causal relationships by combining statistical data with qualitative random assumptions. SEM is also a statistical method for creating and examining statistical models, mostly in the form of causal models (Mardijuwono & Subianto, 2018). With SEM can be obtained comprehensive information about the causality between the independent variable and the dependent variable. In addition, the parts that affect the construction of the model can also be enlarged in such a way that the causal relationship between variables and the construct under the paper becomes more comprehensive, precise, and significant, depending on the context of the paper.

4. Results and Discussion

Testing instrument research in terms of both validity and reliability showed that the results of the research instruments used are valid, where the value of corrected item-total correlation (r_{count}) is greater than their table. The table value is 0.301 and the reliability coefficient (Cronbach's Alpha) is bigger than 0.70 (Sekaran, 2006). Based on the test results, the total validity score is greater than 0.6 and the value is greater than 0.5, so that convergent validity is fulfilled. In addition, the reliability test calculates the consistency of measuring instruments in calculating concepts or the consistency of respondents in providing answers to questionnaire questions or paper instruments. A variable is said to be reliable if the value of composite reliability and coach's alpha ≥ 0.7 or the average variance extract (AVE) ≥ 0.5 . The test results show that the AVE score ≥ 0.5 , composite reliability, and coach's alpha ≥ 0.7 so that all the variables used in this paper have sufficient convergent validity.

The results of hypothesis testing are shown in Table 4 as follows:

Table 4. Summary of Hypothesis Test Outcomes

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	R Square	R Square Adjusted
Independence -> Quality Of Audit	0.224	0.245	0.116	1.934	0.027	0.737	0.710
Competence -> Quality Of Audit	0.644	0.639	0.095	6.752	0.000		

Professional Ethics -> Quality Of Audit	0.644	0.701	0.209	3.081	0.001
Ind*Et -> Quality Of Audit	0.090	0.073	0.086	1.042	0.149
Independence -> Quality Of Audit	0.098	0.112	0.125	0.782	0.217
Kom*Et -> Quality Of Audit	-0.025	-0.043	0.124	0.205	0.419
Competence -> Quality Of Audit	0.179	0.113	0.202	0.887	0.188
Professional Ethics -> Quality Of Audit	0.638	0.659	0.173	3686	0.000
Independence -> Quality Of Audit	0.106	0.113	0.106	0.997	0.160
Competence -> Quality Of Audit	0.182	0.163	0.179	1014	0.156

Based on the table above, the adjusted coefficient of determination is 0.710 or 71%, which means that the independent variables, namely independence and competence, affect the dependent variable, namely audit quality, by 71%, while the remaining 29% determined by variations of other variables not examined in this paper. The results of this study explain that independence has a positive effect on audit quality. The results of this study support previous research which proved that there was a positive effect of independence on audit quality (Ardini, 2010; Giovani & Rosyada, 2019; Samosir et al., 2022; Wijaya, 2022; Wijayanti et al., 2022) so that the first hypothesis was accepted. The findings of this study support the compliance theory and Theory of Planned Behavior. The positive effect indicates that the independence of a public accountant increases thereby the audit quality will also increase. If the public accountant is not under the control or influence of a party other than the public accountant himself, then the public accountant can issue audit results in conditions that are not influenced by any party. These results will be relevant and reliable, to improve the audit quality of the audit reports examined. Auditor independence allows them to carry out audit tasks with high objectivity.

