

# The Effect of Auditor Independence, Competence, and Professional Skepticism on Auditor Quality with Auditor Ethics as a Moderating Variable

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**Abstract:-** This paper explores the impact of auditor ethics on the relationships between auditor competence, independence, professional scepticism, and audit quality. The study involved 100 audit practitioners from both Big 4 and Non-Big 4 public accounting firms in Indonesia and Sierra Leone. Auditor competence, independence, and professional scepticism were independent variables, while audit quality was the dependent variable, with auditor ethics moderating these relationships. The results revealed significant links between auditor competence, professional scepticism, and professional ethics, leading to high-quality audits. However, auditor independence did not significantly affect audit quality. This underscores the importance of adhering to professional ethics for audits to align with financial statement accuracy. Data limitations in Indonesia and Sierra Leone highlight the study's significance in addressing country-specific deficiencies. The findings suggest implications for improving auditor professionalism and independence to maintain audit quality, free from conflicts of interest and external influences.

**Keywords:-** Audit Competence, Independence, Professional Scepticism, Auditor Ethics and Audit Quality

## I. INTRODUCTION

### ➤ Background of the Study

The market-assessed combined probability that a particular auditor would find and disclose serious misstatements in the client's financial statements is what is known as audit quality Kumar and Lim (2015). According to Kumar and Lim (2015) definition, audit quality is a function of the external auditor's ability to detect material misstatements (technical capabilities) and willingness to report the errors (auditor independence). In essence, an auditor has an obligation to reject management claims that lack supporting evidence. Put another way, an auditor needs to request that management "prove" each of the pertinent claims with supporting evidence or records Becker et al. (2020). As a result, in order to raise the calibre of audits, professional associations and regulatory bodies have made major strides in the areas of financial reporting, governance, and auditing. A framework on audit quality has been

established by regulatory authorities such as the International Auditing and Assurance Standards Board (IAASB).

The importance of auditing has only increased in recent years, as companies have faced increasing pressure to provide reliable financial information and maintain the trust of investors and other stakeholders. The quality of a company's financial reporting before undergoing an audit depends on both inherent characteristics that influence the accuracy of its financial statements in representing the true economic state of the business and the effectiveness of the financial reporting system in identifying and preventing significant errors. This study examines the association between professional scepticism, ethics, objectivity, competence and work experience of an auditor towards the quality of an audit. A gap still presents in the assessment of audit quality, earlier studies were more concentrated on audit rotation, experience, audit fees and independence until now there is no study that seek to combine; professional scepticism, ethics, competence and objectivity to measure its impact on the quality of an audit.

The latest research discusses the relationship between auditor character traits, auditor behaviours and audit quality using a method that differs significantly from other previous studies, evidence will be collected from actual auditors and draw on previous studies of audit quality that have used professional scepticism, ethics, competence and objectivity as a moderating variable to measure audit quality, Ann and Susan (2004). The study is motivated by previous researches from Nguyen, Kend, and Luong (2023), Kumar and Lim (2015) and Kusumawati and Syamsuddin (2018) who studied the effects of auditor's characteristics on audit quality but their study was not mainly directed at audit teams but rather was considered to be focused on the connections to the financials statement being audited. The limitation of past research was more focused on the client and audit firm relationships and not the audit team. Detractors contend that the compulsory rotation of auditors comes with a hefty price tag and may lead to reduced earnings quality due to heightened information imbalance in a fresh auditor-client partnership, Jenkins and Velury (2008).

Due to the increasing level of audit scandals circulating around the world, the reputation of auditors has been brought to questioning in recent events. Aranya, Pollock, and Amernic (1981) states that the field of accounting stands apart from other professions because its public practice primarily aims to benefit third parties rather than prioritizing the interests of the second party (the client), accountants frequently grapple with conflicting demands and responsibilities in their work. Within such a content, conditions of stress and pressure may contribute to the exercise of improper judgement and result in audit failures Aranya, Pollock, and Amernic (1981). Before 2002, auditors used to operate with minimal external regulation, but today, they find themselves subject to extensive governmental scrutiny and the oversight of independent regulatory bodies worldwide Knechel (2016). This study focuses on the importance of each variable and the role of auditor's ethics.

