

# Experimental Study: Is Independence Able to Strengthen the Relationship of Auditor Competence to Audit Recommendations in Indonesia?

Saddam Roberto Binu<sup>1\*</sup>; Nurdiono<sup>2</sup>; Fajar Gustiawaty Dewi<sup>3</sup>

<sup>1</sup>Doctoral Program in Economics, University of Lampung

<sup>2</sup>Professor of Public Accounting, University of Lampung

<sup>3</sup>Doctoral of the Faculty of Economics and Business, University of Lampung

\*adam.binu@gmail.com

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## ABSTRACT

This study is to find out whether the competence of Young Professionals (PM) auditors can improve audit recommendations more than the competence of the First Professional (PP) auditors and to find out whether the independence of In-fact (F) and In Appearance (A) of auditors can strengthen professional competencies (P) so as to further increase audit recommendations, so that it can positively affect audit recommendations. The method used in this study is an experiment with a 2x2 factorial design. The sample in this study is 132 auditors with young professional competencies and the first professional from 3 provinces in Indonesia, namely Lampung, South Kalimantan and East Nusa Tenggara. The results of the study show that the competencies of young professionals can provide better audit recommendations than the first supported professional competencies. The results of this study also show that auditor independence cannot strengthen or weaken the relationship between auditor competence and audit recommendations. Specifically, this study shows that the competence of young professionals can improve audit recommendations.

**Keywords:** Auditor competence, Independence, Audit Recommendations

## INTRODUCTION

Financial problems in government motivate the public to exert strong pressure on the accountability of the government, government-owned entities and elected officials. The legislature, which represents citizens and other stakeholders, acts as actors who impose standards and procedures on managers of public organizations that act as agents. Where principals believe agents are acting in their own interests, principals need more credible monitoring techniques and audit reports as a means to justify actions and ensure accountability (Aikins, 2012).

According to Adams (1994) agency theory explains that management has an interest in maintaining a strong internal audit department. In addition, logical audit effectiveness cannot be realized without management's commitment to implement the recommendations of internal auditors (Van Gansberghe, 2005; Aikins 2012). Alzeban & Sawan (2015) conducted a study using a survey method and analyzed with the OLS regression equation. The results show that the implementation of greater internal audit (IA) recommendations is highly correlated with certain audit committee (KA) characteristics, such as the independence of committee members, and the presence of members with accounting and auditing expertise. In addition, the findings identified IA competencies, IA size, and resources allocated to IA as important variables in driving the implementation of the recommendations. The implication is that the better the overall quality of IA, the more likely it is that the recommendations made will be implemented. This is because the train puts trust in IA's identification of *Internal Control Weaknesses* (ICW). Furthermore, addressing these ICWs through the implementation of IA recommendations reduces the emergence of new ICWs. Therefore, it is hoped that when the level of implementation of IA recommendations by *auditee* higher, less ICW reporting (Alzeban & Sawan, 2015). Therefore, referring to ideas that have been adopted or at least have been implemented signifies the emergence of a dominant organizational culture sign. But if an institution has repeatedly failed to adopt a recommendation, it shows a residual culture that is not easily changed (Boswell, 2015).

Referring to regulations in Indonesia, the audit findings are represented as the results of an evaluation by an external auditor, namely by the Audit Board (BPK) on financial management conditions, internal control structures, and local government compliance with regional financial management and reporting regulations. Unlike audits in the private sector, audits in local governments in Indonesia not only include audits of financial statements, whether they are in accordance with applicable accounting standards, but also include the evaluation of internal controls and compliance with regulations. On the other hand, the follow-up of audit recommendations is the responsibility of the local government, which represents the effectiveness of internal supervision carried out by internal auditors (regional inspectorates), especially in the context of supervision of regional financial management and reporting as well as the implementation of public services (Furqan et al., 2020).

BPK is also authorized to conduct performance audits and audits with specific objectives, all of which are carried out based on the State Financial Audit Standards (SPKN). The results of each BPK audit are presented in the form of an audit report that will be submitted to institution legislature and published to the public. The financial audit will produce an opinion on the Government Financial Statements. The determination of the opinion is based on four criteria as follows, namely: (1) compliance with government accounting standards (since 2015, the standards have been based on the accrual accounting system), (2) adequacy of disclosure, (3) compliance with laws and regulations and (4) the effectiveness of the internal control system (Furqan et al., 2020).

In addition to containing opinions (specifically for financial audits), the audit report also presents findings, conclusions and recommendations, including the results of monitoring the follow-up of audit recommendations. The findings related to the financial audit are presented in two groups, namely (1) findings of the internal control system and (2) findings of compliance with legislation. Furthermore, the follow-up recommendations of the audit recommendations of the monitoring results are presented in four groups, namely: (1) the follow-up has been appropriate based on the audit recommendations, (2) the follow-up but not in accordance with the recommendations, (3) the recommendations have not been followed up and (4) the recommendations cannot be followed up (Furqan et al., 2020).