Independent auditors will not be affected by the interests of other parties, such as the management of the company being audited or other related parties. They can evaluate information critically and impartially, thereby increasing their ability to uncover errors, fraud, or discrepancies in financial reports. With strong independence, auditors can conduct impartial audits and maintain high audit quality. Well-maintained independence is an important factor in building public trust and confidence in audit results. Stakeholders, such as investors, creditors and company owners, seek assurance that financial statements have been audited independently and reliably. High independence also influences careful audit planning and execution. In addition, based on the Theory of Planned Behavior which states that a person's behavior is influenced by his intention to carry out the behavior, which is determined by personal attitudes, subjective norms, and perceptions of behavioral control. Independence can affect a person's personal attitude toward certain behaviors. If a person tends to be independent and not dependent on the views or influence of others, his personal attitude toward the behavior is likely to be more consistent. Independence can also affect a person's subjective norm. If a person has a high degree of independence, they are less likely to be influenced by social norms or the opinions of others in determining their

behavior. Conversely, individuals with low levels of independence may pay more attention to the views and expectations of others

The results of this study illustrate that competence has affirmative control over audit quality, in other words competence has a positive influence on audit quality. The results of this study support previous research which proves that there is a positive effect of competence on audit quality (Charendra & Kurnia, 2017; Dzikron & Purnamasari, 2021; Pairingan et al., 2018; Samosir et al., 2022), but not in line with the papers examined by (Candra & Budiarta, 2015). So the second hypothesis is accepted. Competent auditors have adequate knowledge, skills, and experience in carrying out audit assignments. They feel more confident and confident that they have full control over the implementation of the audit, making the right decisions, and the ability to overcome obstacles or challenges that may arise during the audit process. This strong perception of behavioral control can increase the auditor's intention to carry out effective and quality audit behavior. Auditor competence can also affect their personal attitude towards auditing behavior. Competent auditors tend to have a positive attitude towards audit work because they have a good understanding of the importance of an audit in maintaining the integrity of financial information and providing benefits to interested parties. This positive attitude influences their intention to carry out professional and quality audit behavior.

Competent auditors are able to understand the business and industry environment in which the company operates. They can identify risk factors that can affect the reliability of financial statements and focus on the most risky areas during the audit process. This capability allows the auditor to design appropriate audit procedures and allocate resources efficiently, which in turn improves the resulting audit quality. Auditor competence is also related to its ability to evaluate audit evidence and present findings in a clear and structured manner. A competent auditor can appropriately gather and evaluate evidence, identify errors, and control weaknesses, or fraudulent acts that may exist in the financial statements. They are also able to interpret audit findings correctly and communicate the results effectively in audit reports. This capability ensures that the auditor can provide accurate and meaningful reports to stakeholders, thereby increasing the overall quality of the audit to ensure that the relationship between principals and agents within the company is running well.

The results of this study explain that independence moderated by professional ethics does not affect audit quality. The results from this paper do not confirm the findings (Wijayanti et al., 2022). Lack of understanding or awareness of public accountants, public accountants who do not understand or care less about the importance of professional ethics may not give proper priority to audit independence and quality. They may be more focused on meeting time targets or financial gain than on ensuring that audits are conducted with high integrity and competence. Weak professional ethics may allow the auditor to be influenced by personal relationships or emotional ties with clients or related parties. Auditors who do not adhere to professional ethics tend to give special treatment or underestimate violations that occur, ignoring or reducing criticism or findings that are not profitable for their clients. This can lead to a decrease in audit quality because the auditor is unable to carry out his duties with full independence and objectivity. So it can be decided that professional ethics is a set of principles and moral values that guide the behavior of professionals in their work.

Although professional ethics are important for maintaining high integrity and trust in the profession, in some cases, professional ethics can weaken integrity. One of the reasons why professional ethics can undermine integrity is that they often prescribe certain ethical codes and standards that professionals are expected to adhere to. This standard can limit the range of actions and provisions that a public accountant can choose from, which could jeopardize their ability to act independently. In addition, professional ethics may also include the obligation to report violations or violations of the code of ethics to the relevant authorities or superiors. This obligation to report can further limit the independence of public accountants, as they may feel compelled to report to their colleagues or superiors, even if it may not be in their best interests or the interests of clients. Overall, although professional ethics are important for maintaining standards of conduct and integrity within the profession, they can sometimes conflict with independent judgment and professional decision-making. However, principles and codes of ethics ultimately help maintain the trust and reputation of the profession and its practitioners.