The proposed study contributes to our understanding of how audit teams manage their unique characteristics when identifying significant financial statement inconsistencies and developing their reports. The research adds even more to the body of knowledge in the accounting and finance stream as a whole and in the field of auditing. Our findings not only add significantly to the body of knowledge on auditing, but they also have significant policy ramifications for the regulatory and professional organizations in a nation with regard to how investors, auditing professionals, and other users of financial information make decisions. The study is extremely valuable to all parties involved because it examines how much the competence, independence, professional scepticism, and professional ethics of the audit team members affect their ability to spot financial statement inaccuracies and material misstatement.

The findings from this study will help researchers, decision-makers, audit professionals, and others who are interested in the use of financial information and the importance of audit services to comprehend the various conceptions of audit quality and some key factors affecting audit quality in practice. This is because it increases their knowledge on audit practices and provides the efficiency and effectiveness to be incorporated into their work in providing reliable opinions for investors and stakeholders in making informed decision upon.

## II. LITERATURE REVIEW

### ➤ *Theory of Cognitive Dissonance*

Cognitive dissonance theory suggests that when an individual holds two or more conflicting beliefs, attitudes, or values, they experience psychological discomfort or dissonance. The extensive body of psychological research on identifying dishonesty, which encompasses investigations involving professionals from various fields, suggests a lack of optimism regarding the capability of seasoned auditors to spot deceit Hobson et al. (2017). From cognitive dissonance theory point of view, auditor who realize the importance of moral intensity understands the consequence of audit issue Mapuasari (2017). Auditor reduces dissonance by gathering as much as possible related evidence in order to satisfy their cognition.

### ➤ *Agency Theory*

This research also uses the agency theory relationship to provide an insight of the relevant literature and variables that are related to this topic. The principal (i.e., stakeholders and shareholders) assign decision-making authority to the agent and relies on the agent's (audit team) actions to fulfil their goals in an agency relationship. Agency theorists could see the use of internal and external auditors on the statutory audit as a trick by management to decrease the monitoring cost of the statutory audit while signalling to owners that the audit's coverage is not diminished Adams (1994). Independent audit committees are seen as a device that strengthens the auditor's independent position in negotiations and improves the efficacy and quality of the audit engagement Ittonen (2010). The findings suggest that auditors' independence, competence, and professional scepticism are positively related to audit quality. However, the impact of these factors may be moderated by auditors' ethics, highlighting the importance of ethical behaviour in the auditing profession. Therefore, auditors and audit firms must prioritize ethical behaviour and cultivate a culture of integrity to enhance audit quality.

### ➤ *Previous Research*

Many stakeholders, including investors, regulators, and the general public, rely heavily on the accuracy and reliability of financial statements to make informed decisions. Salehi, Fakhri Mahmoudi, and Daemi Gah (2019) noticed that contracting with larger audit firm and specialized auditor results in delivering higher quality audit services using a meta-analysis method in emerging markets. Also, Irmawan, Hudaib, and Haniffa (2013) mentioned that auditors and users report that when it comes to situations like switching from one audit firm to another, providing NAS (non-audit services), getting into legal disputes, and having an indirect financial interest through shareholdings, auditors are less confident in their independence than users are.

Several studies have examined the relationship between professional scepticism and audit quality, with most finding a positive association between the two {Siew (2018); [15]}. During the investigation between audit quality and professional scepticism, Mannan et al. (2020b) found that the ability of an auditor to spot fraud is positively impacted by professional scepticism; the more professional scepticism an auditor possesses, the more fraud they will be able to spot. Previous research has shown that auditors who lack professional scepticism are more likely to accept management's assertions without question, which can lead to inaccurate financial reporting and audit quality Nelson (2009); these results suggests that auditor professional scepticism has positive impacts on audit quality.