Audit recommendations are a reflection of an independent assessment of errors found and how to correct them (Eckersley et al., 2014; Furqan et al., 2020). In BPK Regulation Number 2 of 2017, it is stated that audit recommendations are suggestions from auditors based on the results of the audit audit, which are addressed to authorized persons and bodies to follow up on the audit results. It can also be concluded that audit recommendations are suggestions for improvement given by the auditor for weaknesses or errors found during the audit process that are expected to be carried out or followed up by *auditee*. In this case, the provision of audit recommendations is within the auditor's jurisdiction, while the implementation of follow-up audit recommendations is the responsibility and is under the control of the local government as *auditee*, including if the audit recommendation involves a third party in it (Furqan et al., 2020).

Audit recommendations are obtained from problems found in the field. Based on research conducted by Nor et al., (2019) using *census method* and *analyzed using logistic regression*. The result is audits conducted by BPK need to be followed up by *auditee*. According to BPK Regulation No. 2 of 2017 concerning follow-up monitoring of the implementation of BPK audit results, the follow-up of study results is classified into four categories, namely follow-up is in accordance with the recommendations, follow-up has not been in accordance with the recommendations, follow-up has not been followed up, then the recommendations are ignored and the recommendations cannot be followed up by *auditee*. According to applicable regulations, local governments must be responsible for the management of state finances and are obliged to follow up on the findings of the audit conducted by the BPK (Nor et al., 2019).

In the context of local governments in Indonesia, the parties who are also responsible for realizing regional financial accountability are regional supervisors who function as internal supervisors of local governments or internal auditors. Asare (2009) explained that the role of internal audit in public sector organizations consists of three important elements, namely (1) risk management, (2) control and (3) the process of achieving good governance, where through this role, internal audit can provide confidence to the management of local government companies regarding the condition of the internal control system, including stakeholders over the behavior of certain individuals who are considered harmful to operational and strategic objectives local government (Furqan et al., 2020).

The results of the research of Setyaningrum et al. (2017) using the method *Generalized Structural Equation Modeling (GSEM)* to *models* (1) and (2) on STATA. This study shows the positive influence of audit follow-up recommendations on audit opinions. The results imply that when local governments follow up on audit recommendations in accordance with what is recommended by external auditors, local governments must also improve their internal control systems, financial management and task implementation. Therefore, in addition to playing a role in improving the quality of financial reports, the high number of follow-ups in accordance with audit recommendations, either directly or indirectly, will have an impact on the better public services carried out by local governments to the community (Setyaningrum, 2017).

The follow-up of audit recommendations will improve good financial governance, which has implications for increasing BPK's opinion for the better (IHPS I, 2018). The internal control system has a negative effect on the opinion of LKPD. The many findings of weaknesses in the internal control system by BPK RI resulted in low acceptance of WTP opinions on LKPD (Fitriana et al., 2020).

Audit recommendations are influenced by auditor competence and independence are expected to moderate the relationship between variables. Competence is a qualification needed by an auditor to properly carry out an audit, which is measured by indicators of personal quality, general knowledge and special expertise (Tjahjono & Adawiyah, 2019). Farkas (2019) using research methods *experiment involved 2 x 2 x 2* with research results stated that when managers considered auditors more competent, they were more likely to agree with auditor recommendations to fix problems identified by the audit. In addition, the quality of internal audit reports will affect management's perception and will motivate them to take appropriate action. In the same vein, an internal auditor deemed competent, independent and credible by management will facilitate agreement with audit recommendations and successfully encourage management to immediately correct any deficiencies (Farkas et al., 2019).

The independent variable in this study is the competence of the auditor, one of the indicators of which is the professionalism that an auditor must have. Based on the 2017 SPKN, professionalism is the ability, expertise, and commitment of the profession in carrying out duties accompanied by the principles of due *care*, precision, and meticulousness, as well as being guided by the standards and provisions of laws and regulations. The professional attitude of the auditor is realized by always being professional skepticism during the examination process and prioritizing the principle of professional judgment.

The moderation variable in this study is independence. In addition to having a professional skepticism, auditors are also required to have a high degree of independence to maintain the relevance of opinions or quality in auditing financial statements. The definition of independence is as a state of being free from influence, not controlled by other parties, not dependent on others. Independence is also defined as an unbiased attitude. Based on the general standards in the 2017 revision of the State Financial Audit Standards (SPKN) regulations, it is stated that Independence is an attitude and action in carrying out audits to be impartial to anyone and not influenced by anyone (Sugiarmini & Datrini, 2017).

