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COMPETENCE OF EXPERTISE, EXPERIENCE, AUDITOR PROFESSIONAL SKEPTICISM AND AUDIT SITUATION TO THE RELEVANCE OF PROVIDING AUDIT OPINION ON ENTITY'S FINANCIAL STATEMENTS

Padlah RIYADI¹, Erlycha Novian NUR²

^{1,2}Faculty of Economics and Business, University of Lambung Mangkurat, Banjarmasin, Indonesia

Corresponding author: Padlah Riyadi

E-mail: padlah.riyadi@gmail.com

Abstract:

This research examines and provides empirical evidence that the factor of expertise, experience, professional skepticism of auditors and audit situations has no effect or relevance to the provision of audit opinion on the entity's financial statements. This research was conducted using the sampling method, namely purposive sampling, with the type of quantitative research. The data were analyzed using multiple regression analysis models. Hypothesis testing is done to determine the extent of expertise, experience, and professional skepticism of auditors and audit situations that affect the relevance of audit opinion on the financial statements of entities either partially or simultaneously. Hypothesis testing is done to determine the extent of expertise, experience, and professional skepticism of auditors and audit situations that affect the relevance of audit opinion on the financial statements of entities either partially or simultaneously.

Keywords: expertise, experience, professional skepticism of auditors, the audit situation and the relevance of the provision, of audit opinion on the financial statements of the entity.

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INTRODUCTION

The government and the business environment need the role of the auditor. Audit services performed in the government sector are usually carried out by the Supreme Audit Agency of the Republic of Indonesia (BPK RI) as the government's external auditor. The audit standard used by the auditors of the Supreme Audit Agency (BPK) is in the form of State Financial Audit Standards (SPKN), which are used to maintain credibility and professionalism in the implementation and reporting of audits, both financial and performance audits, as well as audits with a specific purpose. Meanwhile, in the private sector, audit services are carried out by auditors who work in Public Accounting Firms (KAP). Examination standards for auditors at Public Accounting Firms are in the form of Public Accountant Professional Standards (SPAP) issued by the Public Accountants Professional Standards Board of the Indonesian Institute of Public Accountants (DSPAP IAPI).

Auditing is generally a systematic process to objectively obtain and evaluate evidence regarding statements about economic activities and events to determine the degree of conformity between these statements and established criteria. The result of the process of auditing the entity's financial statements is in the form of giving an auditor's opinion, which in subsequent writing is called an audit opinion.

Based on the results of this audit, the auditor then concludes and conveys the conclusion to interested users.

A relevant audit opinion following the established criteria is critical so that the audit results do not mislead users interested in making decisions. Once the importance of the opinion given by the auditor for an entity is realized, an auditor must have good expertise and experience to collect and analyze audit evidence to provide a relevant opinion.

SPKN's (2007) third paragraph states that collectively examiners must have sufficient professional skills to carry out auditing duties. Therefore, inspection organizations must have procedures for the recruitment, appointment, continuous development, and evaluation of examiners to assist audit organizations in retaining examiners who have adequate competence and expertise. In comparison, audit experience is indicated by the auditor's flying hours in conducting audit procedures related to giving an opinion on the audit report. A more experienced auditor can detect fraud in financial statements because experienced auditors are more skeptical than inexperienced auditors.

Another factor affecting the relevance of giving an audit opinion is the auditor's professional skepticism. SPAP (Professional Standards for Public Accountants, 2011) SA Section 230.06 states the auditor's professional skepticism as an attitude that includes a questioning mind and critical evaluation of audit evidence. The auditor must always use professional skepticism in gathering audit evidence. So that the objective of the auditor to obtain sufficient competent evidence and provide an adequate basis for formulating an opinion can be adequately achieved. A skeptical auditor will not take the client's explanation for granted but will ask questions to obtain reasons, evidence, and confirmation regarding the object. Several factors, including expertise, experience, and the audit situation, can influence the auditor's professional skepticism.