Other studies have explored the relationship between auditor independence and ethics. For example, research by Tepalagul and Lin (2015) found that auditors who were more independent were also more ethical in their decision-making. Similarly, a study by Studies and Accounting (2021) found that ethical judgments were positively associated with auditor independence. However, despite the potential moderating role of auditor ethics, research on this

topic has been relatively limited. Despite these challenges, some researchers have attempted to explore the role of auditor ethics in more detail.

Kumar and Lim (2015) examines whether Andersen’s audit quality in the five years preceding its collapse lagged that of other Big-Five auditors. The overwhelming body of evidence indicates that, previous to its demise, Andersen’s audit quality was not significantly different from that of the other Big Five auditors. Anthropology and Box (2014) examines how, despite the fact that audits and audit-like procedures have been crucial to Sierra Leone’s colonial and postwar history, the social ramifications of these practices have always been contentious and uncertain in this state of West Africa. The audit explosion in the West has also resulted in “transfers of institutional power from professionals to audit bodies and who, by definition, overstep their purely auditing jurisdiction to become de facto policy makers.”

➤ *Conceptual Framework*

The quality of an audit is essential in ensuring that financial statements provide accurate and reliable information to stakeholders. The theoretical framework or concept of audit quality has become increasingly important in recent years, particularly in the aftermath of several high-profile corporate scandals. Understanding the dynamics between these variables is crucial for promoting effective and reliable audits. Salehi, Fakhri Mahmoudi, and Daemi Gah (2019) suggests that there may be discrepancies and inconsistencies in the findings of the research conducted in this area because of variations in certain influential traits that take the shape of moderating variables.

This is the first study that examines the association between audit team and audit quality while simultaneously using all these variables and concentrating solely on the audit team in performing a quality audit. These factors contribute to the effectiveness and reliability of financial statement audits. Moreover, auditor's ethics act as a critical moderating variable, reinforcing the positive effects of independence, competence, and professional scepticism on audit quality. To further enhance audit quality, it is imperative to promote and uphold the ethical conduct of auditors through robust professional standards, education, and regulatory oversight.

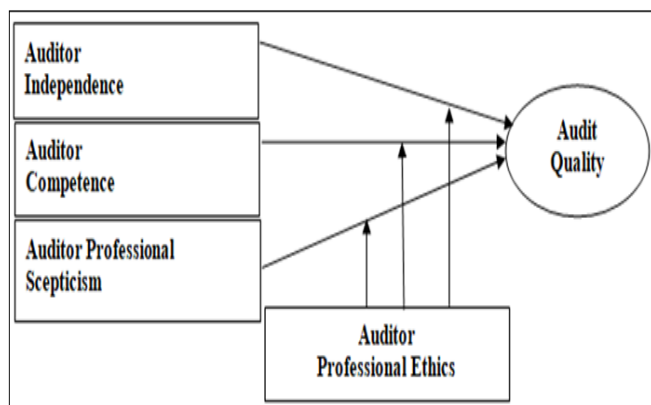


Fig 1 Conceptual Framework

➤ *Hypothesis Development*

Kusumawati and Syamsuddin (2018) state that auditors lacking professional scepticism will lead to decreased audit quality. The author here further suggested that low level scepticism of an auditor can cause a defecting result on the level of audit quality and may hinder the detecting fraud or material misstatement. The moderation perspective is used to examine the conditions under which the relationship between the independent and dependent variables changes in the hypothesis development. Jaya, Irene, and Choirul (2016) states the auditor's professional scepticism as an attitude that includes a questioning mind constantly and critically evaluate the audit evidence and this in turns helps in improving the chances of higher audit quality. This hypothesis assumes that the higher the level of professional scepticism practiced by auditors, the higher the quality of the audit they provide. This is well explained in the hypothesis below;

- *H1: High Professional Scepticism Amongst Audit Team Members Tends to Result in Improved Audit Quality.*