Based on the general standards in the 2017 revision regulation of the State Financial Audit Standards (SPKN) states that Independence is an attitude and action in carrying out audits to not take sides with anyone and not be influenced by anyone. All components in the BPK that carry out audits must be objective and free from *conflicts of interest* in carrying out their professional responsibilities (SPKN, 2017). Research conducted by Kusuma & Sukirman (2017) explains that auditor independence is able to moderate the relationship between auditor independent variables and audit quality. The low level and high level of independence of auditors greatly affect the quality of audits produced after audit work is carried out. The higher the level of independence that an auditor has, the quality of the audit will also increase.

In previous studies, there were still inconsistencies in the results of research related to audit recommendations. Research by Zain et al., (2015) using the *Matched Survey* shows that high-quality internal audits are more likely to require more oversight in high-risk areas and therefore more internal controls are needed (Zain et al., 2015). This study expands the literature, particularly in terms of how the characteristics of the audit committee affect the audit recommendations (Raghunandan & Rama, 2007). Research conducted by Prubohudono et al. (2018) using the multiple regression analysis method shows that there is a negative correlation between the interaction between background education and political party supervision on the completion of the BPK RI recommended audit. The

implication of the study is that the completion of the BPK RI audit recommendations is important for the improvement of the government's financial accountability area (Probohudono et al., 2018).

This study seeks to expand the existing knowledge about the influence of competence on audit recommendations with independence as a moderation variable. The focus of this research is important because internal audits provide more in-depth information and recommendations on operational efficiency that can lead to cost savings and effectiveness. Moreover, unlike in the private sector, the large number of stakeholders in government agencies makes accountability a major issue even in government settings.

So that the implementation and implementation process in providing the same treatment in the implementation of audits of financial statements, so that optimal results can be achieved by the Financial Audit Agency. With this research, it is hoped that it will be able to be an input in improving and providing equal treatment in the audit of state finances, considering the strategic role of the Financial Audit Agency as an institution that examines the management and accountability activities of state finances.

### **1.1. Problem Formulation**

Based on the previous description, the formulation of the problem in this study can be formulated:

- a. Are audit recommendations given by auditors who have young professional competencies better than audit recommendations given by the first professional auditor, so that they can positively affect *audit* recommendations ?
- b. Does auditor independence strengthen the influence of competence on audit recommendations, so that it can positively influence *audit* recommendations ?

### **1.2. Research Objectives**

Based on the formulation of the problem above, the research objectives can be formulated:

- a. To find out whether the audit recommendations given by auditors who have young professional competencies are better than the audit recommendations given by the first professional auditor;
- b. To find out whether the independence of the auditor strengthens the influence of competence on audit recommendations, so that it can positively influence audit recommendations.

## **LITERATURE REVIEW**

### **2.1. Agency Theory in Public Sector**

Agency Theory is a theory that explains the relationship between principals and agents. This theory was first proposed by Jensen & Meckling (1976) explaining the relationship between agencies as follows.

*"Agency relationship as a contract under which one or more persons (the principals) engage another persons (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent"*

As one of the basic theories in accounting, the relationship referred to in *Agency Theory* is the basis of economic thought, decision-making, sociology, and social theory (Halim & Abdullah, 2006). The relationship is an agreement between one or more principals to use an agent in order to provide services and labor for the principal (Jensen & Meckling, 1976).

There must be a neutral party to mediate conflicts between principals and agents in an effort to reduce agency conflicts. Examining the principal's financial statements is one approach that can be used. BPK RI conducted an assessment of the LKPD. According to Law No. 15 of 2004, the results of the BPK RI audit include opinions on the fairness of financial statements, findings, conclusions, and suggestions.

When agency conflicts occur, problems arise that require practical solutions. The State Auditor, BPK RI, is tasked and plays an important role in supervision so that the responsibilities listed in the budget can be carried out effectively. LKPD inspections are carried out in the context of supervision and monitoring. The evaluation will result in an audit opinion and suggestions for future development. To achieve idealized accountability, the completion of

audit recommendations during the operational period needs to be closely monitored and supervised so that the audit extends to budget management and opinion disclosure.

## **2.2. X and Y Theory**

Douglas McGregor (1960) put forward two clearly different views of human beings: basically one negative, which is characterized as Theory X, and the other positive, which is characterized by Theory Y. The concept of X and Y theory was put forward by McGregor in the 1960s, this theory puts forward two real views about human beings, namely theory X (negative) and theory Y (positive). Individuals with type X have *locus of control* externally where they basically do not like work, try to avoid it and avoid responsibility, so they must be forced or threatened with punishment to achieve their goals. In contrast to an individual with type X, an individual with type Y has *locus of control* internally where they love work, are able to control themselves to achieve goals, are responsible, and are able to make innovative decisions (Putri, 2018).