During the audit assignment period, the auditor may encounter various situations that may affect the audit being carried out by the auditor. According to Mulyadi (2011), in carrying out his audit work, auditors often encounter regularities/irregularities that contain risks such as unique relationships, management motivation, uncooperative clients, clients who are being audited for the first time and clients with problems. Therefore, the auditor must always be vigilant when facing an audit situation that contains a high risk and contains many misrepresentations, especially material misstatements (Mulyadi, 2011).

The formulation of this research is what factors influence the relevance of giving an auditor's opinion to the relevance of giving an audit opinion on an entity's financial statements. This research aims to determine what factors influence the relevance of giving an audit opinion on an entity's financial statements.

Auditing Expertise. As stated in the first General Standard that an audit must be carried out by one or more persons with the requirements of having the ability and expertise, the independence of the inspection organization and the individual examiners, the implementation of professional skills carefully and thorough in carrying out and reporting the results of the inspection, as well as the quality control of the results of the inspection. With this statement of inspection standards, all inspection organizations are responsible for ensuring that each inspection is carried out by inspectors who collectively have the knowledge, expertise and experience required to carry out the task. Therefore, inspection organizations should have procedures for recruiting, hiring, and continuing development.

Auditor Experience. Audit experience is the auditor's experience in auditing financial statements in terms of the length of time and the number of assignments that have been handled. According to Mulyadi (2002, p. 25), "If someone enters a career as a public accountant, he must

first seek professional experience under the supervision of a more experienced senior accountant." Besides that, sufficient technical training also means that auditors must keep abreast of developments that occur in the business world and profession so that auditors who have just completed their formal education can immediately undergo technical training in their profession; the government requires at least three years of work experience as an auditor. With a good reputation in the field of auditing. Indicators of auditor experience during the process of auditing financial statements.

Auditor Professional Skepticism. Professional skepticism, referred to here, is the skeptical attitude of an auditor who constantly questions and doubts audit evidence. SPAP (Professional Standards for Public Accountants, 2011) SA Section 230.06 states the auditor's professional skepticism as an attitude that includes a questioning mind and critical evaluation of audit evidence. Professional skepticism is incorporated into professional literature requiring auditors to evaluate the possibility of material fraud. In addition, it can also be interpreted as a choice to fulfill their professional audit duties to prevent and reduce the consequences of harm and other people's behavior.

Audit Situation. The foundation of cognitive dissonance theory states that humans will get out of an uncomfortable situation into a comfortable situation. This attitude will affect how a person will respond with further action (Festinger, 1957 in Kushasyandita, 2012). The auditor, as a profession that is required to provide relevant audit opinions, will face a series of situations that affect the attitudes and decisions they make. These situations include the environment in which the auditor works and the situation experienced by the client. One of them is a client who is being audited for the first time, a situation where there is a possibility of management motivation to attract investors, which is thought to influence the auditor in giving an opinion. This theory says that a person does not like cognitive dissonance, namely the existence of two or more different cognitions that cause conflict within him. Therefore, a series of situations experienced by the auditor makes the auditor try to achieve harmony between his attitude and behavior to align with the behavior he should be doing.

Providing Audit Opinion. An audit opinion is an opinion given by the auditor regarding the fair presentation of the financial statements of an audited entity. Providing an auditor's opinion is very important because the auditor's opinion is the result of the audit process. Giving an audit opinion must be relevant and accurate because the audit opinion is used as a basis for decision-making by interested parties. The auditor gives five opinions or opinions: Unqualified opinion, unqualified opinion with explanatory language, qualified opinion, unqualified opinion, and disclaimer of opinion.

Based on the theory presented in the literature review, the authors develop a framework of thought and hypotheses as follows.