The attitude of impartiality, lack of personal interest, and resistance to persuasion from parties seeking to voice ideas are characteristics of independent auditors Marwa, Wahyudi, and Kertarajasa (2019). The independence of the auditor is one of the most important factors in creating a high-quality audit. Independence is crucial in establishing the calibre of an audit since a fully independent auditor cannot be swayed by his client. The more independent an auditor is, the higher the quality of the audit reports will be. suggests that audit quality is defined as the probability that the auditor will uncover a breach and report the breach Tepalagul and Lin (2015). If auditors do not remain independent, they will be less likely to report irregularities, thereby impairing audit quality. To further asses the validity of this finding, this study hypnotized that;

- *H2: Auditor Independence has a Significant Positive Impact on Audit Quality.*

Zahmatkesh and Rezazadeh (2017) indicates that a rise in an auditor's personal quality, general knowledge, and specific skill will boost their professional competence and expertise as well as the quality of their audit. Professional competence is comprised of these three components: personal quality, general knowledge, and special skill. An auditor's competence is the knowledge and training they have acquired. To become an auditor, a person must fulfil specific standards. Competence of an auditor are essential prerequisite in detecting fraud because it determines either success or failure an auditor will achieve Umar, Fauziah, and Purba (2019). This is strengthened by the results of research conducted by Zeina, Sari, and Susanto (2018), Mansouri (2009) and Marwa, Wahyudi, and Kertarajasa (2019). This will be explained in the hypothesis below;

- *H3: The Higher the Level of Audit Competence, the Higher the Audit Quality.*

Morally motivated auditors conduct audits in compliance with relevant laws and ethical rules to enhance the calibre of the final audit Sayed Hussin et al. (2017). Dewi (2021) state that one of the things that can strengthen

and improve the efficacy of the application of values in the code of ethics is each person's moral reasoning. Jaya, Irene, and Choirul (2016) stated that the degree of compliance auditor in carrying out the various phases that should be implemented in auditing activities shows the quality of the audit. As a result, auditors who place a high value on ethical behaviour are required to exhibit objectivity, integrity, and a dedication to professional standards. Therefore, the directional hypothesis is formulated as follows;

- *H4: Professional Ethics Moderates the Influence of Competence, Independence, and Professional Scepticism on Audit Quality.*

### III. RESEARCH METHODOLOGY

#### A. Operational Definitions and Measurements

##### ➤ *Audit Quality*

Chouhan et al. (2021) revealed that economic risk, audit committee experience, communication, the ethics of the audit company, the risk of regulatory action, the economic independence of the auditor, their partner's reputation, and the risk of customer loss all affect the quality of the audit. Audit quality a measure that is tested against the effectiveness and reliability of an audit engagement in providing reasonable assurance that financial statements are free from material misstatement. Indicators used in this study to measure audit quality are; client satisfaction Carcello, Hermanson, and McGrath (1992), clarity of reports Fabiana Meijon Fadul (2019), audit benefits Knechel (2016), recommended value Duff (2001) and accuracy of audit findings Pittman, Stein, and Valentine (2019).

##### ➤ *Auditor Independence*

Auditor independence is a crucial concept in the field of auditing, referring to the impartiality and objectivity of auditors when performing their duties. The existence of independence within the auditor means that the audit opinion given on the audit results of the financial statements has high integrity and objectivity Dewi (2021). Indicators that can be used to measure auditor independence in this research includes; non-financial relationship Hayes, Wallage, and Gortemaker (2014), compliance with independence Nguyen, Kend, and Luong (2023), monitoring and reporting Hasan, Kassim, and Hamid (2020), organizational structure Verma (2019) and increased expertise Salehi, Fakhri Mahmoudi, and Daemi Gah (2019).

##### ➤ *Auditor Competence*

Haron et al. (2004) defined "competence" as a member who accepts a professional engagement and implies that he has the necessary technical knowledge to complete the engagement. The competence of auditors refers to their knowledge, skills, experience, and professional judgment necessary to perform an effective and high-quality audit. Indicators that can be used to measure auditor competence includes; feedback and performance reviews Myers, Myers, and Omer (2003), experience Zahmatkesh and Rezazadeh (2017), follow-up actions AICPA (2019), professional certifications [39] and disclosure of conditions in

accordance to facts DeAngelo (1981). These indicators evaluate the auditor's adherence to professional ethics and integrity standards. It includes factors such as compliance with auditing standards, independence, objectivity, and a commitment to ethical behaviour.