Auditors are basically included in the Y type where the auditor can be responsible for his duties as an auditor. In carrying out audit duties, an auditor must comply with auditing standards, which state that the auditor must maintain his independence and responsibility in all matters related to the engagement. The auditor must not be affected by interference that may undermine his or her responsibilities, whether personal, external, or organizational interference (Sanger et al., 2016).

## **2.3. Recommendations and Follow-up of Audit Results**

Audit recommendations are the results of an audit process that identifies problems or findings in an entity's systems, processes, or financial records, and offers suggestions or recommendations for improvement (SPKN, 2017). Audit recommendations typically have several dimensions that can help the audited entity to understand the issues faced and the steps that must be taken to fix them. Here are some important dimensions of the audit recommendation:

1. **Interests and Priorities:**  
Audit recommendations should be drafted taking into account the level of importance of the identified issues. More important or critical issues should be given a higher priority.
2. **Criteria and Standards:**  
Recommendations should refer to relevant criteria and standards. This can be regulations, industry guidelines, best practices, or internal policies.
3. **Problem Description:**  
The recommendation should clearly describe the issues identified during the audit. It includes an explanation of what went wrong, why it was a problem, and how it impacted the audited entity.
4. **Evidence and Findings:**  
Recommendations should be supported by strong evidence and audit findings. This can be financial data, documents, interviews, or other test results that support the conclusion of the audit.
5. **Action Details:**  
The recommendation should list concrete actions to be taken to fix the problem. These actions must be specific, measurable, and actionable.
6. **Responsibility:**  
The recommendation should identify the entity or individual responsible for the implementation of the corrective action. This helps ensure accountability.
7. **Implementation Time:**  
The recommendation should include a deadline or implementation schedule for each corrective action. It is important to ensure that the problem is addressed immediately.
8. **Measurability:**  
Recommendations must be measurable and objectively evaluated. Success criteria or performance indicators must be defined to measure the effectiveness of corrective actions.
9. **Monitoring and Reporting:**  
The monitoring and reporting process should be described in the recommendations to ensure that corrective actions are regularly monitored and the results are reported to interested parties.

10. Consistency with Audit Objectives:  
Recommendations should be consistent with the objectives of the initial audit. They must reflect whether the audited entity complies with applicable legal requirements, guidelines, or policies.
11. Effective Communication:  
Recommendations should be drafted in clear and easy-to-understand language to ensure that interested parties can easily understand their contents.
12. Compliance and Ethics:  
The recommendation should ensure that the proposed corrective action complies with the ethical and legal principles applicable in the audit process.

Good audit recommendations will help the audited entity to understand the issues faced and take the necessary steps to improve their systems, processes, or practices.

## **2.4. Hypothesis Development**

### **2.4.1. The Influence of Auditor Competence on Audit Recommendations**

Auditor competence is the knowledge, expertise, and experience needed by auditors to be able to conduct an audit objectively, carefully and thoroughly. Hayes-Roth (1983) defines expertise as knowledge of a particular environment, understanding of problems arising from that environment, and skills to solve these problems (Mayangsari, 2003). Auditor competence is the ability of the auditor to apply the knowledge and experience he has in conducting audits so that auditors can conduct audits thoroughly, carefully, intuitively, and objectively.

Based on the theory of agency to help fulfill agency obligations and be accountable to its principals, generally public managers act on recommendations issued by auditors based on recognized professional qualifications, as well as those qualifications recommendations are documented, tracked and followed up by auditors (Aikins, 2012). Competence can be obtained through education and experience that can ensure that the quality of audit services provided meets a high level of professionalism (Tjahjono & Adawiyah, 2019). An auditor is called a professional if he carries out his duties in accordance with the rules of the code of ethics, so that in carrying out his activities, public accountants have direction and can make decisions that give these decisions.

The auditor code of ethics is a code of ethics according to professional and organizational requirements and standards *Auditing* which is the minimum criterion that an auditor must achieve in carrying out his audit duties (Saifudin et al., 2022). In addition, auditors must undergo technical training and general education. Thus, auditors must have competence in the implementation of auditing in order to produce quality audits.

Competence in the practice of public accountants includes both the technical ability of their staff members and the ability to supervise and evaluate the quality of their work implementation. Competence concerns both knowledge of standards, professional techniques and technical issues involved, as well as the ability to make wise judgments in applying such knowledge to each assignment (Putra & Rani, 2016).

The adoption of audit recommendations and follow-up on audit results is a function of appointing professional auditors carried out by client management based on feasibility tests, relationships with management, documentation results and tracing audit recommendations, as well as audit follow-up to verify the implementation of the agreed action plan (Aikins, 2012). A statistically significant relationship translates as management adoption in compiling audit recommendations based on audit experience, educational background, and professional appointments.

- H1: Audit recommendations given by auditors who have young professional competence are better than audit recommendations given by the first professional auditor.