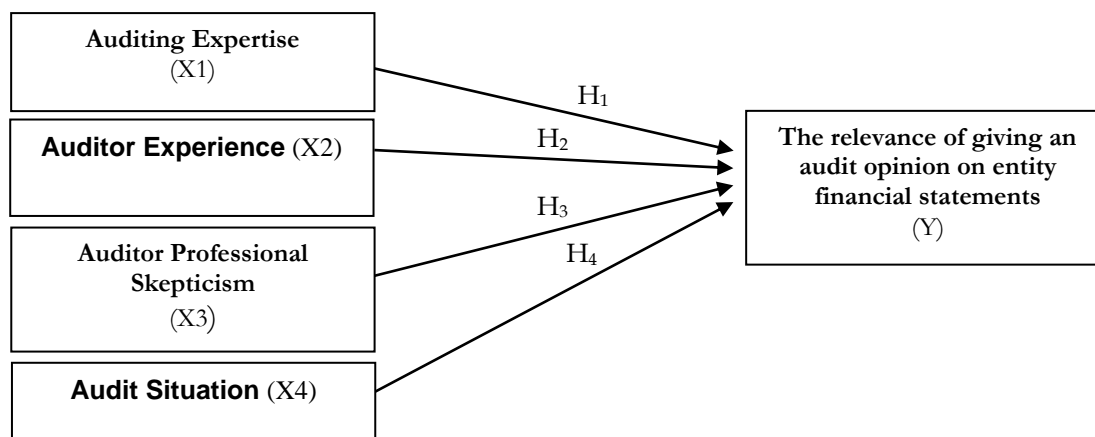


Figure 1. Research Framework
Source: Author, 2023

There, the hypothesis is as follows:

1. H1: Expertise affects the relevance of giving an audit opinion on entity financial statements.
2. H2: Experience influences the relevance of giving an audit opinion on entity financial statements.
3. H3: The auditor's Professional Skepticism influences relevance in giving an audit opinion on the entity's financial statements.
4. H4: The audit situation influences the relevance of giving an audit opinion on entity financial statements.

METHODS

This research is quantitative. This study will discuss the factors influencing the relevance of giving an audit opinion on an entity's financial statements. The population in this study were all independent auditors who worked at the Indonesian Audit Board and Public Accounting Firms in South Kalimantan. The method researchers use in selecting research samples is purposive sampling, with a judgment-based technique which is a type of non-random sample selection whose information is obtained using specific considerations (generally adjusted to the objectives or research problems) (Indriantoro & Supomo, 2002). The source of data used in this research is primary data. The data analysis model used in this study is multiple linear regression analysis (Multiple Linear Regression Analysis). The software used by researchers in testing is IBM SPSS 19.

RESULT AND DISCUSSION

The t-statistical test shows how far the influence of one explanatory variable or independent variable individually or partially explains the variation of the independent variable (Gozali, 2006, p. 88). The t-test was conducted to see whether the independent variables significantly impacted the dependent variable and to prove which variable was the most dominant. The results of the t-statistical test can be seen in Table 1. If the probability value is less than 0.05, H_a is accepted, and H_0 is rejected. Meanwhile, if the probability value is more significant than 0.05, then H_0 is accepted, and H_a is rejected.

Table 1 below shows that the auditor's experience and professional skepticism variables have a significant and positive effect on the relevance of giving an audit opinion on entity financial

statements. However, the audit expertise and situation variables have no effect on the relevance variable of giving an audit opinion on entity financial statements. The variables of expertise, experience, professional skepticism of the auditor and the audit situation have a significance level of 0.121; 0.005; 0.00; 0.569. The results of the t-statistical test can be seen in Table 1 below.

Table 1. Statistical Test t Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Description
	B	Std. Error	Beta			
1 (Constant)	8,282	4,230		1,958	,058	
Auditing Expertise	,249	,157	,180	1,585	,121	Reject
Auditor Experience	,430	,143	,347	3,005	,005	Accepted
Auditor Professional Skepticism	,629	,156	,454	4,042	,000	Accepted
Audit Situation	,068	,118	,055	,575	,569	Reject

Dependent Variable: The relevance of giving an audit opinion on entity financial statements.