##### ➤ *Auditor's Professional Scepticism*

Professional scepticism is defined as persistently sceptical attitudes and being wary of people's conclusions until enough data or proof is gathered. The auditing literature shows that professional scepticism significantly and favourably influences the conclusions and judgments of auditors Sayed Hussin et al. (2017). The indicators used to measure the professional scepticism of auditors in this research are; personal attitude Dewi (2021), misstatement detection rate Soltani (2007), verification of data and facts Hayes, Wallage, and Gortemaker (2014), training and education Nguyen, Kend, and Luong (2023), and sceptical attitude, Hurtt (2010). These indicators are often used in combination, and the specific metrics and criteria for measuring professional scepticism may vary across different assessment tools and methodologies.

##### ➤ *Auditor's Professional Ethics*

According to Marwa, Wahyudi, and Kertarajasa (2019) the accounting profession organization recognizes and upholds auditor ethics, which are behavioural principles or norms that cover personality, professional abilities, responsibilities, application of the code of ethics, and interpretation and enhancement of the code of ethics. The adherence to professional ethics will help ensure that auditors are able to withstand such factors as incentives and pressures and affect the objectivity and sceptical nature of the auditor which is required for financial reporting credibility to be maintained [43]. The indicators used to measure the professional ethics of auditors in this research are; reporting of observed misconduct Trueblood and Johnson (1956), integrity Marwa, Wahyudi, and Kertarajasa (2019), independence and objectivity Knechel (2016), compliance with regulatory requirements Through (2011) and compliance with professional codes Sankar Saha and Narayan Roy (2016). These indicators, among others, provide a framework for assessing and evaluating the ethical conduct of auditors. They help ensure that auditors maintain the highest professional standards, act in the public interest, and provide reliable and unbiased audit opinions.

##### ➤ *Data Types and Sources*

A major data collection method was employed in the current study primarily because it is the method that is most related to the study's objectives. For this study, a questionnaire was used as the major data collection method because it is quick, easy, and has easily available data. The primary sources of information for this study are from auditing practitioners in public accounting and auditing firms. Research data will be obtained for this purpose, by compiling published studies, and secondary data from different publications, such as Marwa, Wahyudi, and Kertarajasa (2019), articles from various linked journals, and other literary instruments.

Table 1 Summary of Tables and their Measurements

No.	Variable	Indicators	Items
1	Audit Quality	1. Audit benefits 2. Client Satisfaction 3. Clarity of reports 4. Recommend value 5. Accuracy of audit findings	1 2 3 4 5
2	Auditor Independence	1. Non-financial relationship 2. Compliance with independence 3. Monitoring and reporting 4. Organisational structure 5. Increased expertise	6 7 8 9 10
3	Auditor Competence	1. Feedback and performance reviews 2. Experience 3. Follow-up actions 4. Professional certifications 5. Disclosure of conditions in accordance with facts	11 12 13 14 15
4	Auditor Professional Scepticism	1. Personal attitude 2. Misstatement detection rate 3. Verification of data and facts 4. Training and education 5. Sceptical attitude	16 17 18 19 20
5	Auditor Professional Ethics	1. Reporting of observed misconduct 2. Integrity 3. Independence and objectivity 4. Compliance with regulatory environments 5. Compliance with professional ethics	21 22 23 24 25

➤ *Population and Sample*

A sample is a little portion of the population that is produced using a probability process that precisely replicates the different patterns and subclasses within the population Ph (2020). Using Slovin 1960 formula, the sample of the study contains at least 100 auditors’ practicing in 35 public accounting firms in Indonesia and

Sierra Leone, both big 4 and non-big 4 based on latest data from the Indonesian Institute of Certified Public Accountants and the Institute of Chartered Accountants Sierra Leone in order to present the population fairly.