### **2.4.2 Independence Strengthens the Relationship of Competence and Audit Guidance to Audit Recommendations**

Agency theory shows that an organization will experience a relaxation of the management structure in implementing control mechanisms to prevent agents from harming management for personal interests (Adams, 1994). For example, a government legislative body tries to prevent public managers from limiting the scope of internal audit functions or denying the role and responsibility of internal auditors in providing recommendations. Internal audit maintains independence by reporting directly to the legislature or audit committee. Auditor independence also includes

auditors who are organizationally located outside the staff or management functions of the line being audited, and do not make management decisions in the audited field (Aikins, 2012).

Based on the general standards in the 2017 revision regulation of the State Financial Audit Standards (SPKN) states that Independence is an attitude and action in carrying out audits to not take sides with anyone and not be influenced by anyone. All components in the BPK that carry out audits must be objective and free from *conflicts of interest* in carrying out their professional responsibilities (SPKN, 2017).

Independence is the main basis and one of the factors in producing audit quality. However, sometimes auditor independence can also be one of the main problems that will be faced by the auditor or audit team, because several indicators of auditor independence have their own risks, such as the length of the auditor's relationship with the client, the pressure exerted by the client, the review given by the auditor's colleagues, and the provision of non-audit services (Sudarno, 2020).

Research conducted by Kusuma (2017) explains that auditor independence is able to moderate the relationship between auditor independence variables and audit quality. The low level and high level of independence of auditors greatly affect the quality of audits produced after audit work is carried out. The higher the level of independence that an auditor has, the quality of the resulting audit will also increase.

Independence is a mental attitude that is expected from a public accountant not to be easily influenced in carrying out his duties. Because of the importance of independence in producing audit quality, auditors must have and maintain this attitude in carrying out their professional duties (Rumapea, 2018). The attitude of the auditor who is impartial, has no personal interests, and is not easily influenced by interested parties in providing opinions or conclusions, so that the opinions given on the results of the audit of the financial statements have high integrity and objectivity. Public accountants are obliged to be honest not only to the management and owners of the company, but also to creditors and other parties who place their trust in the work of public accountants. The higher the independence possessed by the auditor, the better the audit quality will be. The independence of an auditor will work with sincerity so that it will affect the quality of the audit (Razak et al., 2022).

Based on the x and y theory, an auditor basically belongs to type Y where the auditor can be responsible for his duties as an auditor. In carrying out audit duties, an auditor must comply with auditing standards, which state that the auditor must maintain his independence and responsibility in all matters related to the engagement. The auditor must not be affected by interference that may undermine his or her responsibilities, whether personal, external, or organizational interference (Sanger et al., 2016).

Research conducted by Sudarno (2020) states that auditor independence is able to influence and moderate the relationship between intellectual intelligence variables and audit quality variables positively and significantly. So the hypothesis formulated is:

H2: Auditor independence strengthens the influence of competence on audit recommendations

## 2.5. Conceptual Framework of Thought

*Audit recommendations* related to the handling of Regional Government Financial Statements are highly dependent on the competence of the auditor and *audit guidance* and independence possessed by an *auditor*.

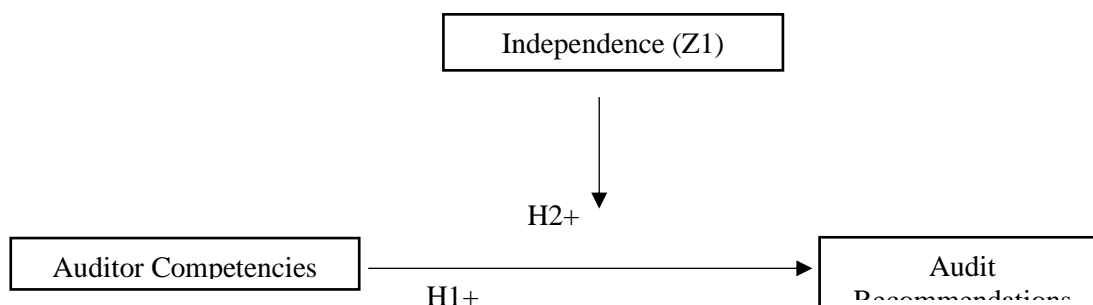


Figure 1. Conceptual Framework of the Research

## METHODOLOGY

Data collection in this study uses internet-based experiments. This method offers easy access to a demographically and culturally diverse population of participants, including participants from demographically and culturally diverse populations (Naharyto, 2013). This research was conducted on employees who are auditors at the Audit Board of the Republic of Indonesia (BPK RI) in three BPK representative offices in Indonesia (BPK Lampung Provincial Representative, BPK South Kalimantan Provincial Representative, BPK NTT Provincial Representative).