Source: Processed by Author Output SPSS, 2023

Statistical test F can be seen in Table 2, if the probability value is less than 0.05, then H_a is accepted, and H_0 is rejected. Meanwhile, if the probability value is greater than 0.05, H_0 is accepted, and H_a is rejected (Ghozali, 2011). The F statistical test was conducted to determine the effect of all the independent variables included in the regression model variables on the dependent variable. The table from the F-test obtained a calculated F value of 21.189 with a significance level of 0.000. The probability of significance is less than 0.05, so the regression model can be used to predict the relevance of giving an audit opinion on an entity's financial statements, or it can be said that the auditor's expertise, experience, professional skepticism, and audit situation influence the relevance of giving an audit opinion on an entity's financial statements.

Table 2. Statistical Test F ANOVA^b

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	356,945	4	89,236	21,189	,000a
	residual	160,032	38	4,211		
	Total	516,977	42			

a. Predictors: (Constant), Audit Situation, Professional Skepticism Auditor, Auditor's Expertise, Auditor's Experience

b. Dependent Variable: Relevance of Giving Top Audit Opinion entity financial statements

Source: SPSS Output 2023

This study aims to identify and analyze the influence of the auditor's expertise, experience, professional skepticism, and audit situation on the relevance of giving an audit opinion on an entity's financial statements. This study uses descriptive analysis, validity and reliability tests, classical assumption tests and to test the hypothesis using multiple linear regression tests. Researchers distributed questionnaires in the cities of Banjarmasin and Banjarbaru.

Hypothesis Test Results 1: The Effect of Expertise on the Relevance of Giving Audit Opinions on Entity Financial Statements. The results of hypothesis testing 1 can be seen in Table 1. The skill variable has a significant level of 0.121. It means rejecting H1, so it can be concluded that the skill variable has no significant effect on the relevance of giving an audit opinion on the entity's financial statements because the skill variable's significance level is greater than 0.05.

Simamora (2002) in Sabrina and Januarti (2012) states that expertise is determined by formal vocational education, training, and participation in continuing education programs during a professional career; the higher the level of formal undergraduate education, the more appropriate in carrying out audit procedures so that the opinion given is relevant.

The results of this study are consistent with the results of research conducted by Gusti and Ali (2008) and Sabrina and Januarti (2012), that expertise has no significant effect on the relevance of giving an audit opinion on an entity's financial statements. But contrary to the research results of Arfin Adrian (2013).

The reason for the insignificant variable of expertise, according to the research results of Gusti and Ali (2008), using expertise as an independent variable state that audit expertise has an insignificant relationship to the relevance of giving an audit opinion on the entity's financial statements, so it is not necessarily an auditor who has good audit skills can find audit findings that will be expressed in the form of an auditor's opinion properly.

Results of Hypothesis Test 2: The Effect of Auditor Experience on the Relevance of Providing Audit Opinions on Entity Financial Statements. The results of hypothesis testing 2 can be seen in Table 1; the auditor's experience variable has a significance level of 0.005. It means accepting H2; it can be concluded that the experience variable has a significant and positive effect on the relevance of giving an audit opinion on the entity's financial statements because the significance level of the auditor's experience variable is less than 0.05.

It shows that every experience makes an auditor more reliable in conducting audits to reduce the possibility of errors during the auditing process and ultimately produce quality work and a better audit opinion. These results are supported by Suraida (2005) and Gusti and Ali (2008), where experience influences the relevance of giving an audit opinion on an entity's financial statements. It can be explained that auditors who have undergone formal education in the field of auditing and accounting have quite a lot of practical experience in the field of work being carried out and that most of the respondents have completed undergraduate education (S1),

Hypothesis 3 Test Results: The Effect of Auditor Professional Skepticism on the Relevance of Providing Audit Opinions on Entity Financial Statements. The results of hypothesis testing 3 can be seen in Table 1; the auditor's professional skepticism variable has a significance level of 0.000. It means accepting H3; it can be concluded that the auditor's professional skepticism variable has a significant and positive effect on the relevance of giving an audit opinion because the significance level of the auditor's professional skepticism variable is less than 0.05.