$$\text{Slovin 1960 } n = \frac{N}{1+N(e)^2} \dots\dots\dots(1)$$

Where; n = sample size  
 N= population size  
 e = margin of error  
 $n = \frac{1000}{1+1000(0.1)^2}$   
 n = 90.9

The sampling technique used is the random probability sampling techniques, whereby participants are selected without much consideration. According to Etikan (2017) probability random sampling is better because it uses a probabilistic method to control biased opinions during the sampling process, allowing the research to use data from the entire population. This method ensures that every sample has an equal chance of being chosen, representing the many sectors that are being targeted.

➤ *Data Collection and Analysis Techniques*

The research involves the use of surveys and other methods of data collection such as distribution of questionnaires from a selected group including but not limited to, staffs of public accounting firms in Indonesia and Sierra Leone. In order to draw findings and make knowledgeable recommendations, the study will also draw on prior research and compare it to its current data.

SPSS software application is used to analyse, interpret and test both variables and hypothesis gathered from respondents. Data analysis activities have been carried out through processing and analysing the data that has been acquired. In this study, researchers employ quantitative analysis which is a method of analysis intended for vast data that may be sorted into categorising itself in the form of numbers.

➤ *Research Model and Hypothesis Testing Criteria*

Multiple linear regression is used to test the hypothesis; as it is a statistical technique used to model the relationship between a dependent variable and multiple independent variables. It assumes a linear relationship between the dependent variable and the independent variables.

$$P = a + b_1Q + b_2R + b_3S + b_4T + \{b_5(Q+R+S) * T\} + e \dots\dots\dots(2)$$

Description;  
 P = Audit Quality  
 Q = Auditor Independence  
 R = Auditor Competence  
 S = Auditor Professional Scepticism

T = Auditor Professional Ethics  
 e = Margin of Error  
 $b_{1234}$  = Constant

If the beta value of the regression shows >10% the null hypothesis will be accepted and if the beta is <10%, the null hypothesis is rejected and accept the alternate hypothesis. This criterion applies to all hypothesis, but at 10% of significance, the hypothesis will be accepted hence it is considered as the strongest relationships at a significant level of 0.10. alternatively, if beta is <0.10 then the null hypothesis will automatically be rejected.

**IV. RESULTS AND DISCUSSIONS**

➤ *General Description of Research Object*

The research object that is used in the study is external auditors working in public accounting firms located in Indonesia (Semarang) and Sierra Leone. Hence, the respondents in this research are individuals of public accounting firms. The period it took for respondents to

complete the questionnaire ran from May 2023 to June 2023, with June 2023 serving as the deadline for submission. Additionally, 100 auditors from big4 and non-big4 accounting firms completed questionnaires that were utilized to collect the data for this study. A total of 102 questionnaires were received out of the 100 responses included in the distributed surveys. Only 100 of the questionnaires were really used because the other 2 had been entirely and mistakenly filled out.

➤ *Descriptive Statistics*

The main purpose of the descriptive statistics in this research is to provide a detailed summary of the data used in the study. These statistics, including standard deviation, mean, variance, and range, are employed to describe information gathered from 100 professional auditors who participated in the study. The primary goal of using these statistical measures is to offer a clear and comprehensive overview of the collected data, enabling a better understanding of the study's findings.

Table 2 Descriptive Statistics

	Range	Minimum	Maximum	Mean		Variance
				Statistic	Std. Error	
Audit_Competence	14.00	4.00	18.00	8.1600	.28770	8.277
Auditor_Independence	12.00	5.00	17.00	8.6800	.24200	5.856
Auditor_Professional_Scepticism	20.00	5.00	25.00	8.2000	.28920	8.364
Auditor_Professional_Ethics	10.00	5.00	15.00	8.1700	.20940	4.385
Audit_Quality	10.00	5.00	15.00	8.2300	.22956	5.270
Valid N (listwise)						

➤ *Hypothesis Testing and Partial T-Test*

Indications from the information provided in the table below suggests that, the estimated coefficient is statistically significant at 10, 5 and 1 percent levels i.e., \*, \*\* and \*\*\*, using a linear regression test when the prediction is indicated.