The subject of the experiment taken from each representative office is an auditor who has conducted an audit of the Regional Government Financial Statements. A total of 32 people in each representative with different experience and functional positions of auditors (Intermediate Examiner, Junior Examiner and First Examiner). So that the number of subjects who became respondents in this study amounted to 132 subjects.

The experimental design in this study can be described in the following table 1.

Table 1. 2X2 Factorial Research Design

		Auditor Competence	
		Young Professional (PM)	Professional First (PP)
Independence	<i>In Fact (F)</i>	Cell 1	Cell 3
	<i>In Appearance (A)</i>	Cell 2	Cell 4

Information:

This study will investigate the influence of independent variables, namely auditor competence and moderation variables, namely independence. The auditor competency variable has two levels, namely Young Professional (PM) and First Professional (PP). The moderation variable of independence has two levels, namely *in fact* (F) and *in appearance* (A). Thus, if the treatment-based manipulation is factorially combined, this experiment will have 4 cells. This design can be represented by the name of 2x2 factorial design.

The design of the research experiment can be seen in Table 3.1 which consists of 4 cells. Therefore, the study prepared 4 manipulation scenarios with the following explanations:

- Scenario 1: the experimental subjects get manipulation of the competencies of young professionals and *in-fact* independence.
- Scenario 2: the experimental subjects get manipulation of the competencies of young professionals and *in appearance* independence.
- Scenario 3: the experimental subject gets the first manipulation of professional competence and *in-fact* independence
- Scenario 4: The experimental subjects get the first professional competency manipulation and *in appearance* independence.

## RESULTS AND DISCUSSION

### 4.1. Descriptive Statistics

The experiment was carried out in three different places/regions with a total of 132 participants. The experiment was carried out jointly in 3 (three) BPK representative offices, namely 55 people in the Lampung area, 32 people in South Kalimantan, and 45 people in NTT. The experiment was carried out in three places or areas to increase the strength of the test.



Table 2. Composition of Experimental Subjects

Subject	Lampung	South Kalimantan	NTT	Total	Percentage
Complete data	58	41	46	145	100%
Didn't pass the manipulation check	3	9	1	13	8,75%
<b>Data processed</b>	<b>55</b>	<b>32</b>	<b>45</b>	<b>132</b>	<b>91,25%</b>

The characteristics of the experimental subjects can be seen in Table 3.

Table 3. Characteristics of Experimental Subjects

Subject	Young Professionals	Percentage (%)	Professional First	Percentage (%)	Total
1	2	3	4	5	(6 = 2+4)
Lampung	19	32.75	30	67.24	49
South Kalimantan	10	24.39	31	75.6	41
NTT	39	84.78	3	15.21	42
<b>Total</b>	<b>68</b>	<b>50</b>	<b>68</b>	<b>50</b>	132

From table 3, it can be seen that the experimental subjects from Lampung consisted of 19 people (32.75%) young professionals and 30 people (67.24%) first professionals. The experimental subjects from South Kalimantan consisted of 10 people (24.39%) young professionals and 31 people (75.6%) first professionals. Meanwhile, from NTT consisted of 39 people (84.78%) young professionals and 3 people (15.21%) first professionals. The category of young professionals is auditors with the position of junior expert examiner and associate expert or the first expert examiner who has >5 years of experience as an auditor, while the first professional is the first expert examiner.

Table 4. Descriptive Statistics of Age and Length of Work

Descriptive Statistics					
	N	Mean	Std. Deviation	Minimum	Maximum
Age	132	33.12	6.619	25	54
Lama_Bekerja	132	5.18	3.561	3	20

The results of the descriptive statistics of the participants consisted of 132 employees with an average age of 33.12 years, a minimum age of 25 years and a maximum age of 54 years. Meanwhile, the minimum length of work is 3 years. In this study, the variables of gender, age, education level, length of work and position were controlled by Chi-square. Testing using Chi-Square test (d.f = 5; n = 132). It showed that there were no significant differences between experimental conditions and sex (Pearson  $X^2 = 2,000$ ;  $p > 0.572$ ), age, (Pearson  $X^2 = 1,000$ ;  $p > 0.963$ ), length of work (Pearson  $X^2 = 2,000$ ;  $p > 0.736$ ). The normality test using Kolmogorov-Smirnov showed that the age and length of work variables were normally distributed with  $p > 0.05$ .

In this study, the assessment of key information was carried out by the researcher on the answers to the recommendations given by the participants. With details in Table 5.