The results of this study explain that competence moderated by professional ethics does not affect audit quality. The results of this test cannot confirm the findings of the paper run by (Prasetia, 2017). Thus, the fourth hypothesis is rejected, and it is stated that the competency factor moderated by professional ethics does not have a significant effect on audit quality and is not supportive. Based on the results above, it is known that the third and fourth hypotheses in this paper are rejected, meaning that there is no significant effect between the variables of independence and competence moderated by professional ethics on audit quality. There is no influence of the interaction of competence and independence moderated by professional ethics on audit quality because competence and independence must be carried out with existing professional ethics. But in practice, on the one hand, a public accountant must have sufficient expertise, technical training, knowledge, and ability as a public accountant and cannot be influenced by other parties in his duties, but on the other hand, he also has an ethical dilemma. who must uphold professional ethics? Therefore, it would be more appropriate to use competence and independence as well as professional ethics as independent variables as in the paper (Primaraharjo & Handoko, 2011) which uses ethics and competence as independent variables to measure audit quality.

The results of this study are in line with research (Alim et al., 2007) and (Samsi, 2012) which state that the interaction variables of public accountant competence and ethics have no significant effect on audit quality. However, the results of this paper are inconsistent with the paper (Saputra, 2016) which proves that the interaction of public accountant competence and ethics has a significant effect on audit quality whereas the paper states that the ethics of public accountants can greatly moderate this influence. competency in audit quality. Therefore, adherence to ethical principles or ethical codes may limit the competence of a professional. This can occur when ethical judgment conflicts with professional responsibility, leading to a trade-off between what is ethically appropriate and what is technically competent or effective. The strict application of ethical principles can lead to a more conservative approach that limits innovation or experimentation, potentially hindering the development of new techniques or technologies, but this is not a weakness of the profession.

5. Conclusion

Based on the outcomes of our hypothesis testing, we can draw the following conclusions: 1) Quality of audit is affected by public accountant independence; This means that with high independence from the public accountant, the more appropriate the public accountant is to carry out his audit procedures without having to clash with certain interests so that the audit outcomes will be of higher quality. 2) Quality of the audit is affected by the public accountant's competence; this means that competencies can be used to improve the performance of audit decision-making outcomes that are more adequate and will certainly improve the quality of the audit. 3) When professional ethics moderates the two variables above, neither competence nor independence affects the quality of the audit, this describes that when competence and independence are associated with professional ethics, it is possible that professional ethics does not provide clear or specific enough guidelines according to the public accountant's understanding and awareness of complex cases or situations that may be faced by a public accountant. This can cause public accountants to be confused about what action they should take, which in turn can affect the independence, competence, and quality of the audit.

This paper has limitations on the number of samples because the survey implementation time coincides with the public accountants' annual audit work schedule from March 24 to April 1, 2023 (audit peak season), so there are still many public accountants who are in the field (at clients) and they must focus on pursuing the deadline for completing audit reports, thus having a control on the number of respondents from this paper, however, respondents who took part in filling out this survey were on average experienced in auditing, there were 7 public accountants with Partner level, and the majority of respondents had work experience over 3 years.

Based on the above limitations, suggestions can be made: Further papers can be carried out under normal conditions when the public accountant is not in peak session conditions, and also carried out with a paper in a wider and different area so that the outcomes can present many populations and larger samples. Future papers may add variables to determine the control on the quality of the audit and collect data using other methods, such as interviews. For public accounting firm (KAP), this paper has implications to better consider factors that can improve the quality of audit, for example through public accountant professional training and professional seminars, so that understanding of service delivery can be carried out optimally. In addition, this paper is expected to make an affirmative contribution to IAPI in evaluating the quality of audits so that IAPI can develop regulations related to the audit profession related to the quality of audit.

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