Table 3 Partial Test (T- Test) Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	3.074	.920		3.339	.001***
	Audit_Competence	.186	.076	.233	2.431	.017**
	Auditor_Independence	-.002	.124	-.003	-.020	.984
	Auditor_Professional_Scepticism	.200	.091	.252	2.202	.030**
	Auditor_Professional_Ethics	.248	.117	.226	2.112	.037**

• *Dependent Variable: Audit Quality*

- ✓ R 0.524
- ✓ R2 0.275
- ✓ Adj. R2 0.244
- ✓ F-Score 8.989
- ✓ Sig. F 0.000

➤ *Determination Analysis*

The determination test is within the context of multiple linear regression, which plays a crucial role in ascertaining the comparable influence to obtain collectively by the independent variables, namely auditor competence (P), auditor independence (Q), auditor professional scepticism (R), and auditor professional ethics (S) as the moderating

variable, on the dependent variable, audit quality (T). Based on the table provided, the adjusted R2 showed at level 0.244 which indicates that the independent variables (auditor competence (P), auditor independence (Q) and auditor professional scepticism (R)) and moderating variable (auditor professional ethics (S)) are used in this research, having a contribution percentage of 24.4% in order to explain the dependent variable audit quality (T).

➤ *Auditor Professional Scepticism*

The result of testing for the first hypothesis (H1) which states that high professional scepticism amongst audit team members tends to result in improved audit quality, showed that the score of regression coefficient for auditor professional scepticism (R) is 0.200 and the t-score indicates

2.202. The p-value also showed the significance value which is 0.030 ( $0.030 < 0.1$ ). Therefore, the first hypothesis (H1) which states that high professional scepticism amongst audit team members tends to result in improved audit quality is accepted.

➤ *Auditor Independence*

Furthermore, results from the testing of the second hypothesis (H2) which states that, auditor independence has a significant impact on audit quality showed that the score from the regression coefficient for auditor independence (Q) is -0.002 and showing a t-score of -0.020. However, the first hypothesis which states that auditor independence has a significant impact on audit quality is rejected. It can be also seen from the coefficient regression score which is not significant at level 0.1 with P-value of 0.984 ( $0.1 < 0.984$ ).

➤ *Auditor Competence*

On the other hand, results from testing the third hypothesis (H3) which states that, the higher the level of

audit competence, the higher the audit quality showed that the score from the regression coefficient for auditor competence (P) is 0.186 and t-score showed 2.431. The p-value also showed the significance value which is 0.017 ( $0.017 < 0.1$ ). Hence, the third hypothesis (H3) tested which states that the higher the level of audit competence, the higher the audit quality is accepted.

➤ *Auditor Professional Ethics*

Finally, the results from testing the last hypothesis (H4) states that, professional ethics moderates the influence of competence and professional scepticism on audit quality was confirmed on the table. The table showed that the score of regression coefficient for auditor professional ethics (S) is 0.248 and t-score is 2.112. Hence, it can be also seen from the regression coefficient score which is significance at level 0.1 with p-value of 0.037 ( $0.037 < 0.1$ ). Therefore, it can be concluded that the last hypothesis (H4) which states that, professional ethics moderates the influence of competence and professional scepticism on audit quality is accepted.

Table 4 Summary of Hypothesis Testing

Code	Hypothesis	Results
H1	High professional scepticism amongst audit team members tends to result in improved audit quality	Accepted
H2	Auditor independence has a significant impact on audit quality	Rejected
H3	The higher the level of audit competence, the higher the audit quality	Accepted
H4	Professional ethics moderates the influence of competence and professional scepticism on audit quality	Accepted

➤ *Further Discussions:*

• *The Effect of Auditor Professional Scepticism to Audit Quality*

The result from the thesis using SPSS statistical test software 21 indicates p-values 0.030 and a regression coefficient of 0.200, this means that auditor professional scepticism variable is positively correlated and significantly associated to audit quality yield, and therefore hypothesis 1 is accepted. The findings from the study are confirmed by [4], who suggested that a highly committed auditor will maintain professional scepticism to produce better audit quality.