Table 5. Frequency of Recommended Scores

Score	Lampung		South Kalimantan		NTT	
	Frequency	Valid Percent (%)	Frequency	Valid Percent (%)	Frequency	Valid Percent (%)
0,00	1	1,8	1	3,1	2	4,4
25,00	24	43,6	22	68,8	13	28,9
50,00	21	38,2	5	15,6	4	8,9
75,00	8	14,5	3	9,4	13	28,9
100,00	1	1,8	1	3,1	13	28,9
Total	55	100	32	100	45	100

The determination of key information aims to obtain recommendations that are in accordance with what is happening in real conditions. Table 5 shows that the scoring of experimental subjects with a score of 0.00 consists of 4 people, a score of 25.00 consists of 59 people, a score of 50.00 consists of 29 people, a score of 75.00 consists of 24 people, and a score of 100.00 consists of 15 people. A score of 0.00 is that the auditor does not provide key information on the recommendations given, a score of 25.00 is an auditor who provides one key information, a score of 50.00 is an auditor who provides two key information, a score of 75.00 is an auditor who provides three key information and a score of 100.00 is an auditor who provides complete key information or four key information based on the determination of values in the pre-agreed scenario answers in *theFocus Group Discussion* (FGD).

Table 6. Descriptive Statistics Based on Recommendation Scoring

	N	Minimum	Median	Maximum	Mean	Std. Deviation
Lampung	55	0,00	50,00	100,00	42,727	20,226
South Kalimantan	32	0,00	25,00	100,00	35,156	20,926
NTT	45	0,00	75,00	100,00	62,222	32,693

Based on table 6, it can be seen that the value of the descriptive statistics on the audit recommendation score. Respondents from Lampung had a minimum score of 0.00, with a median score of 50.00, a maximum score of 100.00, a mean score of 42.727, and a standard deviation of 20.226. The descriptive statistical values of respondents from South Kalimantan showed a minimum score of 0.00, a median score of 25.00, a maximum score of 100.00, a mean score of 35.156 and a standard deviation of 20.296. Then the descriptive statistical values of respondents from East Nusa Tenggara showed a minimum score of 0.00, a median score of 75.00, a maximum score of 100.00, a mean score of 62.222 and a standard deviation of 32.293. Based on the test results in the three regions of origin of the respondents (Lampung, South Kalimantan, and NTT) showed a standard deviation value that was smaller than the mean value, this means that there was no data deviation and the test results could be categorized as good and homogeneous.

#### 4.2. Manipulation Check Results

Manipulation checks were conducted to convince the researcher that the participant had correctly understood and felt the action given.

Table 7. Manipulation Check Results

Action	Number of Subjects Who Passed the Manipulation Check		
	Lampung	South Kalimantan	NTT

What conditions do you feel can interfere with your independence as an auditor in the scenario you accept?	49 out of 55 subjects	31 out of 41 subjects	45 out of 42 subjects
a. There is a family relationship with the relevant officials;	passed the manipulation check (94.8%)	passed the manipulation check (75.61%)	passed the manipulation check (93.3%)
b. Lunch with relevant officials.			

The results of the manipulation check from three experimental areas, namely Lampung, South Kalimantan, and East Nusa Tenggara, can be seen in Table 7, the number of subjects who passed the manipulation check in the three regions showed mixed results. The results of the manipulation check for the Lampung region 94.8% of the 58 answered correctly, South Kalimantan 75.61% out of 41 answered correctly and East Nusa Tenggara 93.4% out of 42 answered correctly.

#### 4.3. The Influence of Auditor Competence on Audit Recommendations

In hypothesis 1 (one) test is carried out to find out whether the audit recommendation given by an auditor who has young professional competence is better than the audit recommendation given by the first professional auditor. The test was carried out by comparing the measurement results in the group that was given the First Professional (PP) measurement with the group that was given the Young Professional (PM) competency measurement.

There are several assumptions that must be met when using the ANCOVA statistical test, including *homogeneity of variance* and covariance between homogeneous cells. Variant homogeneity means that the dependent variable must have the same variant in each category of independent variables. *The levene test* is used to test the homogeneity of variants of role ambiguity. The results of the Levene Test showed that there could be no difference in the variant with  $F 0.213 > 0.05$  which means that the null hypothesis could not be rejected or the variant was the same (meeting the ANCOVA assumption) so that the analysis could be continued. The following are the results of the auditor's competency ancova test against audit recommendations

Table 8. Average Auditor Competency using Ancova SS Type I

Train (I)	Train (J)	Mean difference (I-J)	Sig.	Information
PM & PP	PP	26.346*	0.00	H1 Supported

Table 8 analyzes the difference in the mean in auditor competence showing that the mean value of young professionals (PM) is 26,346\*  $p=0.00$ ;  $p<0.00$ ). The Mean value of young professionals is greater than the first professional value, meaning that the group that is given the Young Professional measurement is higher and different from the group that is given the First Professional measurement, so this shows that competence can increase or have a positive impact on *audit* recommendations. So that H1 which states that young professional competencies can provide *better* audit recommendations than the first professional competencies are supported. This result is in accordance with research conducted by Aikins (2012) which states that the adoption of audit recommendations and follow-up of audit results is a function of appointing professional auditors carried out by client management based on feasibility tests, relationships with management, documentation results and tracing audit recommendations, as well as audit follow-up to verify the implementation of the agreed action plan (Aikins, 2012).