This study's results are consistent with Suraida's (2005) and Gusti and Ali's (2008) research that professional skepticism has a significant and positive effect on the relevance of giving an audit opinion on an entity's financial statements.

Auditor professional skepticism is an attitude that includes a questioning mind and skeptical evaluation of audit evidence (Gusti & Ali, 2008). The auditor can train professional skepticism in carrying out sufficient competent audit assignments. In contrast, in collecting audit evidence, the auditor must always use his professional skepticism, which includes a questioning mind and critical evaluation of audit evidence.

Results of Hypothesis 4 Test: The Influence of the Audit Situation on the Relevance of Giving an Audit Opinion on the Entity's Financial Statements. The results of hypothesis testing 4 can be seen in Table 1; the audit situation variable has a significance level of 0.569. It means rejecting H4, so it can be concluded that the audit situation variable does not significantly influence the relevance of giving an audit opinion on the entity's financial statements because the significance level of the audit situation variable is greater than 0.05.

The reason for rejecting this hypothesis is that it does not include the auditor's professional skepticism variable as an intervening variable between the audit situation variable and the relevance of giving an audit opinion on an entity's financial statements. According to Suraida (2005), the auditor must have professional skepticism so that the audit procedures are carried out properly so that the opinion given by the auditor is relevant. The auditor's professional skepticism is influenced by the audit situation faced by the auditor, which will affect the level of professional skepticism and the giving of the auditor's opinion.

The results of this study are consistent with the results of Kushasyandita's research (2012) which states that the direct effect of the audit situation on the relevance of giving an audit opinion on an entity's financial statements is insignificant when compared to the effect of the audit situation on the relevance of giving an auditor's opinion through the auditor's professional skepticism.

Results of Hypothesis 5 Test: The Influence of Expertise, Experience, Professional Skepticism of Auditors and Audit Situation on the Relevance of Providing Audit Opinions on Entity Financial Statements. The table from the F-test obtained a calculated F value of 21.189 with a significance level of 0.000. The probability of significance is less than 0.05, so the regression model can be used to predict the relevance of giving an audit opinion on an entity's financial statements, or it can be said that the expertise, experience, and professional skepticism of the auditor and the audit situation affect the relevance of giving an audit opinion.

Providing a relevant audit opinion is very important because the result of the audit process is an audit report. Providing an auditor's opinion must be relevant and accurate because this is also related to public trust in the auditor's profession. The opinion presented in the audit report is used by parties interested in the financial statements as a basis for decision-making. The results of this study are consistent with the research of Gusti and Ali (2008) and Sabrina and Januarti (2012), where an auditor must consider several factors such as expertise, experience, professional skepticism of the auditor and the audit situation before giving an opinion on an audited financial statement.

CONCLUSION

Based on the results of research and analysis regarding the influence of the auditor's expertise, experience, professional skepticism and the audit situation on the relevance of giving an audit opinion on an entity's financial statements, it can be concluded that the auditor's expertise measure variable gets a value of 1.585 with a significance level of $0.121 > 0.05$, which means that the auditor's skill measure has no significant effect on the relevance of giving an audit opinion on an entity's financial statements. The auditor's experience measure variable gets a value of 3.005 with a significance level of $0.005 < 0.05$, which means that the auditor's experience measure

significantly affects the relevance of giving an audit opinion on an entity's financial statements. The variable measure of auditor's professional skepticism gets a value of 4.042 with a significance level of $0.000 < 0.05$, which means that the measure of auditor's professional skepticism significantly affects the relevance of giving an audit opinion on an entity's financial statements. The audit situation size variable gets a value of 0.575 with a significance level of $0.5691 > 0.05$, which means that the audit situation size has no significant effect on the relevance of giving an audit opinion on the entity's financial statements. After testing the four independent variables, namely expertise, experience, professional skepticism of the auditor and the audit situation, it can be concluded that the four variables simultaneously and positively influence the relevance of giving an audit opinion on an entity's financial statements.

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