• *The Effect of Auditor Independence to Audit Quality*

Statistical test results show p-value of 0.984 ( $0.1 < 0.984$ ) and the regression coefficient is of -0.020, that is auditor independence variable of an auditor correlates positively but not significant to audit quality. Therefore, H2 is rejected. In order to achieve audit quality that is free of any intervention, an auditor must maintain an independent mindset in order to avoid agency conflicts. Results from this study is in accordance with the sturdy of [49], suggesting auditor independence is insignificantly associated with audit quality but serves as a pivotal feature to auditors.

• *The Effect of Auditor Competence to Audit Quality*

By using SPSS statistical test, p-value shows 0.017 ( $0.017 < 0.1$ ), whereas the regression coefficient equal to 0.186 which means that the variable auditor competence correlates positively and is significant to audit quality. According to the findings of this study, auditor competence has the lowest value when compared to other characteristics.

The findings of H3 in this study support the premise that audit quality is an auditor's capacity to carry out its tasks effectively and professionally, such as finding client faults and reporting them, as well as doing due professional diligence on feedback and performance reviews. To conduct a quality audit, the auditor must follow commonly accepted rules and regulations, according to auditing theory [21].

• *The Effect of Auditor Professional Ethics as Moderating*

After testing the hypothesis, the result shows p-value of 0.037 ( $0.037 < 0.1$ ) and the regression coefficient is 0.248, which is the auditor professional ethics variable of an auditor and it is positively significant to audit quality. Ethics are crucial to audit activities. Even with sufficient personal attributes—such as independence, experience, competence, and a healthy dose of professional scepticism—an auditor may still commit fraud if their ethics are poor, which will lower the quality of the audit that is completed. This is reinforced by the results of research conducted by [25] which shows that ethics has a positive relationship to audit quality.

**V. CONCLUSION**

The aim of this research was to investigate how the competence, independence, and professional scepticism of auditors influence the quality of audits, with a particular focus on how auditor professional ethics moderates these effects. The findings from this study reveal that factors such as auditor competence, professional scepticism, and professional ethics are significantly correlated with producing high-quality audits. Consequently, an auditor's level of competence plays a pivotal role in determining

whether the audit results in a qualified or unqualified report. Professional ethics have an impact on the quality of audits; hence, if an auditor consistently follows a code of ethics, the audit findings will match the terms of the real financial statements.

#### ➤ *Implication of the Study*

The conclusions drawn from the results of the present study highlight several important implications. These findings highlight the necessity of enhancing auditors' professionalism and developing a high sense of scepticism in their work. Additionally, there is a clear need for the development of improved communication skills among auditors, along with a greater emphasis on encouraging interest in learning as an important characteristic within the framework of audit scepticism.

The implication of the findings will contribute to the improvement of auditors' professionalism and independence when conducting audits, ensuring they remain free from conflicts of interest and external influences. This includes the freedom to assess and remove specific areas under examination, the independence to determine the necessary evidence and examination objectives, and the ability to conduct audits with a focus on unbiased and necessary audit evidence.

#### ➤ *Limitations and Future Research*

In this research, we encountered several limitations and challenges, due to the unavailability of the exact number of auditors working in audit firms in Indonesia and Sierra Leone. This leads to limitations in the data unavailability, which made this research more important and vital to shed light on country-related deficiencies.

As we reflect on the findings of this study, it becomes evident that there is a pressing need for future research to address these limitations. One potential area for upcoming researchers is to expand the sample size and broaden the scope of their investigations. These attributes may involve factors such as the specialization of the audit firm, the provision of non-auditing services to clients, the nature of the client itself, the client's significance to the audit firm, potential delays in issuing audit reports, and various other attributes that may prove relevant in further enhancing our understanding of the topic.

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