Competence in the practice of public accountants includes both the technical ability of their staff members and the ability to supervise and evaluate the quality of their work implementation. Competence concerns both knowledge of standards, professional techniques and technical issues involved, as well as the ability to make wise judgments in applying such knowledge to each assignment (Putra & Rani, 2016).

The support of H1 means that it gives support that The professional attitude of the examiner is manifested by always being professional skeptical (*Professional Skpeticism*) during the examination process and prioritizing the principle of professional consideration (*professional judgment*). Bias *judgment* It can be caused by distortion of perception, inaccuracy of predictions, illogical interpretation or decision-making based on irrational thought processes. Based

on the theory of bias *judgment* that is *Expected-Utility Theory* Stating that previous gains and losses may affect risky choices because previous outcomes affect current well-being. Thus determining actions to avoid risks as reflected in the form of utilities. The essence of the utility function is the mapping of objective values from the outside (*outcomes*) on a subjective utility scale (Wahyuni & Hartono, 2019).

#### 4.4. Independence Strengthens the Relationship of Auditor Competence to Audit Recommendations

There are several assumptions that must be met when using the ANCOVA statistical test, including *homogeneity of variance* and covariance between homogeneous cells. Variant homogeneity means that the dependent variable must have the same variant in each category of independent variables. *The levene test* is used to test the homogeneity of variants of role ambiguity. The results of the Levene Test showed that there could be no difference in the variant with  $F 0.207 > 0.05$  which means that the null hypothesis could not be rejected or the variant was the same (meeting the ANCOVA assumption) so that the analysis could be continued.

Table 9. Difference in Average Independence

Inde (I)	Inde (J)	Mean difference (I-J)	Sig.	Information
PM F&A	PM A	1.660	0.790	Not Supported
PP F&A	PP A	5.834	0.340	Not Supported

In hypothesis 2 of the *In-fact* (F) and *In Appearance* (A) independence tests of auditors and young professionals (PM), there was an average difference of 1,660 with a value of  $p=0.790 > 0.05$ . Meanwhile, the value of the *In-fact* (F) and *In Appearance* (A) independence test of auditors and the first professional competency (PP) *In Appearance* has an average difference of 5,834 with a value of  $p=0.340 > 0.05$ . Thus indicating that H2 is not supported. This study cannot provide evidence that Independence cannot improve audit recommendations. This result is not in line with the research conducted by Kusuma (2017) explaining that auditor independence is able to moderate the relationship between auditor independence variables and audit quality.

This is not in line with The theory x and y that an auditor basically belongs to type Y where the auditor can be responsible for his duties as an auditor. In carrying out audit duties, an auditor must comply with auditing standards, which state that the auditor must maintain his independence and responsibility in all matters related to the engagement. The auditor must not be affected by interference that may undermine his or her responsibilities, whether personal, external, or organizational interference (Sanger et al., 2016).

## CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

### 1.1. Conclusion

The results of the study show that the competence of young professionals can provide recommendations *Audit* that better than the first professional competence is supported. Competence in the practice of public accountants includes both the technical ability of their staff members and the ability to supervise and evaluate the quality of their work implementation. Competence concerns both knowledge of standards, professional techniques and technical issues involved, as well as the ability to make wise judgments in applying such knowledge to each assignment (Putra & Rani, 2016).

The support of Hypothesis 1 means that the professional attitude of the examiner is realized by always being skeptical of the professional *during the* examination process and prioritizing the principle of professional judgment (*professional judgment*). Judgment bias can be caused by distortions of perception, inaccuracies in predictions, illogical interpretations or decision-making based on irrational thought processes.

The results of this study show that auditor independence cannot strengthen or weaken the relationship of auditor competence to audit recommendations. Specifically, this study shows that the competence of young professionals can improve audit recommendations. This result is consistent with Aikins' (2012) research which states that the adoption of audit recommendations and follow-up on audit results is a function of appointing auditor professionals carried out by client management based on feasibility tests, relationships with management, documentation results and audit recommendations, as well as audit follow-up to verify the implementation of the agreed action plan (Aikins, 2012).

## 5.2. Limitations and Suggestions

This research has limitations, especially in the difficulty of creating the same situation related to independence that actually occurs in the field. For example, an invitation to lunch with related officials related to audit activities or the existence of family relationships with related officials. This can cause a less in-depth subject response.

Further research is suggested to use other independent variables such as audit quality to expand the test against audit recommendations. In addition, it can also use other moderation variables such as leadership characteristics.

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